

Wasco County 2016/17 Budget Message

Overview

I am pleased to present to you the Proposed Budget for Fiscal Year 2016-2017.

This budget has been prepared to satisfy the legal requirements of Wasco County and the State of Oregon local budget law. The value and purpose of a budget is to provide a financial plan for the next fiscal year, authorize local government to spending, justify the levy of property tax, and is a tool to communicate and inform.

The primary purpose of this budget is to recognize the cost of service approach, to develop, adopt and implement a fiscally sound and sustainable plan for accomplishing goals for the upcoming year. In addition, the budget must meet the principal objectives of maintaining a responsive local government, comparatively low taxes and fees, high service levels and a strong financial position. I am confident the Proposed Budget that was built by the management team of Wasco County meets those purposes.

The only significant change between this budget and the 2015/16 budget is the addition of the CDBG Grant Fund. This fund was added during the 2015/16 fiscal year to track expenditures related to a CDBG grant that the County has accepted on behalf of the Mid-Columbia Center for Living (CFL) to build a new building. All funds will flow into and out of the County, but the County will not be contributing any money to the project.

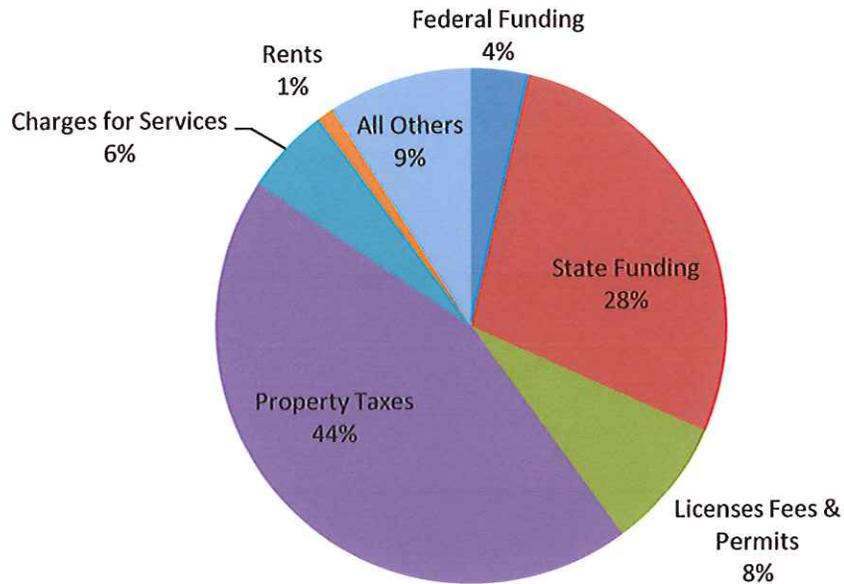
This proposed budget has 25 funds and totals \$53,426,102. Revenues are not changing much, as you will see in the following charts. There continues to be a lull in federal funding. State funding is currently holding strong as is local activity.

Fund	Description	2015/16	2016/17	Difference	%
General Fund		\$13,737,164	\$15,259,135	\$1,521,971	11%
	<i>The main operating fund for Wasco County</i>				
Public Works Fund		\$2,922,535	\$3,607,339	\$684,804	23%
	<i>Road operating fund</i>				
County Fair Fund		\$219,434	\$248,653	\$29,219	13%
	<i>County Fair operating fund</i>				
County School Fund		\$314,690	\$290,000	(\$24,690)	-8%
	<i>Tax in lieu of payments pass through</i>				
Land Corner		\$67,534	\$79,539	\$12,005	18%
	<i>Dedicated to locating and remarking of land corners</i>				
Forest Health		\$231,000	\$77,219	(\$153,781)	-67%
	<i>Federal dollars to fund search and rescue operations on federal lands</i>				
Household Hazardous Waste		\$417,663	\$472,506	\$54,843	13%
	<i>Fee paid as part of garbage collection bill dedicated to recycling</i>				
Special Econ Dev Fund		\$445,693	\$2,130,800	\$1,685,107	378%
	<i>Revenue committed for economic development.</i>				
Law Library Fund		\$146,600	\$158,285	\$11,685	8%
	<i>Dedicated revenue from citations that goes to maintaining law libraries</i>				
District Attorney Fund		\$29,250	\$21,335	(\$7,915)	-27%
	<i>Forfeiture dollars and donations to victims of crimes</i>				
Museum Fund		\$241,993	\$285,149	\$43,156	18%
	<i>Operations and donations for Wasco County Historical Museum</i>				
Weed & Pest Fund		\$285,821	\$289,838	\$4,017	1%
	<i>Operating fund for weed and pest control within the County</i>				
911 Communications		\$980,570	\$1,016,192	\$35,622	4%
	<i>Operating fund for 911 services</i>				
Parks Fund		\$87,282	\$95,263	\$7,981	9%
	<i>Operating fund for Hunt Park</i>				
Community Corrections		\$1,252,470	\$1,983,382	\$730,912	58%
	<i>Operating fund for parole and probation services</i>				
Court Facilities		\$83,750	\$116,107	\$32,357	39%
	<i>State funded established to provide courthouse security</i>				
Comm on Child & Family		\$163,488	\$239,846	\$76,358	47%
	<i>State funded for operations to provide services for children and families</i>				
Kramer Field Fund		\$32,950	\$33,145	\$195	1%
	<i>Private donation to upgrade Kramer Field</i>				
Fund	Description	2015/16	2016/17	Difference	%
Clerks Records Fund		\$40,550	\$50,825	\$10,275	25%
	<i>Funded by recording fees to cover archival costs.</i>				

