



WASHOE COUNTY

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STAFF REPORT

BOARD MEETING DATE: May 22, 2018

DATE: Friday, May 18, 2018

TO: Board of County Commissioners

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

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

SUBJECT: Public Hearing: 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 2019; approve the changes to position control for Fiscal Year 2019 indicated on Attachment A; and approve the fee updates indicated on Attachment B. This item may be continued to May 29, 2018 at 10:00 AM. (All Commission Districts)

SUMMARY

The purpose of this item is to conduct a hearing on the Tentative Budget for FY 2019; consider approval of the Final Budget for FY 2019, which incorporates the approved County Manager's recommendations presented on April 24, 2018; approve changes to position control for FY 2019 related to the FY 2019 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 26, 2018 – At the BCC's Strategic Plan retreat, a review of Fiscal Year 2017 actual, estimated Fiscal Year 2018, and a preview of the Fiscal Year 2019 Budget was presented along with preliminary recommendations.

April 24, 2018 – The BCC received a status report and confirmed the County Manager's recommendations for the Fiscal Year 2019 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 22, 2018.

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 24th Board meeting. Due to the expenses incurred from the two federally declared flood disasters last fiscal year, continuing into this and next fiscal year, as well as the financial impact of the one-time Consolidated Tax (C-Tax) refund, the Fiscal Year 2019 Tentative Budget and the Final Budget take a fiscally guarded approach to funding new county programs or positions in the General Fund. Consequently, the Final Budget only includes funding increases in the General Fund for new operating costs that are offset by additional ongoing revenues reallocations of existing budgets in other areas or for reclassifications of current county employees.

After the BCC meeting on April 24th, two departments/agencies identified areas of their budget that could be reallocated to pay for requests. These were:

- Reno Justice Court identified offset funding to establish an Intermittent Public Service Intern, funded entirely with Administrative Assessment funding (non-General Fund)
- Human Services Agency – Child Protective Services (CPS) requested an additional three part-time positions be increased to full-time positions to provide essential and necessary CPS services, funded entirely within the CPS Fund (non-General Fund).

Therefore, the FY 2019 Final Budget reflects a net increase of 21.51 FTE's, reflecting 4.80 additional General Fund FTE's and an additional 16.71 Special Revenue Fund FTE's. In addition to these new FTE's, 23.73 net FTE's are deleted from the budget, primarily due to the implementation of contractual armed security (countywide security) versus the previously approved FTE's to support this function. Therefore, the net FTE changes in the Final FY 2019 budget reflect a reduction of 2.22 FTE's. A complete list of these position control changes, which includes new, deleted, FTE change, and reclassified positions, is reflected in Attachment A.

In addition to the changes above, based on information from the Washoe County Comptroller, it was determined that the C-Tax Refund anticipated to begin in July 2018 will reflect in the financial statements as an expense instead of a net reduction to revenue. To ensure the adopted budget is reconciled with the anticipated financial postings, the following changes reflect in the Fiscal Year 2019 Final Budget:

- Consolidated Tax increase of \$4,600,000
- Payment Expense increase of \$4,600,000

The net result to General Fund Fund Balance of the above changes is net zero since both revenue and expenditure are increased.

Due to the extraordinary fiscal challenges of continuing to fund \$1.2 million dollars for flood-related costs and the C-Tax refund, the Fiscal Year 2019 General Fund budget is being balanced with a one-time use of fund balance of \$1,146,858. Total budgeted General Fund revenues and other financing sources are \$345,721,342 and General Fund expenses and transfers out is \$346,868,200. A summary of the recommended Fiscal Year 2019 General Fund budget is shown below.

