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# LEWIS COUNTY

## 2020 BUDGET PRESENTATION

11-14-2019

### BOARD OF COUNTY COMMISSIONERS

Robert C. Jackson, Chair  
Gary Stamper, Vice-Chair  
Edna J. Fund, Commissioner

County Manager Erik Martin

# BUDGET PURPOSE

The operating budget is one of local government's most important work products. The budget serves a number of functions.

- It is a legal document that gives local government officials the authority to incur obligations and pay expenses.
- It allocates resources among departments and offices and funds as well as controls spending.
- A budget can also be an evaluation tool, comparing commitments made in the previous year's budget with actual accomplishments.

The statutory deadlines for the county budget process culminate with a public hearing and budget adoption in October. However, RCW 36.40.071 allows counties to use an alternative budget adoption process culminating in December and to adjust the other budget deadlines as needed to meet the later deadline. Most counties use this alternative budget process.

# DISCUSSION POINTS

Budget Timeline

Challenges

Fund Types

Budget Allocation by County Function

County Employee Summary

Revenue & Expenditures

General Fund Expenditures By Function

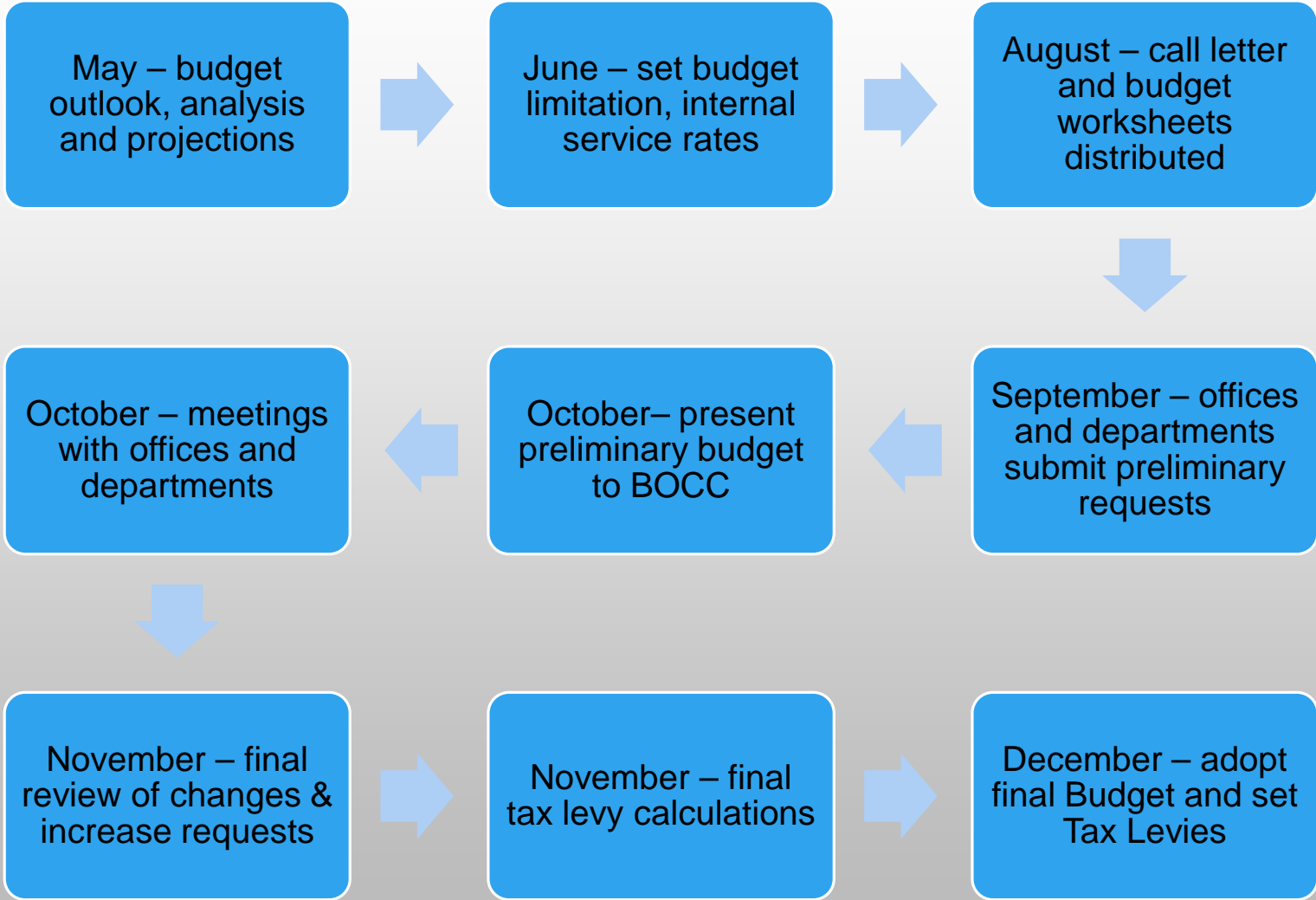
General Fund Transfers Supporting Other Funds

