

# 2020 Fall Budget Supplemental

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## Public Hearing

Contact information:

Kathleen Otto, County Manager, 564.397.2458, [kathleen.otto@clark.wa.gov](mailto:kathleen.otto@clark.wa.gov)

Emily M. Zwetzig, Budget Director, 564.397.6097, [emily.zwetzig@clark.wa.gov](mailto:emily.zwetzig@clark.wa.gov)

Tuesday, October 20, 2020 at 10:00 am

WebEx Meeting



# Agenda

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- Supplemental budget process overview
- County Manager recommendations
- Summary of budget reports
- Testimony
- Recommend Approval of Supplemental Budget



# Supplemental Budget Process Overview

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# Supplemental Budget Appropriations

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## RCW 36.40

- Unforeseen situations:
  - Safety and welfare
  - Hinders ability to fulfill statutory obligation
- Labor contracts, legal settlements or other judgements
- Unforeseen revenue sources that are associated expenditures



# 2020 Fall Supplemental Calendar

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- Submissions due ..... Monday, August 17, 2020
- County Manager preliminary report review..... Friday, August 28, 2020
- Meetings with Departments/Offices ..... August 31 -September 3, 2020
- County Manager develops recommendations ..... Friday, September 4, 2020
- One-on-Ones with the Council ..... Monday, September 14, 2020
- Work Session ..... Wednesday, September 16, 2020
- Pre-consent hearing request ..... Thursday, September 24, 2020
- Notice of Public Hearing ..... Tuesday, October 6, 2020
- Public Hearing ..... Tuesday, October 20, 2020



# 2020 Fall Supplemental

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A total of 51 budget requests (decision packages) were received, related to:

- Maintaining service levels, meeting increased workload demands
- Infrastructure upkeep and replacement
- Revenue forecast updates
- Recognizing items with no impact on fund balance: grants, contractual reimbursements, technical adjustments



# Types of Requests

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- Previously Approved by Council

**12**

- Budget Neutral

**8**

- Budget Carryforward

**3**

- Technical Adjustment

**6**

- New Request

**22**



# County Manager Recommendations

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# 2020 Fall Supplemental *recommendations*

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- 51 packages are recommended
- 24 of the 51 packages have general fund component



# Impact to Funds

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# 2020 Fall Supplemental *impacts to fund balance*

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## Total

2020: (\$2,681,729)

On-going: (\$582,138)

## General Fund

2020: (\$1,904,703)

On-going: (\$267,652)



# 2020 Fall Supplemental *impact by fund*

<b>Fund Number</b>	<b>Fund Name</b>	<b>Sum of 2020 Fund Balance Change</b>	<b>Sum of 2021 Fund Balance Change</b>
<b>0001</b>	General Fund	(1,904,703)	(267,652)
<b>1003</b>	Event Center	400,000	-
<b>1011</b>	Planning And Code	878,372	170,393
<b>1012</b>	County Roads	(592,105)	(159,797)
<b>1014</b>	Bonneville Timber	14,185	14,185
<b>1020</b>	Treasurers O & M Fund	(20,000)	(20,000)
<b>1021</b>	Law Library Fund	12,667	-
<b>1025</b>	Health Department	-	(105,082)
<b>1026</b>	Exhibition Hall Dedicated Revenue	(420,000)	-
<b>1027</b>	Campus Development	(46,652)	-
<b>1032</b>	MPD-Operations	(91,314)	(23,643)
<b>1033</b>	Mental Health Sales Tax	(25,959)	-
<b>1937</b>	Local Housing & Homelessness	-	-
<b>1952</b>	Mental Health	(174,041)	-
<b>1953</b>	Developmental Disability	-	-
<b>3055</b>	Urban REET Parks	300,000	-
<b>3083</b>	Economic Development Dedicated REET	(71,757)	-
<b>3085</b>	Conservation Futures	9,458	9,458



# 2020 Fall Supplemental *impact by fund* (cont.)

Fund Number	Fund Name	Sum of 2020 Fund Balance Change	Sum of 2021 Fund Balance Change
3194	Technology Reserve	(187,086)	-
3275	PIF District 5 - Acquis& Develop. combined	(300,000)	-
4014	Solid Waste	-	-
4420	Clean Water	150,748	-
5006	Elections	-	-
5040	General Liability Insurance	(23,705)	-
5043	Workers Comp. Insurance	48,523	-
5044	Retirement/Benefits Reserve	(400,000)	(400,000)
5045	Healthcare Self-Insurance	200,000	200,000
5090	Server Equipment R & R	(200,000)	-
5091	Equipment Rental & Revolving	(1,238,360)	-
5092	Data Processing Revolving	-	-
5093	Central Support Services	1,000,000	-
5193	Major Maintenance	-	-
<b>Grand Total</b>		<b>(2,681,729)</b>	<b>(582,138)</b>