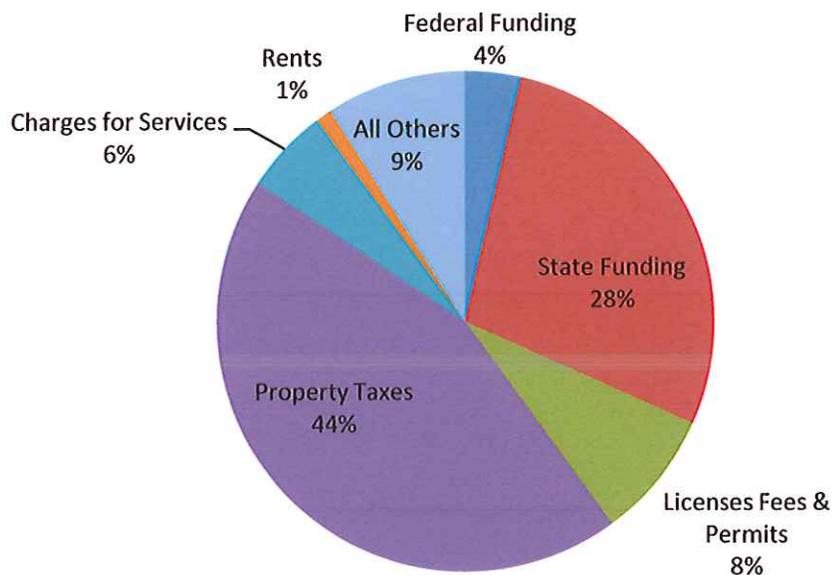
Road Reserve Fund		\$3,293,000	\$2,815,000	(\$478,000)	-15%
	<i>Reserve fund for Public Works</i>				
Capital Acquisitions		\$2,072,000	\$2,802,650	\$730,650	35%
	<i>The main capital fund for Wasco County</i>				
911 Equipment Reserve		\$271,200	\$240,600	(\$30,600)	-11%
	<i>To save for 911 equipment replacements</i>				
Facility Capital Reserve		\$1,862,223	\$2,734,000	\$871,777	47%
	<i>Fund established to save for large capital projects</i>				
General Operating Reserve		\$2,065,800	\$2,812,000	\$746,200	36%
	<i>Fund to save for unanticipated revenue shortfalls</i>				
CDBG		\$0	\$5,508,670	\$5,508,670	0%
	<i>Capital projects fund for Center for Living Project</i>				
Total Budget change		\$31,264,660	\$43,367,478	\$12,102,818	39%

The proposed budget is just over \$12 million more than the current budget. That increase is from the anticipated CDBG federal funds in the newly created CDBG Fund (\$5.5 million), an increase in the General Fund of about \$1.5 million a nearly \$1.7 million increase in the Special Economic Development Payments Fund, an increase in all the reserve funds (\$1.8 million) and all the other funds combined represent a net increase of the balance (\$1.5 million). County staff is cognizant of the available revenues and are aggressive in utilizing them as appropriate, meaning grant and reimbursement funds are utilized to the maximum availability.