Budget Increase Requests

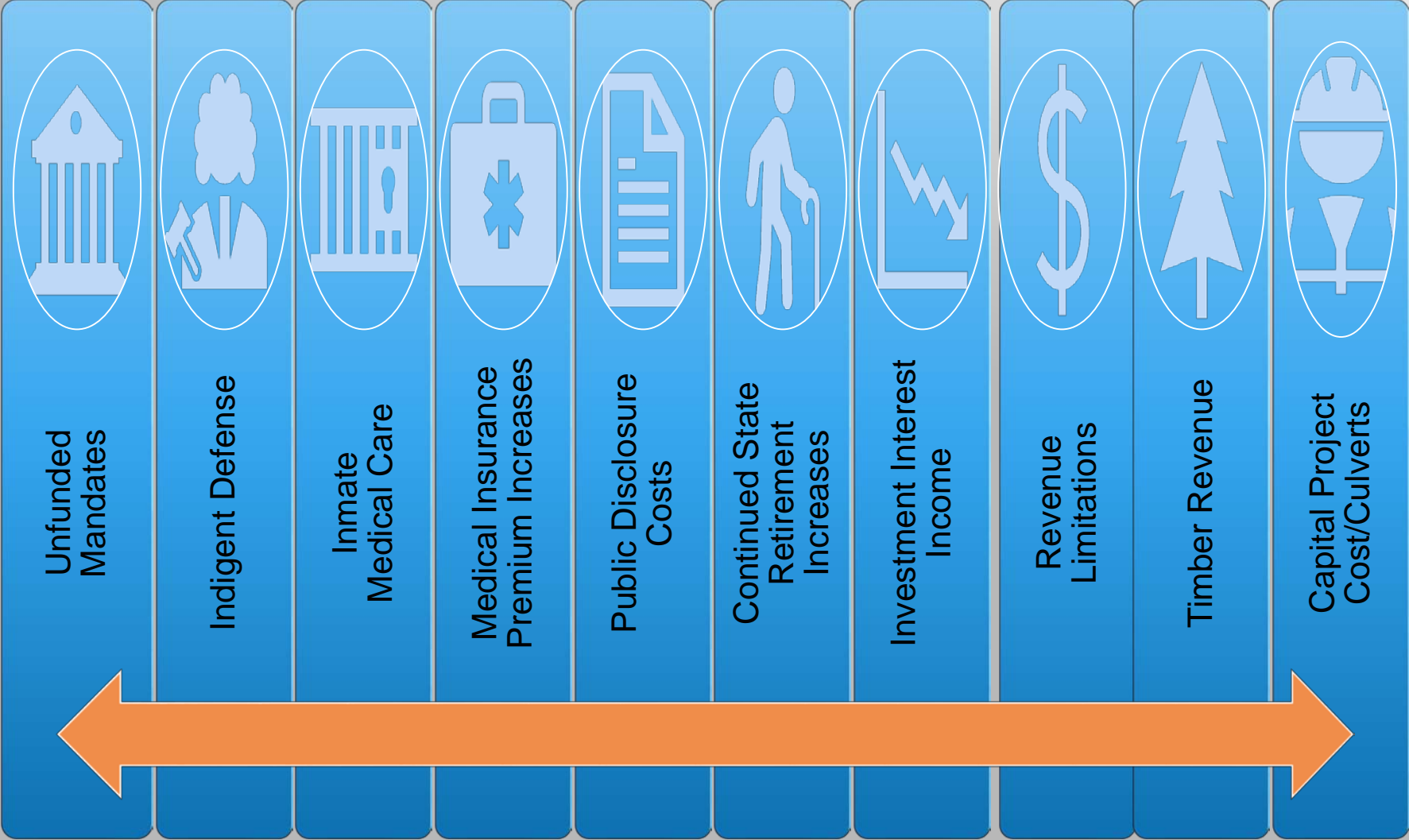
Summary of Preliminary Budget

General Fund Reserves

# BUDGET TIMELINE



# BUDGET CHALLENGES



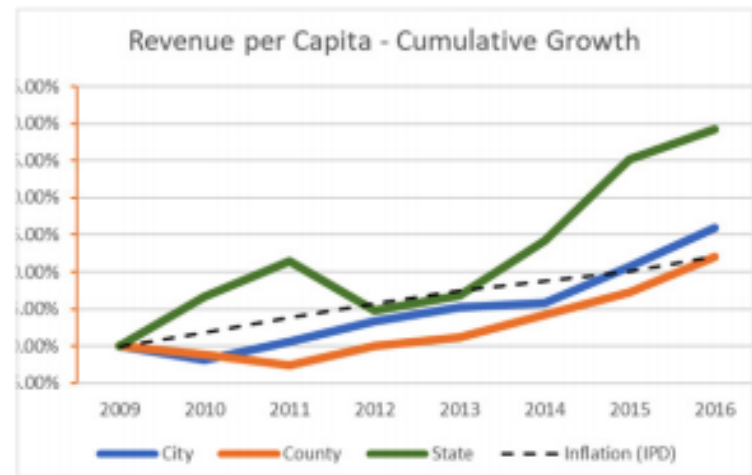
# WASHINGTON STATE ASSOCIATION OF COUNTIES STRATEGIC LITIGATION AND COMMUNICATIONS PROGRAM

WSAC has decided to develop a Litigation and Strategic Communication Program. WSAC members saw this action as a necessary response to the continued neglect by the State of Washington of the various state services that the state constitution and laws require counties to perform.



## Counties Face Shortfalls

Even though the Washington State revenues are increasing due to the upturn in the economy, counties are still making cuts to public health and safety. Counties are forced to lay off employees and defer maintenance on roads and infrastructure.



## State Growth v. County Growth

The State of Washington saw billions of dollars in new revenues in the 2017 legislative session. However, counties revenues continue to remain flat or decline due mostly to the cap on the 1% property tax.

# FUND TYPES

## GENERAL FUND (Current Expense)

- Non-restricted revenue like property tax and sales tax
- Includes: Admin Departments=HR, Risk, Budget and County Admin.
- Elected Offices=BOCC, Treasurer, Auditor, Prosecutor, Courts, Clerk, Sheriff

## SPECIAL REVENUE

- Hold restricted revenue that is dedicated to a specific use and usually cannot be used for operations in General Fund
- Emergency Management, Veterans relief, Social Services, Community Development, Roads, Health and Weed Control (NEW for 2019)

## DEBT SERVICE

- Funds are transferred from other funds depending on the type of debt

## CAPITAL

- Used to track capital projects such as buildings (REET revenue is mainly dedicated to capital improvements)