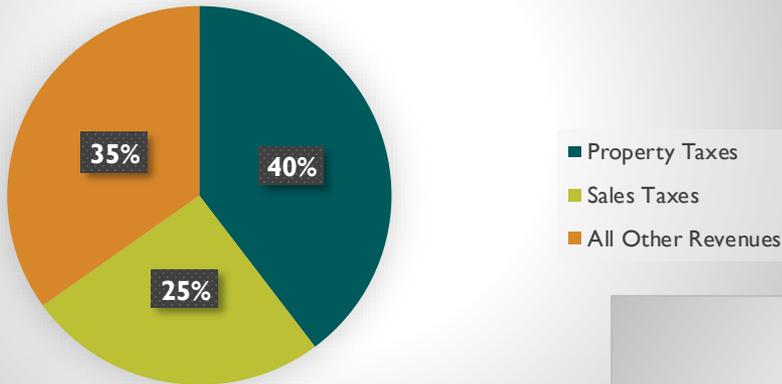


# 2020 General Fund Budget

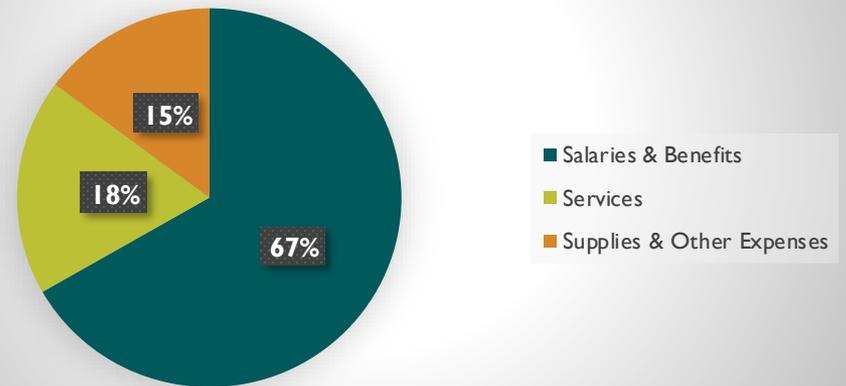
## Revenue & Expenses by major category

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### 2020 General Fund Revenue Budget



### 2020 General Fund Expense Budget



# General Fund – 2020 Fund Balance Projection

If all recommended packages are approved by the Council, the net decrease in total fund balance for the General Fund will be \$1,904,703 in 2020 and \$267,652 ongoing.

Beginning Fund Balance	36,660,000
Total Adopted Revenue	178,484,251
Total Adopted Expense	(181,235,817)
<b>Other Modifiers</b>	
2020 Project Revenue Loss - Sales Tax	(2,000,000)
2020 Project Revenue Loss - Charges for Goods and Services	(4,110,000)
2020 Project Revenue Loss - Other Revenue	(2,000,000)
2020 Department/Office Reductions/Cuts - FINAL June 2020 Numbers	4,519,313
2020 Anticipated Savings (in addition to submitted reductions/cuts)	1,480,687
2020 Anticipated Contingency Savings	1,000,000
2020 Anticipated CARES Act Funding (\$26M)	6,000,000
2020 Non-spendable encumbered invoices	(1,200,000)
2020 Assigned Fund Balance Items (compensated absenses)	(2,000,000)
2020 Fall Supplemental Change Request Impacts (one-time)	(1,637,051)
2020 Fall Supplemental Change Request Impacts (ongoing)	(267,652)
<b>Total Other Modifiers</b>	<b>(214,703)</b>
<b>Projected Ending Fund Balance</b>	<b>33,693,731</b>
<b>Available Funds Calculation</b>	
Projected Ending Fund Balance	33,693,731
Minimum Fund Balance per Policy	(26,300,000)
<b>Projected Available Fund Balance</b>	<b>7,393,731</b>



# General Fund Forecast – *Revenue Assumptions*

Revenue assumptions:

- 2020 revenue assumptions assume an \$8.1M loss between sales tax, charges for good and services and other revenues.
- 2021 revenue assumptions are mostly flat from the 2020 Adopted revenue budget. This assumption was chosen due to uncertainty of COVID-19 economic impacts in 2021.
- Future years apply some basic growth rate assumptions (2022-2026 *projected annual growth rates per the table below*):