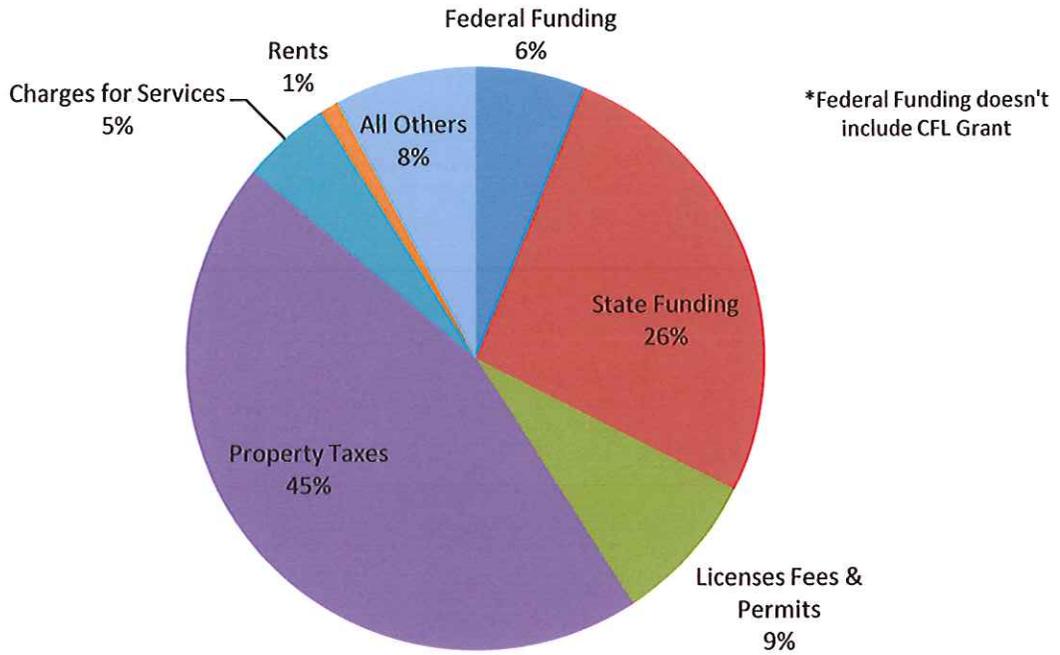
**2013/14 OPERATING REVENUE GOVT WIDE -
\$20,236,650**



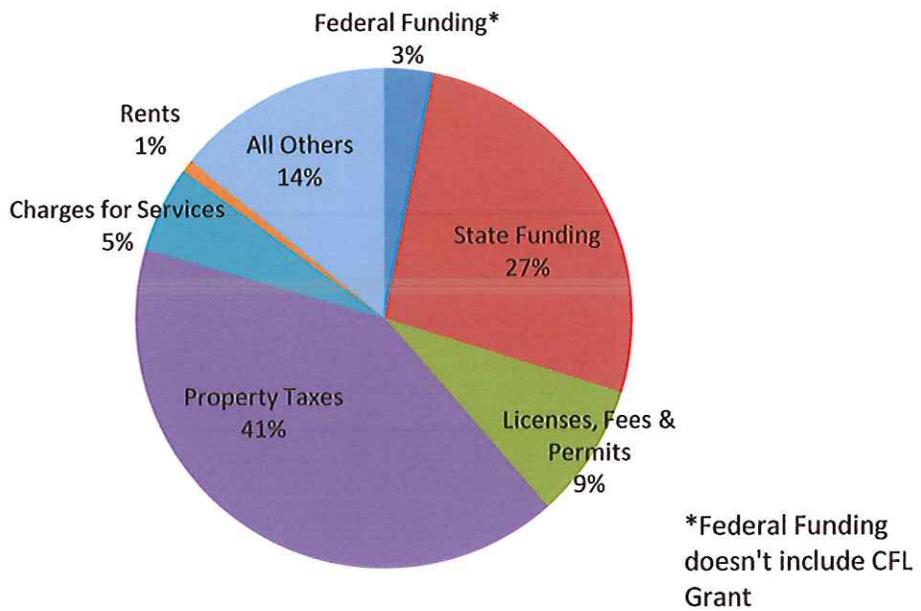
**2014/15 BUDGETED OPERATING REVENUE GOVT
WIDE - \$17,671,308**