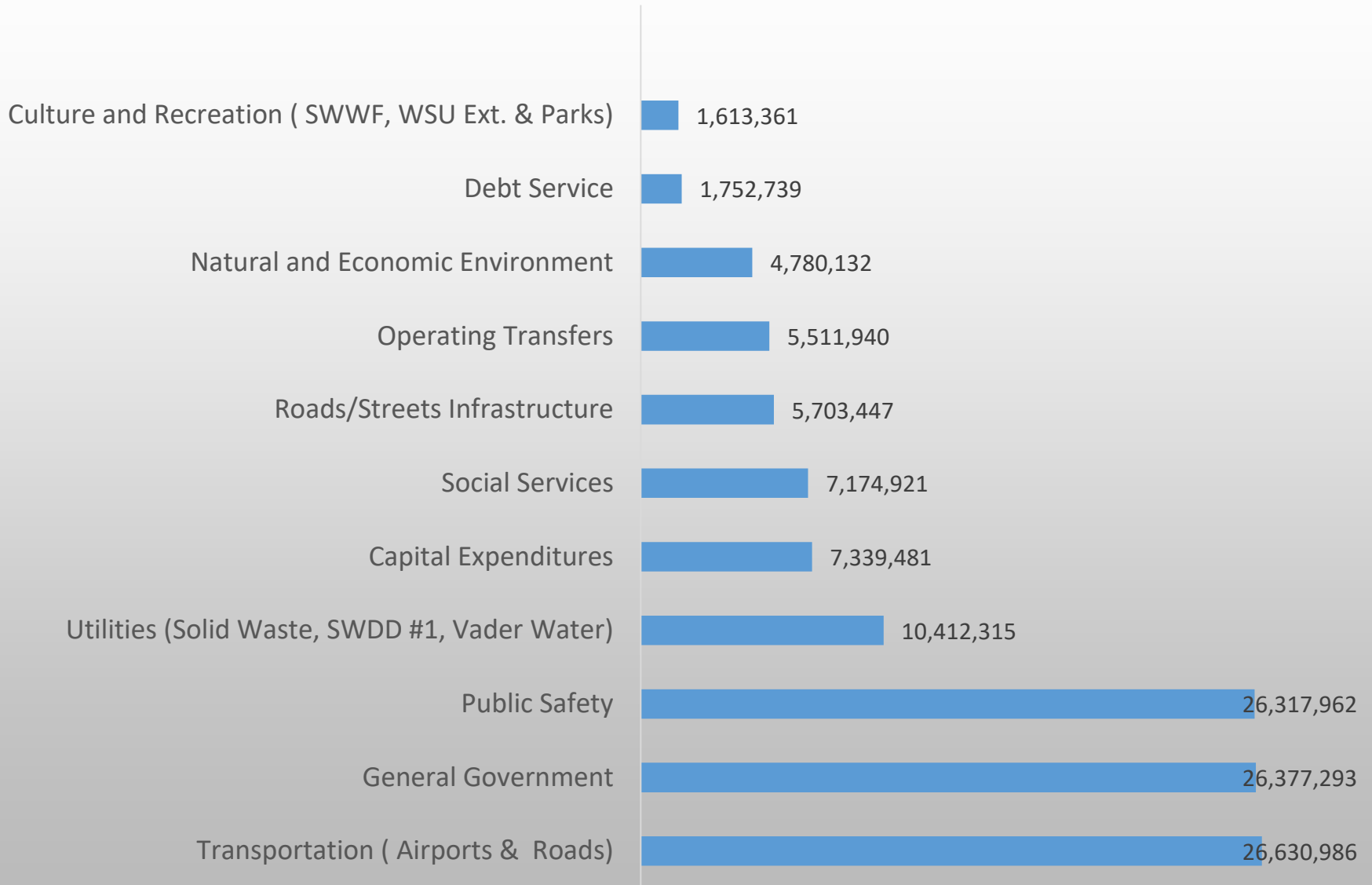
## ENTERPRISE

- Supported by fees from a business-type activity that cannot be used for any other activity - Solid Waste, Airports and Wastewater

## INTERNAL SERVICE

- Charges to other depts./offices for a service provided internally
- IT, Fleet, Risk/Insurance and Facilities