FISCAL YEAR 2019 SOURCES AND USES				
Washoe County General Fund	FY 2017 Actual	FY 2018 Adopted Budget	FY 2018 Year- End Estimate	FY 2019 Final Budget
Revenues and Other Sources:				
Taxes	\$ 153,207,221	\$ 161,760,423	\$ 161,760,423	\$ 169,030,246
Licenses and permits	9,491,540	9,602,200	9,602,200	9,677,200
Consolidated taxes	100,335,898	108,942,685	108,942,685	114,389,819
Other intergovernmental	21,323,308	21,638,963	21,632,463	22,539,740
Charges for services	19,589,902	20,064,285	20,644,876	19,146,952
Fine and forfeitures	6,955,456	6,881,550	6,801,550	6,830,550
Miscellaneous	2,131,215	3,647,349	3,746,441	3,769,435
Total Revenues	313,034,539	332,537,455	333,130,638	345,383,942
Other sources, transfers in	287,228	337,400	337,400	337,400
TOTAL SOURCES	\$ 313,321,767	\$ 332,874,855	\$ 333,468,038	\$ 345,721,342
Expenditures and Other Uses:				
Salaries and wages	142,429,679	148,156,728	149,744,017	153,686,183
Employee benefits	67,360,336	71,047,915	70,753,330	73,485,552
OPEB contributions	15,431,094	16,903,030	16,903,030	16,869,328
Services and supplies	50,287,500	50,151,007	49,069,003	59,057,109
Capital outlay	877,433	402,048	493,176	551,548
Total Expenditures	276,386,042	286,660,728	286,962,557	303,649,719
Transfers out	42,441,631	43,933,234	47,483,418	41,718,481
Stabilization	-	-	-	-
Contingency	-	2,280,893	1,746,058	1,500,000
TOTAL USES	\$ 318,827,673	\$ 332,874,855	\$ 336,192,033	\$ 346,868,200
Net Change in Fund Balance	\$ (5,505,906)	\$ -	\$ (2,723,995)	\$ (1,146,858)
Beginning Fund Balance	\$ 56,076,731	\$ 49,487,866	\$ 50,570,825	47,846,828
Ending Fund Balance	\$ 50,570,825	\$ 49,487,866	\$ 47,846,828	\$ 46,699,970
Total Fund Balance %	15.9%	14.9%	14.3%	13.5%

*as % of Expense & Transfers less Capital

Notes:

- FY 2018 Estimate includes \$3M transfer of Stabilization
- FY 2019 C-Tax Refund reflects in Services & Supplies expense
- FY 2019 budget includes a contra of \$1.5M for salary savings

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 March 6, 2018 meeting, the Open Space and Regional Parks Commission recommended approval of these updates to be presented to the Board of County Commissioners for adoption. Revenue generated from the updated fee schedule is budgeted to fund the Seasonal employee pay range updates (approved by the BCC on February 13, 2018) and operational expenses for Washoe County Parks.

- Attachment B: The BCC is being asked to only approve the attached 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.

FISCAL IMPACT

The recommended Fiscal Year 2019 General Fund budget is balanced with a one-time use of Fund Balance in the amount of \$1,146,858, with revenues and other financing sources of \$345,721,342 and General Fund expenses and transfers out of \$346,868,200. The total fund balance for the General Fund at the end of Fiscal Year 2019 is budgeted at \$46,699,972, or 13.5% of budgeted expenses and transfers out, which is incompliance of the BCC's policy and NRS requirements.

Total budgeted appropriations for all funds are \$658,768,508.

Governmental Funds						
Fund Type	Salaries & Benefits	Services & Supplies	Capital Outlay	Contingency	Operating Transfers Out	Total Appropriations
General Fund	244,041,064	59,057,108	551,548	1,500,000	41,718,481	346,868,200
Special Revenue Funds	78,280,789	92,106,416	6,585,869	-	3,683,968	180,657,042
Capital Project Funds	232,324	8,442,866	15,502,930	-	1,950,000	26,128,121
Debt Service Funds	-	12,056,692	-	-	-	12,056,692
Total	322,554,177	171,663,081	22,640,347	1,500,000	47,352,449	565,710,054
Proprietary Funds						
Fund Type	Operating Expenses	Non-Operating Expenses			Operating Transfers Out	Total Appropriations
Enterprise Funds	21,887,822	-			-	21,887,822
Internal Service Funds	71,170,632	-			-	71,170,632
Total	93,058,454	-			-	93,058,454
Total Appropriations						658,768,508

RECOMMENDATION

It is recommended that the Board adopt the Final Budget for Fiscal Year 2019; approve the changes to position control for Fiscal Year 2019 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 2019; approve the changes to position control for Fiscal Year 2019 indicated on Attachment A; and approve the fee updates indicated on Attachment B."