



# WASHOE COUNTY

Integrity Communication Service

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## STAFF REPORT

**BOARD MEETING DATE:** May 21, 2019

**DATE:** Friday, May 17, 2019

**TO:** Board of County Commissioners

**FROM:** Lori Cooke, Budget Manager  
(775) 328-2072, [lcooke@washoecounty.us](mailto:lcooke@washoecounty.us)

Christine Vuletich, Assistant County Manager  
(775) 328-2016, [cvuletich@washoecounty.us](mailto:cvuletich@washoecounty.us)

**THROUGH:** John Slaughter, County Manager

**SUBJECT:** Discussion and possible action on the Washoe County Tentative Budget, as well as possible changes to the adoption of the Final Budget for Fiscal Year 2020; approve the changes to position control for Fiscal Year 2020 indicated on Attachment A; and approve the fee updates indicated on Attachment B. This item may be continued to May 28, 2019 at 10:00 AM. (All Commission Districts)

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### **SUMMARY**

The purpose of this item is to conduct a hearing on the Tentative Budget for FY 2020; consider approval of the Final Budget for FY 2020, which incorporates the approved County Manager's recommendations presented on April 23, 2019; approve changes to position control for FY 2020 related to the FY 2020 Final Budget; and approve the fees indicated on Attachment B.

**Washoe County Strategic Objective supported by this item:** Stewardship of our Community

### **PREVIOUS ACTION**

January 22, 2019 – At the BCC Meeting, a review of Fiscal Year 2018 actual financial results, a mid-year review of Fiscal Year 2019, and a preview of the Fiscal Year 2020 Budget was presented along with preliminary recommendations.

April 23, 2019 – The BCC received a status report and confirmed the County Manager's recommendations for the Fiscal Year 2020 budget and directed the County Manager to return to the Board of County Commission with a Tentative and Final Budget incorporating the approved County Manager's recommendations for adoption at a public hearing scheduled for May 21, 2019.

**AGENDA ITEM # \_\_\_\_\_**

## **BACKGROUND**

### **Final County Budget**

NRS 354.596 requires a public hearing of the County's Tentative Budget, which is required to be submitted to the State Department of Taxation by April 15 of each year. The Department of Taxation has examined the submitted Tentative Budget for compliance with law and has provided a written certificate of compliance. At the date of the hearing, the Board of County Commissioners may also adopt a Final Budget. A final budget must be certified by a majority of the Board and submitted to the State by June 1.

Included in this agenda packet is the Tentative Budget submitted to the State in April and the Final Budget document. The Tentative Budget included the recommendations made by the County Manager and approved by the Board at the April 23<sup>th</sup> Board meeting with the exception of additional FY 2019 transfers and the accompanying FY 2020 appropriations for the NNAMHS Campus Project. These items were presented by the County Manager on April 23<sup>rd</sup>, but the fiscal updates weren't reflected in the submitted Tentative Budget because the associated fiscal information wasn't received until after the Tentative Budget deadline. This variance only reflects a timing issue and doesn't have a fiscal impact for the Final Budget.

Due to economic "uncertainty", the Fiscal Year 2020 Tentative and Final Budgets take a fiscally sustainable approach to funding new county General Fund positions or program expenses (i.e., what is funded in Fiscal Year 2020 needs to be sustainable in future years). This means the Final Budget represents increases that are anticipated to be sustained based on the General Fund 5-year forecast. Additional increases for future years remains uncertain.

The FY 2020 Final Budget reflects a net increase of 53.6 FTE's, reflecting 27.6 additional General Fund FTE's and an additional 26.0 Special Revenue Fund FTE's. Additional positions include, but aren't limited to:

- 6 Deputy Sheriff positions
- 5 District Attorney positions, including 3 Deputy District Attorneys
- 3 Alternative Sentencing/Sober 24 positions
- 25 NNAMHS Campus positions
- 2 Assessor's Office positions
- 2 District Health positions

A complete list of all position changes, including the new, deleted, other FTE changes, and reclassified positions, is reflected in Attachment A.

## **FISCAL IMPACT**

Total Fiscal Year 2020 budgeted appropriations for all funds are \$717,161,918. See details below.

<b>Governmental Funds</b>						
Fund Type	Salaries & Benefits	Services & Supplies	Capital Outlay	Contingency	Operating Transfers Out	Total Appropriations
General Fund	255,920,099	56,813,033	521,548	5,750,000	44,267,446	363,272,126
Special Revenue Funds	79,396,265	98,003,172	7,154,572	-	13,493,226	198,047,235
Capital Project Funds	-	8,298,928	35,571,845	-	2,850,000	46,720,773
Debt Service Funds	-	13,320,090	-	-	-	13,320,090
Total	335,316,364	176,435,223	43,247,965	5,750,000	60,610,672	621,360,224
<b>Proprietary Funds</b>						
Fund Type	Operating Expenses	Non-Operating Expenses			Operating Transfers Out	Total Appropriations
Enterprise Funds	22,109,403	1,230,501			-	23,339,904
Internal Service Funds	72,461,790	-			-	72,461,790
Total	94,571,193	1,230,501			-	95,801,694
<b>Total Appropriations</b>						<b>717,161,918</b>