# COUNTY SERVICES BY FUNCTION



*All budget numbers reflect preliminary figures*



# STAFFING

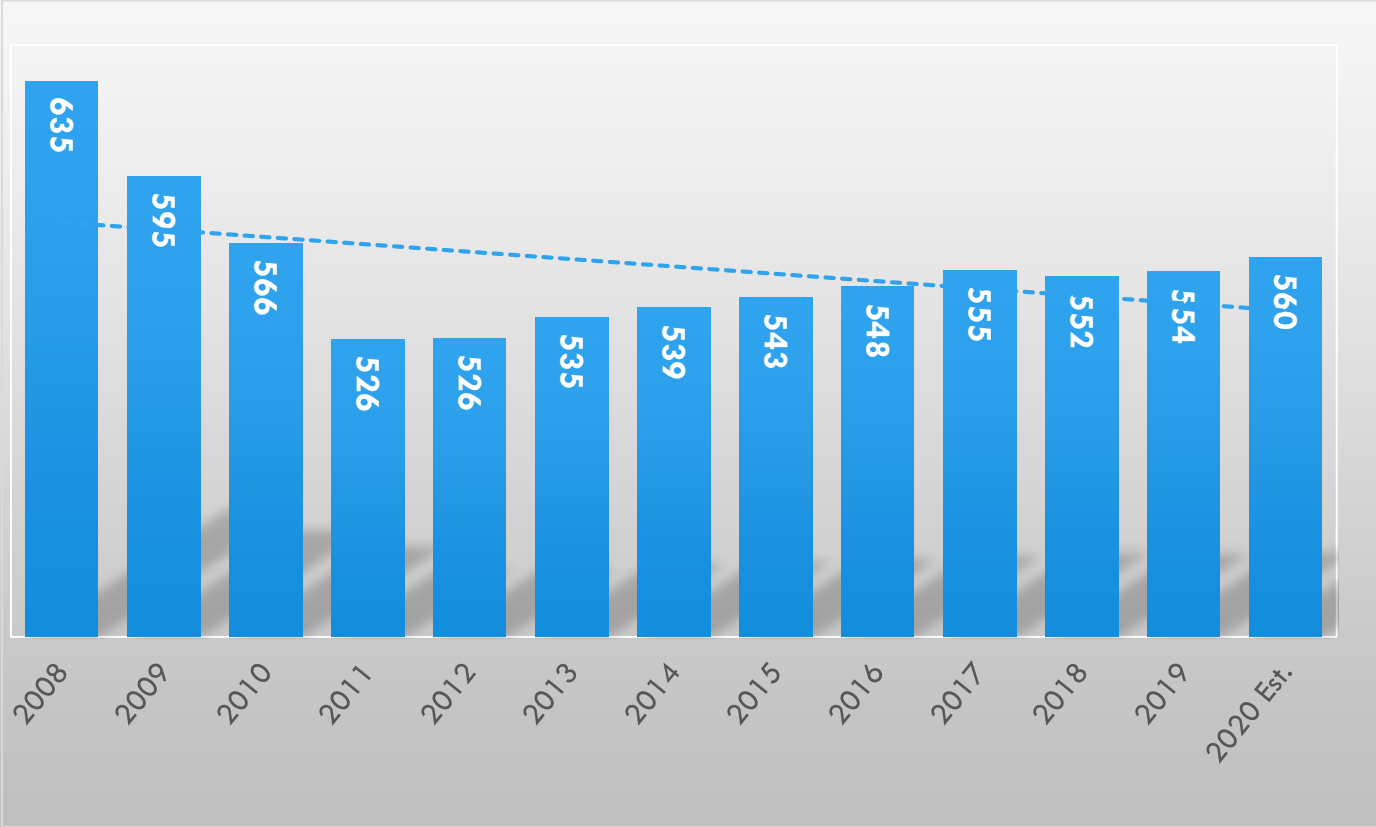
GENERAL FUND

273 FTE

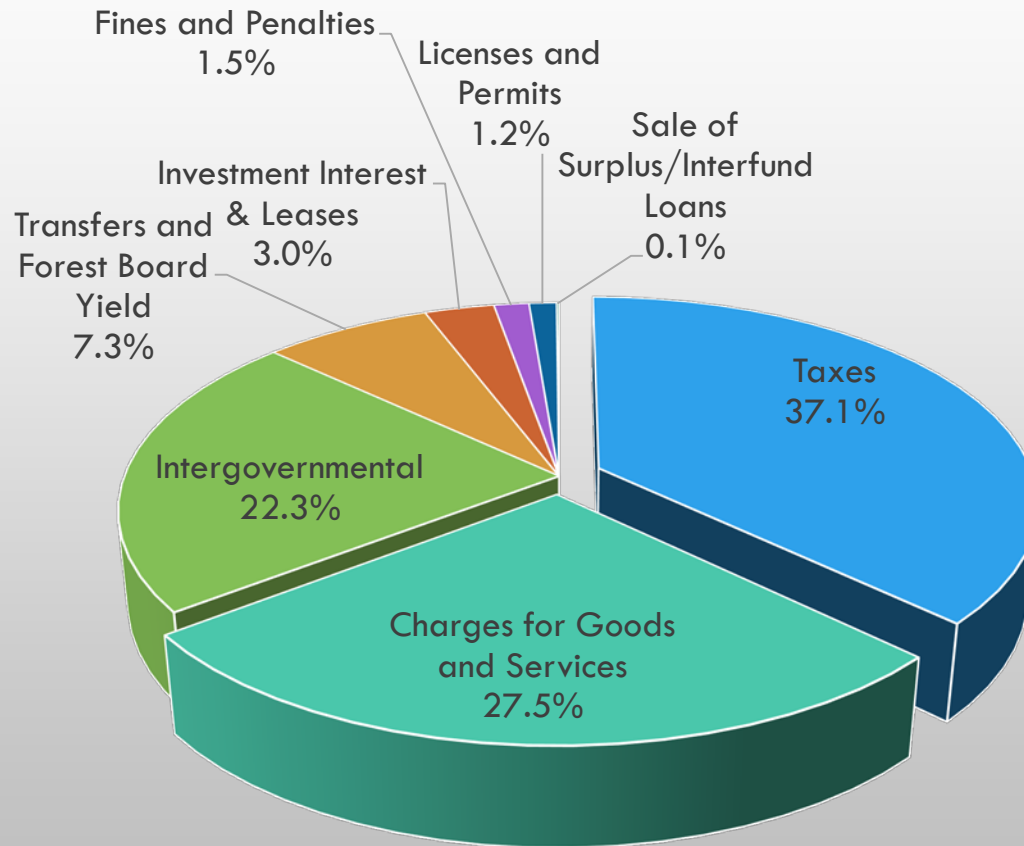
OTHER FUNDS

287 FTE

TOTAL 560

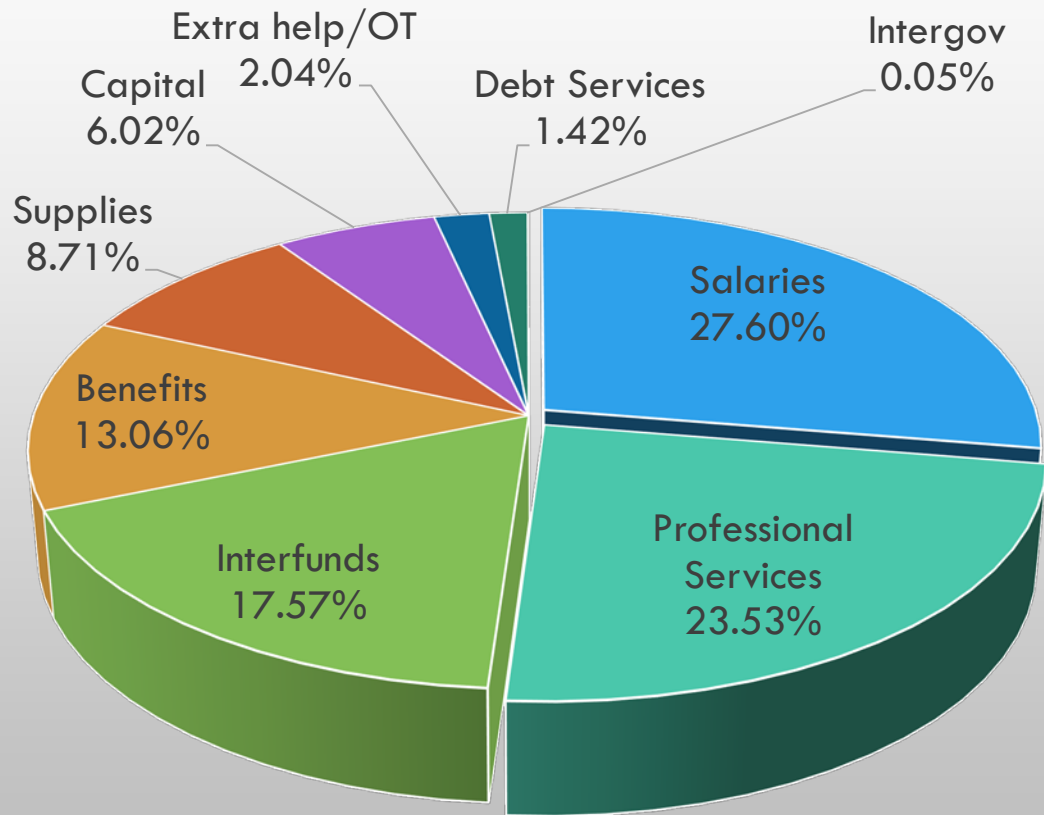


# REVENUE BY TYPE - ALL FUNDS



Revenue Type	2020 Prelim
Taxes	44,443,181
Charges for Goods and Services	32,966,446
Intergovernmental	26,689,014
Transfers and Forest Board Yield	8,703,213
Investment Interest & Leases	3,594,719