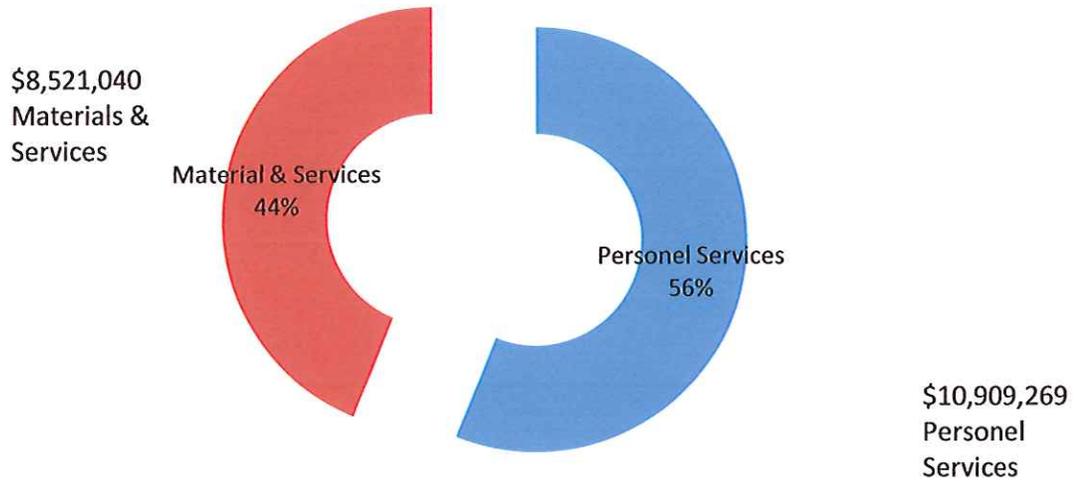
2015/16 BUDGETED OPERATING REVENUE GOVT WIDE - \$18,234,756



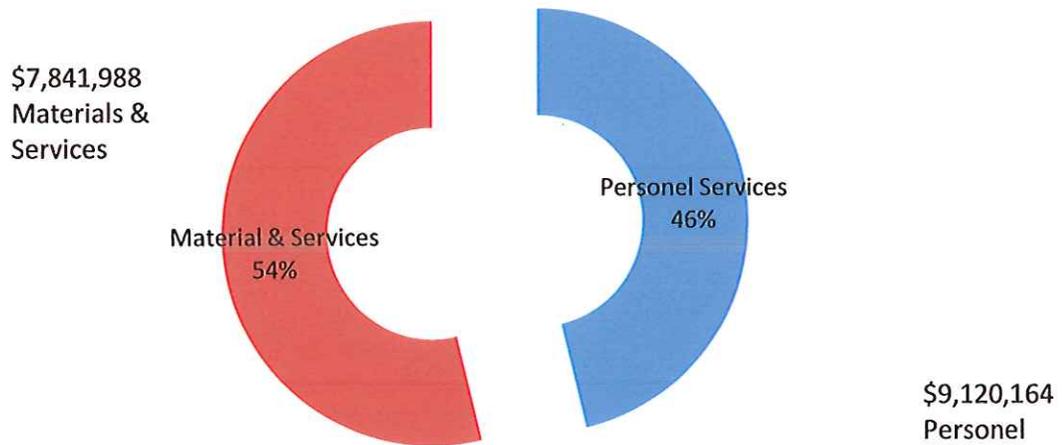
2016/17 OPERATING REVENUE GOVT WIDE - \$21,034,391



