



WASHOE COUNTY

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CM/ACM JJ
Budget AWC
DA NA
Comptroller NA
HR NA
Other NA

STAFF REPORT BOARD MEETING DATE: March 24, 2015

DATE: March 18, 2015

TO: Board of County Commissioners

FROM: Al Rogers, Director of Management Services
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THROUGH: John Slaughter, County Manager
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SUBJECT: Update and status report on the Fiscal Year 2015/2016 Budget
(All Commission Districts)

SUMMARY

The purpose of this item is to provide an update and status on the fiscal year 2015/2016 budget.

Washoe County Strategic Objective supported by this item: Sustainability of our financial, social and natural resources.

PREVIOUS ACTION

BACKGROUND

In January of 2015, the Board of County Commissioners at their Strategic Workshop heard an update on the financial outlook for Washoe County as they prepared the strategic objectives and goals for the upcoming fiscal year. The overview included various financial trending and analysis with an overall theme of "cautiously optimistic" for the upcoming budget year.

During the months of February and March, all departments, courts and district worked to develop their estimates of revenues and costs for the current year as well as the FY15/16 year. Departments, districts and offices presented their budget submissions to the budget team the week of March 9th to review the plans, base costs, above base costs and increases requested throughout the County organization.

The budget team of the Office of the County Manager has begun the process to balance the sources and uses. A preliminary sources and uses for the General Fund has been developed for base costs only to provide the starting point for review of departments' above-the-base requests. The General Fund is the main operating fund of the County and also provides resources to fund

AGENDA ITEM # 19

OPEB, capital projects and other funds where direct revenues may fall short. In order to balance the FY15/16 Tentative Budget for the General Fund, the following assumptions were used:

Revenues

- Property Taxes
 - Due to the 2005 cap on property tax increases for residential and commercial properties, property taxes for existing residential development can increase only to a maximum of 3% per year in FY15/16.
 - Rises in home values will therefore not translate to corresponding increases in property taxes to the County or other local governments.
 - For FY15/16, property taxes for existing development are expected to increase 2.5% to 3.0%.
 - Total property taxes are likely to increase \$5.6 million from the FY14/15 budget to FY16 budget.
 - However, because of the need to reverse a one-time decrease in the debt component of the County's property tax rate, the General Fund's FY15/16 portion will be flat.
 - New development brings the potential for some increased incremental property taxes.
 - Hypothetically, new development of \$100 million would generate approximately \$1 million to the General Fund.
- Consolidated Tax
 - Comprised of the County's portion of sales tax, liquor tax, cigarette tax, real property transfer tax and Government Services Tax.
 - Year-over-year revenue growth is strong. Revenues through February 2015 are 7.2% above last year at this time.
 - Based on State Economic Forum estimates, FY15/16 revenues are projected to grow 5%-6%.
 - FY16 C-Tax revenues are therefore projected to be \$8 million higher than FY14/15 budget.
 - Part of this increase is due to the fact that FY14/15 revenues are estimated to be \$3 million higher than budgeted.
- Other revenues
 - Revenues for incarceration of federal prisoners are \$1.5 million lower than budgeted.
 - \$1.2 million in crime lab services revenue budgeted in FY14/15 will not be collected.
 - Lower revenues in certain courts.
 - Overall, other than the above items, charges for services and other revenues are tracking closely to budget at this point.
 - No significant increases to charges for services and other revenues are anticipated in FY15/16.

Expenditures

- Employee Salaries/Benefits
 - PERS contribution will increase 2.25% for non-public safety employees on July 1, 2015 with employee contribution equal to ½ of total (1.125%) still in negotiation.
 - Group health insurance is estimated for now to increase at least 6% due to increased claims, but this will be finalized in April once certain costs are finalized.
 - OPEB funding drops from \$18.7 million in FY14/15 to \$17.68 million.
- Services and Supplies
 - Increase of 4.5% for mandatory indigent medical expenditures (NRS428.295).
 - Increases of 2% each for property and liability insurance, workers compensation, unemployment insurance and equipment services.
- Other expenditures
 - Continued transfers to Health, Senior Services and Roads Funds
 - \$3 Million transfer for capital projects

The budget team is currently reviewing a total of \$15.7 million in requests from all departments for new positions, reclassification of existing positions and above-the-base services and supplies.

Next Steps

March 24- April 3, 2015:	Finalize department requests for review by County Manager
April 14, 2015:	State of the County Presentation and Strategic Plan Review
April 15, 2015:	Submit Tentative Budget to State Department of Taxation
Week of April 27, 2015:	County Manager FY16 Recommended Budget to BCC
May 18, 2015:	Adoption of FY16 Washoe County Budget by BCC
June 2, 2015:	Final Budget to State Department of Taxation

FISCAL IMPACT

There is no fiscal impact.

RECOMMENDATION

It is recommended that the Board acknowledge receipt the update and status report on the Fiscal Year 2015/2016 budget.

POSSIBLE MOTION

Should the Board agree with staff's recommendation, a possible motion would be, "move to acknowledge receipt the update and status report on the Fiscal Year 2015/2016 budget".

Washoe County General Fund Sources and Uses			
Sources and Uses	FY14/15 Est. Year-End	FY15/16 Initial Funding	Est. % Change from FY14/15
Beginning Fund Balance	46,606,567	41,568,567	-10.8%
Revenues and Other Sources:			
Taxes	145,427,776	145,699,856	0.2%
Licenses and permits	8,314,500	8,544,000	2.8%
Consolidated taxes	85,500,000	89,817,750	5.1%
Other intergovernmental	18,444,723	18,468,723	0.1%
Charges for services	24,500,117	23,554,653	-3.9%
Fine and forfeitures	7,279,854	8,013,150	10.1%
Miscellaneous	3,665,154	4,162,860	13.6%
Total revenues	293,132,124	298,260,992	1.7%
Other sources, transfers in	2,305,926	239,400	-89.6%
TOTAL SOURCES	342,044,618	340,068,959	-0.6%
Expenditures and Other Uses:			
Salaries and wages	134,510,566	137,529,380	2.2%
Employee benefits	60,566,017	64,710,004	6.8%
OPEB contributions	18,700,000	17,680,000	-5.5%
Services and supplies	59,500,655	64,466,260	8.3%
Capital outlay	485,941	85,500	-82.4%
Total expenditures	273,763,179	284,471,144	3.9%
Transfers out	26,712,872	24,031,583	-10.0%
Stabilization	-	-	
Contingency	-	1,500,000	
TOTAL USES	300,476,051	310,002,727	3.2%
Ending Fund Balance			
Restricted/Committed/Assigned	5,678,101	5,017,067	-11.6%
Unassigned Fund Balance	35,890,466	25,049,165	-30.2%
TOTAL ENDING FUND BALANCE	41,568,567	30,066,232	-27.7%
Unassigned Ending Fund Bal. as % of Exp.	11.9%	8.1%	-32.4%