As previously discussed with the Board, and as part of the Fiscal Year 2020 Final Budget, Fiscal Year 2019 financial actions are necessary as follows:

- Replenish \$3.0 million of Stabilization Reserve at FY19 year-end as a restriction of General Fund fund balance
- Transfer \$2.5 million from the General Fund (CC 188500- G/L 814092) to the NNAMHS Campus Project (PW920711 – G/L 621001)
- Transfer \$500,000 from the Marijuana Fund (CC 207000- G/L 814092) to the NNAMHS Campus Project (PW920711 – G/L 622070)

The General Fund is the largest Washoe County fund and comprises 51% of total budget appropriations. With an outlook of “uncertainty” and a focus on fiscal sustainability, the Washoe County Fiscal Year 2020 General Fund budget is structurally balanced with an anticipated increase to fund balance of \$547,462. Total budgeted General Fund revenues and other financing sources are \$363,819,589 and General Fund expenses, transfers out and contingency is \$363,272,126. The total unrestricted fund balance for the General Fund at the end of Fiscal Year 2020 is budgeted at \$53,099,229, or 14.6% of budgeted expenses and transfers out, which is in compliance with the BCC’s policy of 10% to 17% and NRS requirements. A summary of the recommended Final Fiscal Year 2020 General Fund budget is shown below.

Washoe County FY 2020 General Fund Sources and Uses				
Sources and Uses	FY 2018 Actual	FY 2019 Adopted Budget	FY 2019 Year- End Estimate	FY 2020 Final Budget
<b>Revenues and Other Sources:</b>				
Taxes	162,349,504	169,030,246	169,030,246	178,698,442
Licenses and permits	9,692,712	9,677,200	9,642,200	9,742,200
Consolidated taxes	111,301,067	114,389,819	115,997,045	120,926,919
Other intergovernmental	22,781,938	22,539,740	23,048,471	23,646,849
Charges for services	21,645,383	19,146,952	19,767,038	19,697,694
Fine and forfeitures	7,746,112	6,830,550	6,750,569	6,756,650
Miscellaneous	3,703,484	3,769,435	3,288,734	3,767,435
<b>Total revenues</b>	<b>339,220,200</b>	<b>345,383,942</b>	<b>347,524,302</b>	<b>363,236,189</b>
Other sources, transfers in	115,584	337,400	89,400	583,400
<b>TOTAL SOURCES</b>	<b>339,335,784</b>	<b>345,721,342</b>	<b>347,613,702</b>	<b>363,819,589</b>
<b>Expenditures and Other Uses:</b>				
Salaries and wages	148,595,601	153,686,183	152,982,759	163,202,474
Employee benefits	69,379,110	73,485,552	71,830,289	77,922,374
OPEB contributions	16,906,360	16,869,328	16,871,804	14,795,251
Services and supplies	50,000,308	59,057,109	56,693,656	56,813,033
Capital outlay	482,865	551,548	1,081,833	521,548
<b>Total expenditures</b>	<b>285,364,244</b>	<b>303,649,719</b>	<b>299,460,342</b>	<b>313,254,680</b>
Transfers out	47,486,294	41,718,481	44,663,481	44,267,446
Contingency	-	1,500,000	1,500,000	5,750,000
<b>TOTAL USES</b>	<b>332,850,538</b>	<b>346,868,200</b>	<b>345,623,823</b>	<b>363,272,126</b>
<b>Net Change in Fund Balance</b>	<b>6,485,246</b>	<b>(1,146,858)</b>	<b>1,989,879</b>	<b>547,462</b>

Beginning Fund Balance	\$ 50,570,825	\$ 47,846,828	57,056,071	59,045,951
Ending Fund Balance	<b>\$ 57,056,071</b>	\$ 46,699,970	59,045,951	59,593,413

<b>Unrestricted Ending Fund Balance</b>	<b>\$ 53,561,887</b>	<b>\$ 45,949,970</b>	<b>\$ 52,551,767</b>	<b>\$ 53,099,229</b>
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Unrestricted Fund Balance %	16.1%	<b>13.3%</b>	<b>15.3%</b>	<b>14.6%</b>
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\*as % of Expense & Transfers less Capital

### Updated Fee Schedule

As part of an ongoing project to review fees charged and collected by County departments, Community Services trued-up and recommended updates to the Washoe County Parks fee schedule. At their May 7, 2019 meeting, the Open Space and Regional Parks Commission recommended approval of two fee updates to be presented to the Board of County Commissioners for adoption.

- Attachment B: The BCC is being asked to only approve the attached **highlighted updates** to the Washoe County Parks fees. Parks fees are fees set by the Board of

County Commissioners, and are mainly user fees. They may be adjusted by the BCC pursuant to State law although some fees have a cap in State law on the level of the fee.

**RECOMMENDATION**

It is recommended that the Board adopt the Final Budget for Fiscal Year 2020; approve the changes to position control for Fiscal Year 2020 indicated on Attachment A; and approve the fee updates indicated on Attachment B.

**POSSIBLE MOTION**

Should the Board agree with staff's recommendation, a possible motion would be "move to adopt the Final Budget for Fiscal Year 2020; approve the changes to position control for Fiscal Year 2020 indicated on Attachment A; and approve the fee updates indicated on Attachment B."