Fines and Penalties	1,806,500
Licenses and Permits	1,415,875
Sale of Surplus/Interfund Loans	124,636
<b>Total Revenue</b>	<b>119,743,584</b>

# EXPENDITURES BY TYPE - ALL FUNDS

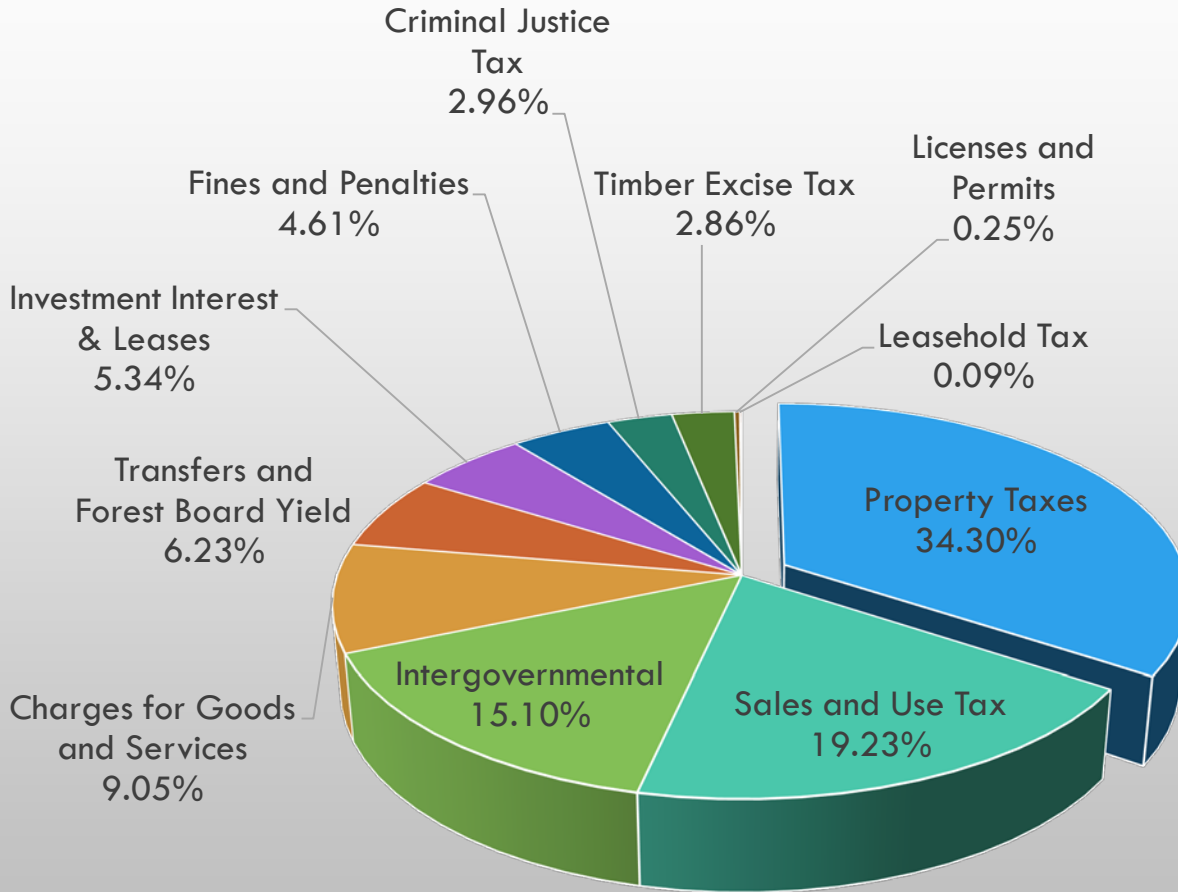


EXP. Type	2020 Prelim
Salaries	34,111,664
Professional Services	29,091,349
Interfunds	21,721,506
Benefits	16,146,510
Supplies	10,761,946
Capital	7,444,481
Extra help/OT	2,525,879
Debt Services	1,752,739
Intergov	58,503
<b>Total Exp.</b>	<b>123,614,577</b>