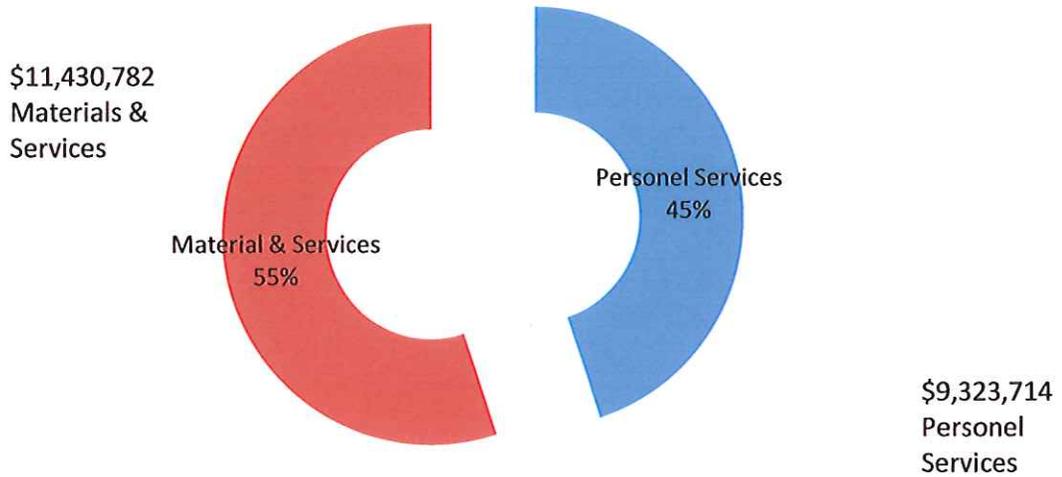
**2013/14 OPERATING EXPENSE GOVT WIDE -
\$19,430,309**



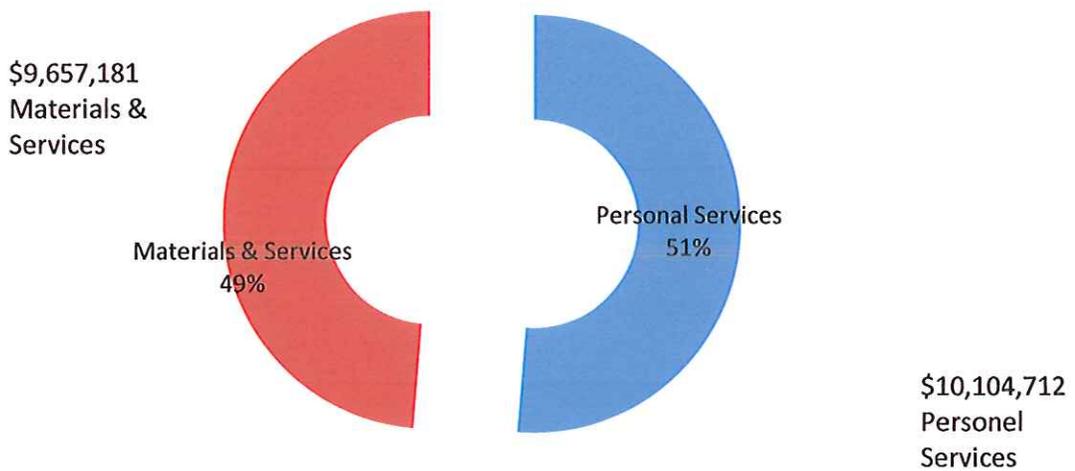
**2014/15 BUDGETED OPERATING EXPENSE GOVT
WIDE - \$16,962,152**



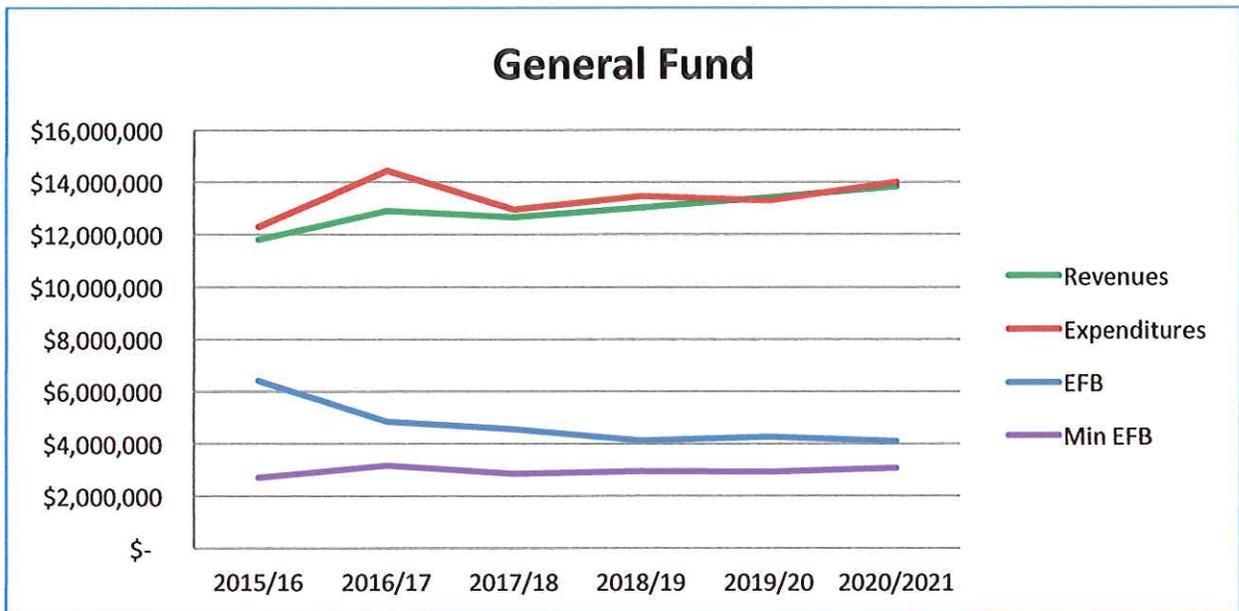
**2015/16 BUDGETED OPERATING EXPENSE GOVT
WIDE - \$20,757,496**