Major Revenue Categories	Projected Annual Growth 2022-2026
Property Taxes	2.5%
Sales Taxes	4.2%
Intergovernmental Revenues	1.0%
Charges for Goods and Services	1.0%
Transfers In	1.0%
Other Revenue	0.0%



# General Fund Forecast – *Expense Assumptions*

Expense assumptions:

- 2020 expenses currently reflect the adopted budget less anticipated savings from submitted budget reduction scenarios as well as additional forecasted savings projected by the Auditor’s Office and Budget Office.
- 2021 expenses currently reflect baseline calculations in Questica.
- Future years apply some basic growth rate assumptions (2022-2026 *projected annual growth rates per the table below*):

Major Expense Categories	Projected Annual Growth 2022-2026
Salaries	3.5%
Benefits	5.0%
Services	3.0%
Transfers Out	2.0%
Intergovernmental	2.5%
Supplies and Other Expenses	0.5%



# General Fund – 6-year forecast

**\*\*Forecast is subject to change as new data is received by the Budget Office\*\***

	Current Year Budget Current Budget <b>2020</b>	Future Year Baseline Forecast <b>2021</b>	Projected Forecast <b>2022</b>	Projected Forecast <b>2023</b>	Projected Forecast <b>2024</b>	Projected Forecast <b>2025</b>	Projected Forecast <b>2026</b>
<b>Beginning Fund Balance</b>	<b>36,660,000</b>	<b>33,693,731</b>	<b>28,326,875</b>	<b>24,876,367</b>	<b>19,428,367</b>	<b>11,875,972</b>	<b>2,107,237</b>
Total Budgeted Revenue	178,484,251	172,795,708	176,943,536	181,220,649	185,631,573	190,181,001	194,873,804
Total Budgeted Expense	(181,235,817)	(174,083,151)	(180,126,391)	(186,400,998)	(192,916,315)	(199,682,084)	(206,708,456)
Total Other Modifiers	1,690,000	(3,811,761)					
2020 Fall Supplemental Impacts (one-time)	(1,637,051)						
2020 Fall Supplemental Impacts (ongoing)	(267,652)	(267,652)	(267,652)	(267,652)	(267,652)	(267,652)	(267,652)
<b>Projected Ending Fund Balance</b>	<b>33,693,731</b>	<b>28,326,875</b>	<b>24,876,367</b>	<b>19,428,367</b>	<b>11,875,972</b>	<b>2,107,237</b>	<b>(9,995,068)</b>
Minimum Fund Balance per Policy	(26,300,000)	(27,200,000)	(28,144,239)	(29,124,629)	(30,142,629)	(31,199,761)	(32,297,612)
Projected Available Fund Balance	7,393,731	1,126,875	(3,267,872)	(9,696,262)	(18,266,657)	(29,092,524)	(42,292,679)

- This forecast assumes 2020 reduction scenarios are realized (vacancy savings, etc.).
- This forecast does not assume the 1% Property Tax Levy adoption for 2021 (approximately \$700K).
- 2021 revenues reflect the removal of one-time grants, projects, etc. from baseline.
- This forecast does not reflect any new funding or reduction scenarios for 2021.
- Other modifiers include changes to calculated charges (new process for 2021) and some forecasted revenue reductions for jail bed contract revenues due to COVID-19 restrictions.
- The General Fund minimum fund balance should be an estimated \$26.3 million in 2020 and \$27.2 million in 2021 per policy. Required Minimum Fund Balance is anticipated to increase annually. Years 2022-2026 reflect estimated increases based on year-over-year expense increases. These figures are calculated annually by the Auditor's Office based on actual expenses for the current year once the fiscal year is fully closed.
- It is a GFOA Best Practice for a structurally balanced budget to have reoccurring revenues equal or exceed reoccurring expenditures. Reference: <https://www.gfoa.org/print/455>.



# Summary of Budget Reports

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# 2020 Fall Supplemental *Budget Reports*

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- **List of County Manager Recommended Decision Packages**
- **Summary of Decision Packages by Department**
- **Exhibit A: Supplemental Appropriation Line Item Coding**
- **Attachment A1: *Summary by Fund***
- **Attachment A2: *Summary by Fund and Request***
- **Attachment B: *Staffing Changes***
- **Exhibit B: Budget Request Narratives with Summary by Fund. *This report provides specific details for each decision package.***



# 2020 Fall Budget Supplemental Adoption

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- **Discussion & Questions**
- **Recommend Move to Approve**