# GENERAL FUND OFFICES AND DEPARTMENTS

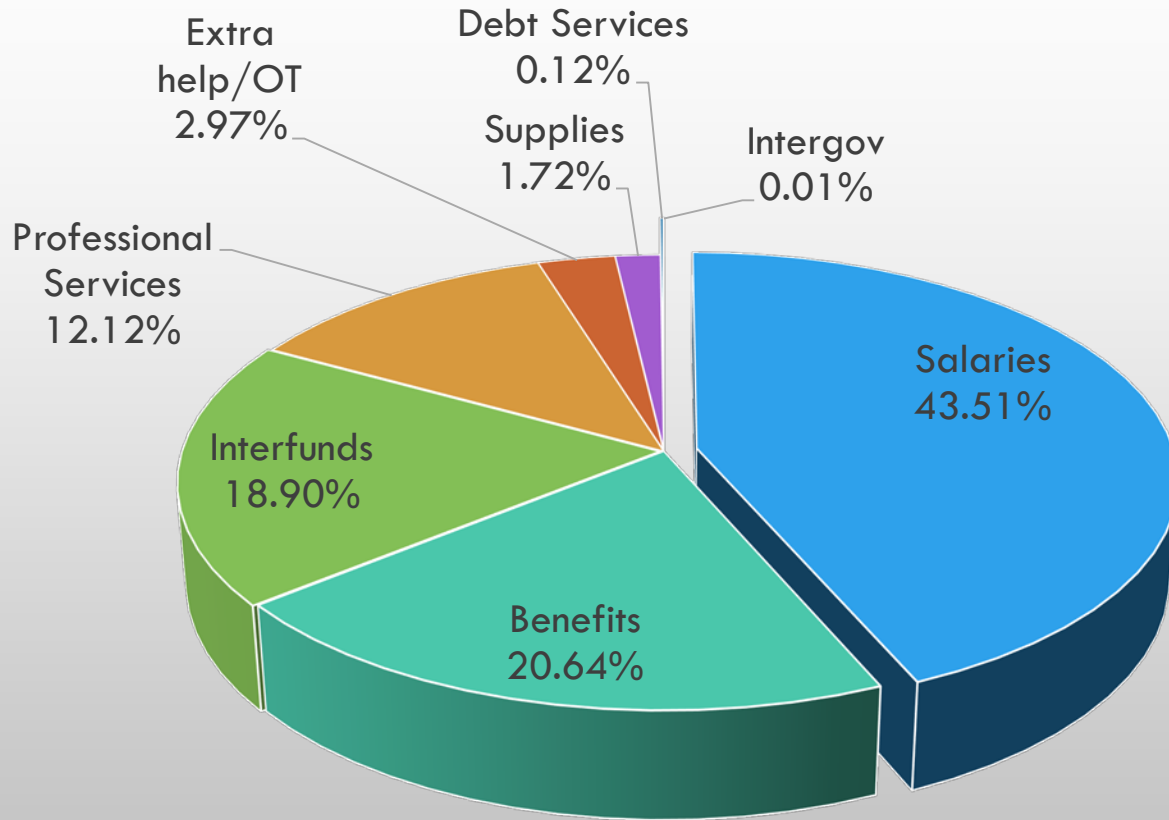
- BOARD OF COUNTY COMMISSIONERS
- AUDITOR
- AUDITOR - ELECTIONS
- ASSESSOR
- BOARD OF EQUALIZATION
- TREASURER
- CLERK
- SUPERIOR COURT
- DISTRICT COURT
- PROSECUTING ATTORNEY
- SELF INSURANCE
- PUBLIC DEFENSE/TRIAL CT IMPROVE
- CIVIL SERVICE
- DISABILITY BOARD
- STATE EXAMINER
- WACO & WSAC
- HUMAN RESOURCES
- COUNTY ADMINISTRATION
- BOUNDARY REVIEW BOARD
- CENTRAL SERVICES ADMIN
- SHERIFF
- JAIL
- JUVENILE
- WEED CONTROL
- AIR POLLUTION
- ANIMAL SHELTER
- CORONER
- SENIOR FACILITIES
- WSU EXTENSION
- TRANSFERS

# REVENUE | GENERAL FUND



Revenue Type	2020 Prelim
Property Taxes	13,201,000
Sales and Use Tax	7,400,000
Criminal Justice Tax	1,140,000
Timber Excise Tax	1,100,000
Leasehold Tax	35,000
Licenses and Permits	94,500
Intergovernmental	5,810,367
Charges for Goods and Services	3,483,063
Fines and Penalties	1,775,200
Investment Interest & Leases	2,053,805
Transfers and Forest Board Yield	2,398,608
<b>Total Revenue</b>	<b>38,491,543</b>