**2016/17 BUDGETED OPERATING EXPENSE GOVT
WIDE - \$19,824,393**



Financial Forecast



The chart above the impact of the proposed budget as forecast for the next five years. The spike in expenditures in fiscal year 2016/17 corresponds to the transfers-out to the reserve funds. Parts of the transfers-out are supported by corresponding transfers in from the Special Economic Development Payments Fund. Based on current assumptions, the current level of expenditures are sustainable for the next five years.

Staffing

Sheriff Department – The proposed budget includes a ½ time deputy to realign current patrol needs regarding the State Parks contract.

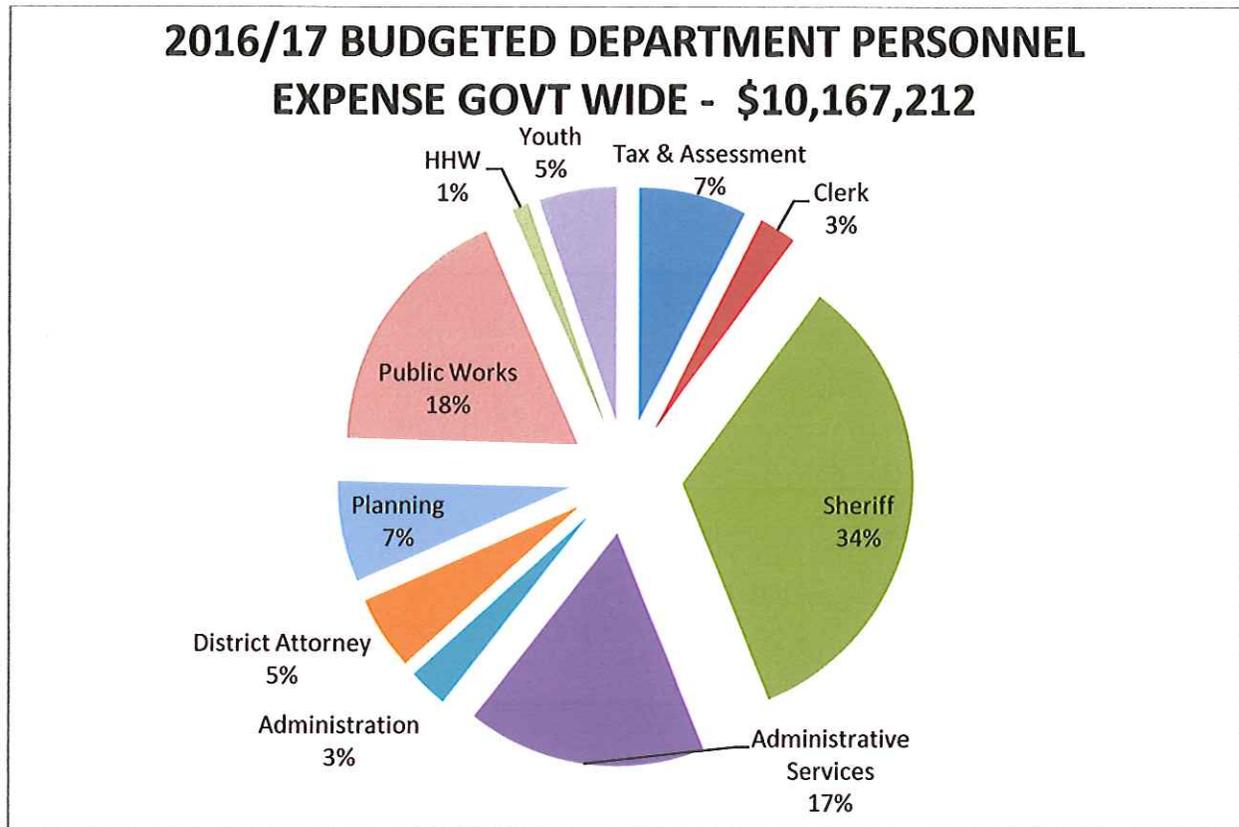
Finance Department – This budget allows for a full time Accounting Manager position.

Facilities – Janitorial services are being transitioned to a contracted service, which will reduce the facilities budget by two FTE. This budget does include adding back one position in facilities for a Facilities Tech I.

Road Department – In anticipation of looming retirements, the Road Department is adding three entry-level Road Laborers to allow the department to train new employees to backfill the expected vacancies.

Currently employed are 117 full time, 14 part time and about 4 seasonal employees. This budget increases the full time positions to 120. This proposed budget also contains salary increases to bring current positions to market rates. The average increase for non-elected employees is 4.1%. The Compensation Committee met to

review elected officials' salaries. The Committee recommended a 2.5% increase for elected officials' salaries, and that recommendation is incorporated into this proposed budget.



FUND:	2015/16 BUDGET	2016/17 BUDGET	\$ DIFFERENCE	% + OR -
General Fund	\$5,967,087	\$6,639,984	\$672,897	11.3%
Public Works	\$1,613,177	\$1,624,939	\$11,762	0.7%
County Fair	\$24,774	\$44,103	\$19,329	78.0%
Land Corner Preservation	\$53,234	\$53,234	\$2,805	5.3%
Household Haz	\$113,441	\$117,584	\$4,143	3.7%
Museum	\$56,267	\$44,669	(\$11,598)	-20.6%
Weed & Pest	\$92,171	\$93,588	\$1,417	1.5%
911 Communications	\$781,522	\$825,122	\$43,600	5.6%
Parks	\$16,682	\$36,343	\$19,661	117.9%
Comm Corrections	\$536,546	\$610,870	\$74,324	13.9%
Children & Family	\$71,813	\$73,971	\$2,158	3.0%

Transfers

The following transfers between funds serve one of two purposes, either supporting operations or supporting reserve commitments.

From	To	Amount	Reason
General Fund	County Fair Fund	\$29,000	Operations
General Fund	Museum	\$17,500	Operations
General Fund	911 Communications	\$261,000	Operations
General Fund	Capital Acquisitions	\$900,000	Bldg improvement
General Fund	Facilities Cap Repl	\$900,000	Facilities reserve
General Fund	Operating Reserve	\$800,000	Reserve
Land Corner	General Fund	\$2,500	Reimb Surveyor exp
Forest Health	General Fund	\$75,000	Reimb Search & Rescue
Spec Econ Dev	General Fund	\$190,000	Lottery support of Planning
Special Econ Dev	Crates Point	\$809,650	Partial debt svc pyt/econ dev
Law Library	General Fund	\$8,000	Administration
District Attorney	General Fund	\$1,800	Administration
Comm Corrections	General Fund	\$370,932	NORCOR – 1145
Facilities Reserve	General Fund	\$25,000	Capital Projects
	TOTAL	\$4,390,382	

Capital Outlay

The proposed budget includes very little capital funding for projects that may or may not be completed in this budget year as staff and financial resources are evaluated. Ideally, we look for grant funding to leverage capital dollars prior to starting a project. Potential major capital projects that have been identified may include, but are not limited to improvements to the road department building roof, major upgrades to the courthouse electrical system and other renovations inside the courthouse building.

Other capital considerations include the Armory re-development project and potential renovations to Annex C as part of leasing the facility.

Personnel service costs account for 19% of the County wide 2015/16 Proposed Budget and is 51% of the total operating cost.