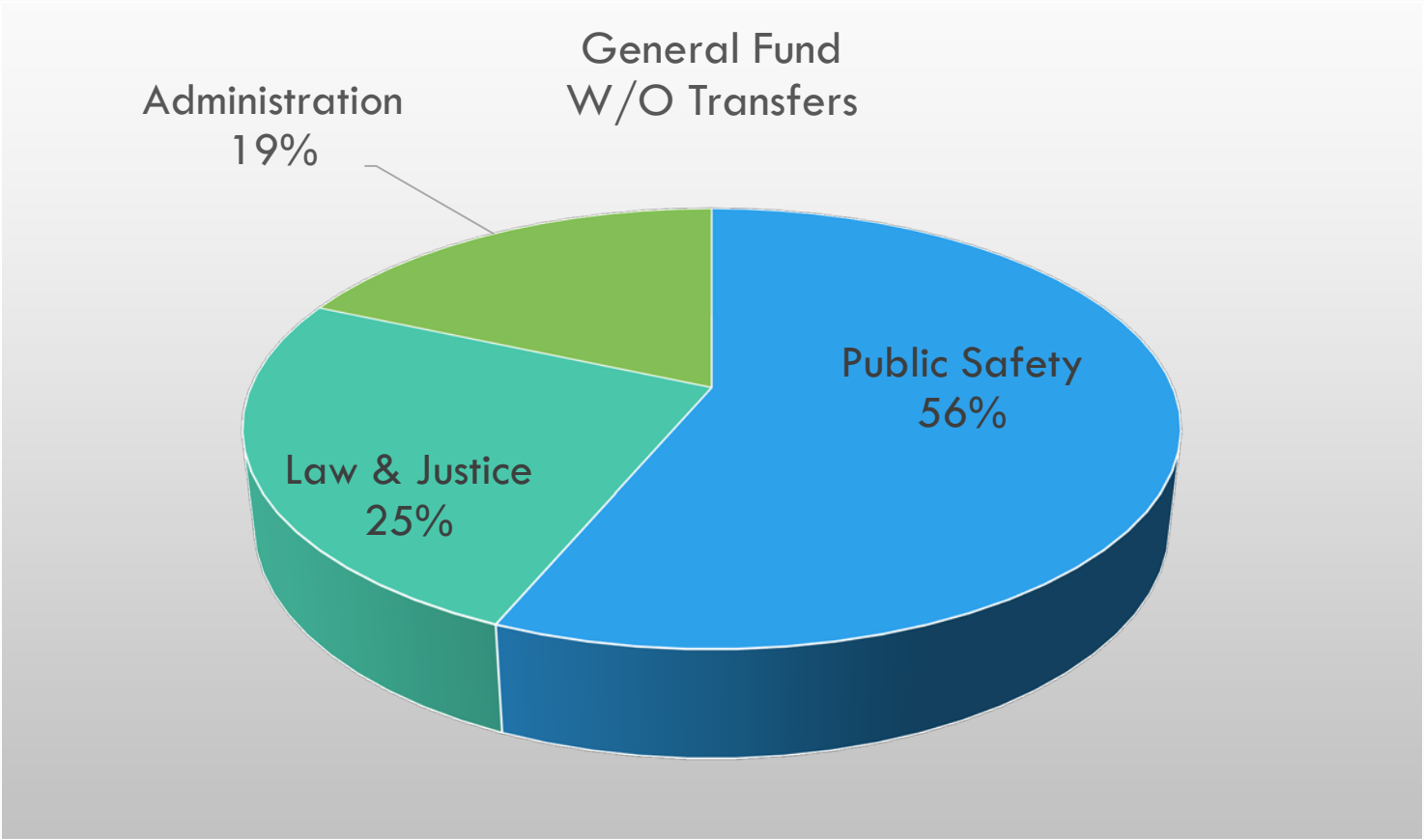
# EXPENDITURES | GENERAL FUND



EXP Type	2020 Prelim
Salaries	17,496,581
Benefits	8,298,775
Interfunds	7,599,035
Professional Services	4,874,943
Extra help/OT	1,193,156
Supplies	692,407
Debt Services	49,541
Intergov	5,403
<b>Total Exp.</b>	<b>40,209,841</b>

Salaries and benefits account for 64% of the General Fund budget

# GENERAL FUND EXPENDITURES BY FUNCTION W/O TRANSFERS



Law and Justice account for 81% of the General Fund budget

## PRELIMINARY - OPERATING TRANSFERS FROM THE GENERAL FUND

Emergency Management	\$	186,767
Law Library	\$	15,000
Southwest Washington Fair	\$	113,000
Community Development	\$	400,000
Chehalis River Basin District	\$	45,000
Dispute Resolution	\$	5,000
Public Health	\$	768,400
2009 & 2015 Debt Service	\$	455,195
Solid Waste (for future capital projects)	\$	147,600
South County Airport	\$	120,000
Radio Services	\$	25,000

**Total \$2,280,962**



# BUDGET INCREASE REQUESTS

<i>Department</i>	<i>Request</i>	<i>Funding source</i>	<i>Use of Funds</i>	<i>Description provided</i>
Indigent Defense-Superior Court	337,000	General Fund	Attorney contracts	Attorneys for Indigent Defense are currently being paid \$700 per Unit and \$100 per hour for Class A Cases. request for an increase to unit cost to \$1,000 per unit, leaving the Class A rate at \$100 per hour. With only one slight increase in many years, it is timely to re-address current rates . Figures provided are based on the caseload numbers from 2018.
Superior Court	28,519	General Fund	Salaries/Benefits	Commissioner's salary is not on the salary grid, but statewide the salary for Commissioners are generally tied to a percentage of the Judge salary. Asking that Commissioner's salary be increased as the Judge's salary is being increased as set by the State and tied at 85% of the Judges going forward
Animal Shelter	18,144	General Fund	Professional Services	Veterinary rates for spaying and neutering animals have significantly increased.

## BUDGET INCREASE REQUESTS - CONTINUED

<i>Department</i>	<i>Request</i>	<i>Funding source</i>	<i>Use of Funds</i>	<i>Description Provided</i>
District Court	71,506	General Fund	Salary, Benefits and Professional Services	Probation Officer slot filled by Shawn Goldsby has been regular FTE since 7/1/2019, subject to being absorbed into the 2019 budget and then seeking approval in the 2020 budget for future budget inclusion. Professional Services costs have increased significantly due to increased drug tests being performed to enhance monitoring of defendants.
Prosecutor	100,000	General Fund	Operations	Increase request for professional services, interpreters and other operational costs
Sheriff	22,433	General Fund	Operations	The Operating Costs for the Sheriff's Budget have not had an increase since the 2016 budget. Unfortunately the costs for supplies, phones, services, etc. have increased each year. We are asking for an additional 5% in Operating Costs to help each budget within the Sheriff's Office.

# BUDGET INCREASE REQUESTS - CONTINUED

<i>Department</i>	<i>Request</i>	<i>Funding source</i>	<i>Use of Funds</i>	<i>Description Provided</i>
Jail	537,826	General Fund	Salary and benefits for two corrections deputies, body scanner, medical contract costs, kitchen contract increase, supplies and 5% operating increase	To comply with Federal restrictive housing standards related to total hours in single cell confinement, it is advised that inmates should be limited to 22 hours in confinement housing w/2 hours out of confinement housing. Due to our current staffing levels, we are not able to comply with the Federal standard without increasing two additional 24/7 shifts to monitor control room operations. This Federal standard and with increased local inmate population/mental health issues there is a need for two additional Corrections Deputy positions. For these same reasons the Medical Prof. Services, Kitchen, Supplies and RX costs have increased. Per Contract, NaphCare and Summit Food services increase each year. We are asking for an additional 5% in Operating Costs to help cover the Jail's increased costs in supplies, phones, services, etc.
Jail	70,000	General Fund	Jail transport vehicle	An additional transport vehicle is needed to assist with weekly required transports that are currently accomplished with the current aging 2003 transport van at 147,504 miles.

# BUDGET INCREASE REQUESTS - CONTINUED

<i>Department</i>	<i>Request</i>	<i>Funding source</i>	<i>Use of Funds</i>	<i>Description Provided</i>
Juvenile	25,400	General Fund	Salary and Benefits	Wage Adjustments for two Juvenile Managers
Auditor	5,433	General Fund	Equipment Maintenance & Service	Previously, the IBM hardware maintenance and support for the AS/400 legacy finance system was allocated to other funds; however, in FY2019 these costs were absorbed by Auditor Financial Services. We must maintain the IBM AS/400 server for the legacy financial data until after the 2019 SAO audit and then data extraction.
Public Health & Social Services	59,003	General Fund Transfer	Salary and Benefits	These funds will be used to make 2 part time positions full time. The Epidemiology position (currently funded at .8 FTE through grants from DOH and our regional ACH) and also the Health Educator Position that is currently funded at .8 FTE through two combined grants from DOH.

# BUDGET INCREASE REQUESTS - CONTINUED

<i>Department</i>	<i>Request</i>	<i>Funding source</i>	<i>Use of Funds</i>	<i>Description Provided</i>
Mental Health Tax Programs-Jail MH prescriptions	81,600	MH Tax Funds	Jail Mental Health Prescriptions	In 2020 we will no longer receive financial support from Great Rivers BHO to help with increased Mental Health RX costs
Mental Health Tax Programs-Drug Court	81,329	MH Tax Funds	Contract Services	The focus of this increase is in contractual services, including an increase in the defense contract. The cost of the Drug Court housing increased. The final increase portion is dedicated to treatment and a result of a shortfall of CJTA dollars and a change in allowable Medicaid expenses.
Mental Health Tax Programs-Family Recovery Court	8,700	MH Tax Funds	Contract Services	This increase is for treatment services provided to Family Recovery Court participants through the contracted provider, Eugenia Center. FRC has grown from 10 to 16 participants. As a result the cost of UA's & treatment increases. FRC participants do not have access to CJTA dollars and ability to pay should not disclose them from the program.

# BUDGET INCREASE REQUESTS - CONTINUED

<i>Department</i>	<i>Request</i>	<i>Funding source</i>	<i>Use of Funds</i>	<i>Description Provided</i>
Lewis County Facilities Maintenance	58,746	Interfund rates to all funds	Custodial Position	Additional Custodial Position
Lewis County Facilities Maintenance-Capital Projects Coordinator	77,760	Capital Funds	Projects Coordinator Position	Unfreeze Project Coordinator position as Capital projects workload has increased significantly.
Lewis County Senior Services (see letter sent 09/27/2019) late add	100,000	General Fund	LC Non-Profit support of Senior Nutrition	This contribution offsets costs incurred by the nutrition programs.

# TOTAL REQUESTED \$ 1,683,399

Approved

as of  
11/13/2019:



• \$981,390

- Jail medical, prescription and prisoner supplies costs
- District Court Probation Officer
- Auditor finance system maintenance
- Court Commissioner salary increase
- Superior Court Indigent Defense Fees
- Lewis County Seniors – Nutrition Support
- Drug Court program housing and defense costs
- Mental Health prescriptions – LC Jail
- Increase salary for Juvenile Administration
- Prosecutor interpreters, and operations related to increased caseload
- Public Health Officer contract
- Animal Shelter spay and neutering fees
- Commercial vehicle enforcement truck and equipment

PRELIMINARY (OCTOBER)	REVENUE	EXPENDITURE	CHANGE IN RESERVES
GENERAL FUND ( Current Expense)	38,491,543	40,209,841	(1,718,298)
SPECIAL REVENUE	48,644,903	48,744,107	(99,204)
DEBT SERVICE	1,624,471	1,624,471	-
CAPITAL	3,649,886	4,878,192	(1,228,306)
ENTERPRISE	13,747,101	13,978,201	(231,100)
INTERNAL SERVICE	13,585,680	14,179,765	(594,085)
<b>TOTAL ALL FUNDS</b>	<b>119,743,584</b>	<b>123,614,577</b>	<b>(3,870,993)</b>

**PRELIM.-GENERAL FUND BUDGETED USE OF FUND BALANCE**

**\$1,718,293**

**TOTAL ALL FUNDS PRELIM. BUDGETED USE OF FUND BALANCE**  
(Includes General Fund)

**\$3,870,993**

In 2019, the adopted budgeted use of fund balance was \$3.6 million for the General Fund and \$7.3 million for ALL Funds



# 2020 Estimated Assessed Valuation (AV)

General	\$9,449,492,590
Roads	\$6,674,258,434

# 2020 Estimated Total Revenue

General	\$ 13,117,544
Roads	\$ 12,534,342
Veterans Fund	\$ 188,990
Social Services	\$ 236,237

Data from Assessor's Office 11/4/2019  
Includes estimated State Utility assessment

# GENERAL FUND- FUND BALANCE

What is the Fund Balance?

Fund balance is what is left over at the end of the year after all revenues have been accounted for and all expenditures have been recorded against the lawful appropriations of the budget period.

How much should we have?

The Government Finance Officers Association (GFOA) recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.

What is two months for Lewis County?

Average \$3 million a month = minimum of \$6.0 million.

What is the use of reserves in the 2020 budget?

The County is budgeting in the preliminary to use an estimated \$1.7 million in reserves to balance the budget.

Leaving an estimated ending fund balance for 2020 around \$7.7 million.

**It is necessary to note that the actual use of reserves will oftentimes be less than the budgeted amount. Vacant positions and unanticipated revenue will have a direct impact on the use of reserves.**

The County will continue to evaluate spending and revenue on monthly basis to ensure year-end reserves are adequate.

## FUND BALANCE - CONTINUED

What is the plan if revenues comes in short next year, what programs will be reduced?

The BOCC will continue to review all programs to find efficiencies and look at how Lewis County can do business differently to reduce the cost of providing government services. Budget decisions will be based on feedback provided by each Elected Official and Director along with input from the citizens of Lewis County and the Citizen Budget Committee.

What efforts has the County made to reduce the impact to General Fund reserves?

- Significant reduction in staffing in 2009
- Transition of Senior Services in 2018
- Moved to PEBB employee medical in 2018 (significantly increased WCIF rates)
- Decentralized Fiscal Services reducing Administrator position
- Amortize annual leave payouts before rehiring
- Deferred building maintenance
- Reviewed grants and other funding opportunities
- Shared WSU Extension Director with Cowlitz County

What have been the most significant impacts on General Fund reserves?

- Inmate medical costs
- Indigent defense costs
- Labor agreements
- Continued restrictions on the ability to collect fines and fees in the courts
- Employee medical costs
- State retirement increases
- Public disclosure management costs
- General Liability insurance increases
- Reduced timber revenue
- Reduced investment interest income

Advocacy

Commissioners and county staff are actively educating federal and state elected officials as well as staff regarding unfunded mandates and barriers to timber harvesting.

QUESTIONS