PERS

PERS sets rates every two years. The current PERS rate took effect July 1, 2015 and will expire on June 30, 2017. New PERS rates will not be announced until the Fall of 2016, but expectations are that rates will increase by approximately 20% in the next biennium. This expectation has been factored into the five-year financial forecast prepared for the General Fund.

Non-Represented	2015/17	2013/15	2011/13	2009/11
PERS – Tiers 1 & 2 Gen Serv and P/F	15.87%	12.64%	12.81%	8.65%
OPSRP – Gen Service	8.86%	9.80%	9.50%	7.34%
OPSRP – Police & Fire	12.97%	12.53%	12.21%	10.05%

Represented	2015/17	2013/15	2011/13	2009/11
PERS – Tiers 1 & 2 Gen Serv and P/F	21.87%	18.64%	18.81%	14.65%
OPSRP – Gen Service	14.86%	15.80%	15.50%	13.34%
OPSRP – Police & Fire	18.97%	18.53%	18.21%	16.05%

Insurance

Health insurance rates will increase approximately 7.5% on July 1, 2016. Dental insurance rates will decrease slightly.

Reserve Funds

Currently, Wasco County has three unrestricted Reserve Funds and two restricted Reserve Funds. The difference derives from the source of revenue used in the funds.

*The National Advisory Council on State and Local Budgeting (NACSLB) and the Government Finance Officers Association recommend that **all governments** develop a formal, written fund balance policy which includes outlining reserve fund purposes and goals that is made publicly available.*

Facility Capital Reserve - unrestricted

The purpose of this reserve is to save for facility capital improvements or replacements that; due to the inherently high cost of development, cannot normally be achieved in a single budget year. Additionally, this fund can be used for infrastructure improvements, or replacements to enhance efficiency or effectiveness of county operations. Examples of projects may include major building remodels such as the replacement of the Courthouse electrical or plumbing systems, construction of a new building, or purchases of software that make the County more efficient or effective.

Capital Acquisition - unrestricted

This reserve account is created to allow Wasco County to fund a reserve specifically for capital acquisitions and capital development activities. This fund will be built over time with the goal of having a pool of money available to acquire or develop real property.

Operating Reserve Fund - unrestricted

This fund was created to offset future operating shortfalls as part of our long term forecasting. For example, the uncertainty of receiving timber dollars and state funding streams impact operating and program decisions. Having a reserve fund to help sustain services will help facilitate change and assist in long term budgeting.

Road Reserve Fund - restricted

This fund is necessary to help protect the county if a natural disaster destroys any function or component of the county road infrastructure. May also be used to replace or repair major road equipment essential in maintaining the infrastructure and/or be used to continue operations in any of the five districts.

911 Equipment Reserve Fund - restricted

This fund was created in anticipation of replacing any equipment related to the operations of the 911 Communications Center.

	<i>2016/17</i>	<i>2015/16</i>	<i>2014/15</i>	<i>2013/14</i>	<i>2012/13</i>
Facility Capital Reserve ^{^^}	2,709,000	1,082,622	1,026,111	323,177	121,995
Capital Acquisition ^{^^}	2,802,650	1,335,688	1,228,258	607,676	482,261
Operating Reserve ^{^^}	2,812,000	1,431,379	1,326,935	552,503	225,428
Road Reserve [^]	2,815,000	2,792,094	2,782,550	2,767,601	2,752,187
911 Equipment Reserve [^]	240,600	238,018	237,204	227,987	192,089
Total	11,812,000	6,879,800	6,601,059	4,478,945	3,773,959

[^]All restricted reserve funds have been held steady or increased under the current commission through commitment in long term planning.

^{^^}Non-restricted reserve funds have doubled since 2011 – the 2011 levels were not sufficient to accomplish any strategic or long range plans, nor were they sufficient in sustaining services in the event of a disaster. Now, the reserve levels are closer to accomplishing those best practice and citizen safe measures.

Contingency and Ending Fund Balance

The General Fund contingency assigned amount shall be no more than thirty percent of the unassigned fund balance. The current budgeted contingency amount of \$446,492 is 9.2% of the budgeted unassigned amount.

The General Fund unassigned balance (also referred to as unappropriated or Ending Fund Balance) will be at least two months of total personnel services and no more than four months of total operating expenses. The current unassigned amount is within that range at \$4,831,000.