

## 2021-2022 Executive Proposed General Fund (10) Financial Plan (in millions)

Dated June 30, 2021

Summary includes Inmate Welfare (16) and Goat Hill Garage Operations (1415) subfunds as reported in CAFR

	2019-2020 Actuals <sup>*</sup>	2021-2022 Adopted Budget <sup>*</sup>	2021-2022 Current Budget <sup>*</sup>	2021-2022 Biennial-to-Date Actuals	2021-2022 Estimated	2023-2024 Projected	2025-2026 Projected
<b>BEGINNING FUND BALANCE</b>	<b>138.6</b>	<b>171.1</b>	<b>173.1</b>	<b>173.1</b>	<b>173.1</b>	<b>146.8</b>	<b>170.4</b>
<b>REVENUES<sup>*</sup></b>							
Property Tax <sup>*</sup>	736.5	777.6	781.0	160.6	781.0	818.4	855.8
Sales Tax <sup>*</sup>	306.2	289.0	307.9	39.2	307.9	315.9	327.8
Intergovernmental Receipts	7.9	0.3	0.3	0.0	0.3	0.3	0.3
Federal and State Revenue	149.4	50.8	173.9	6.8	192.3	52.4	52.4
Fines, Fees, Transfers	147.9	182.3	198.3	20.0	198.3	223.5	208.8
Charges for Services	553.7	571.7	573.2	30.1	578.2	609.0	642.9
Other Taxes	8.3	8.1	8.1	3.8	8.1	8.7	8.9
Interest	28.8	7.8	8.6	2.0	8.6	7.6	9.4
<b>General Fund Revenues</b>	<b>1,938.7</b>	<b>1,887.5</b>	<b>2,051.3</b>	<b>262.5</b>	<b>2,074.6</b>	<b>2,035.7</b>	<b>2,106.3</b>
<b>EXPENDITURES</b>							
Justice and Safety	1,370.2	1,380.4	1,380.4	232.2	1,380.4	1,444.7	1,533.6
Administration/General Government	324.9	319.8	319.8	59.3	319.8	339.2	360.1
Public Health	69.1	69.7	69.7	16.1	69.7	72.7	77.2
Debt Service	58.3	66.5	66.5	8.6	66.5	65.5	64.9
Elections	44.1	46.2	46.2	5.8	46.2	50.4	53.5
Human Services	27.8	36.1	36.1	9.1	36.1	38.5	40.8
Physical Environment	9.8	11.8	11.8	1.2	11.8	12.4	13.1
Supplementals/Carryover/Reappropriations	0.0	0.0	179.2	0.0	208.7	13.0	13.0
Underexpenditures <sup>*</sup>	0.0	(33.3)	(33.3)	0.0	(33.3)	(34.6)	(35.9)
<b>General Fund Expenditures</b>	<b>1,904.1</b>	<b>1,897.2</b>	<b>2,076.4</b>	<b>332.3</b>	<b>2,106.0</b>	<b>2,001.9</b>	<b>2,120.4</b>
Other Fund Transactions <sup>*</sup>	0.0	10.4	(5.0)	0.0	(5.0)	10.2	10.3
<b>Ending Fund Balance</b>	<b>173.1</b>	<b>151.0</b>	<b>153.0</b>	<b>103.4</b>	<b>146.8</b>	<b>170.4</b>	<b>146.0</b>
<b>DESIGNATIONS AND SUBFUNDS<sup>*</sup></b>							
Designations	4.1	3.5	3.3	3.3	3.3	2.9	2.5
Subfund Balances	7.0	1.8	1.8	1.8	1.8	0.0	0.0
<b>EXPENDITURE RESERVES</b>							
Carryover and Reappropriation	28.0	10.2	10.2	0.0	10.2	10.3	10.4
CIP Capital Supplemental Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credit Rating Reserve <sup>*</sup>	2.5	3.7	3.7	3.7	3.7	4.3	4.9
Executive Contingency	0.1	0.1	0.1	0.1	0.1	0.1	0.1
South Park Bridge Post Annexation Operations	0.0	0.0	0.0	0.0	0.0	2.0	4.0
Criminal Justice Incentive Reserve	2.0	0.0	0.0	0.0	0.0	0.0	0.0
Community Navigators Reserve	0.0	1.0	1.0	1.0	1.0	2.0	3.0
Jail Diversion and Reentry Hub Reserve	0.0	1.4	1.4	1.4	1.4	2.7	4.1
Adult Diversion Program Reserve	0.0	2.5	2.5	2.5	2.5	5.0	7.5
Public Safety Alternative Investments Reserve	0.0	0.5	0.5	0.5	0.5	1.0	1.5
Trial Court Improvement Account Reserve	1.1	1.1	1.0	1.1	1.0	1.0	1.0
COVID Response Reserve <sup>*</sup>	52.0	46.6	31.0	31.0	31.0	31.0	31.0
Risk Reserve <sup>*</sup>	10.3	26.6	44.1	44.1	44.1	52.1	52.1
<b>Reserves</b>	<b>107.1</b>	<b>98.9</b>	<b>100.4</b>	<b>90.3</b>	<b>100.4</b>	<b>114.3</b>	<b>121.9</b>
<b>Ending Undesignated Fund Balance<sup>*</sup></b>	<b>66.0</b>	<b>52.1</b>	<b>52.6</b>	<b>13.0</b>	<b>46.4</b>	<b>56.2</b>	<b>24.1</b>
<b>6% Undesignated Fund Balance Minimum</b>	<b>49.5</b>	<b>46.4</b>	<b>46.4</b>	<b>46.4</b>	<b>46.4</b>	<b>49.1</b>	<b>51.2</b>
<b>Over/(Under) 6% Minimum</b>	<b>16.5</b>	<b>5.8</b>	<b>6.2</b>	<b>(33.3)</b>	<b>0.0</b>	<b>7.1</b>	<b>(27.1)</b>
<b>Over/(Under) 8.0%</b>	<b>0.0</b>	<b>(9.7)</b>	<b>(9.3)</b>	<b>(48.8)</b>	<b>(15.5)</b>	<b>(9.3)</b>	<b>(44.1)</b>
Rainy Day Reserve	26.4	20.7	20.7	26.4	20.7	20.9	21.0

**2021-2022 General Fund Financial Plan Footnotes**

- 2019-2020 Estimated reflects PSB's best estimate of total biennial revenues and expenditures through 12/31/2020.
- 2021-2022 Adopted Budget is consistent with the budget system of record (PBCS).
- Revenue estimates for 2021 - 2026 are based on forecasts adopted by the Forecast Council or interim forecasts published by the Office of Economic and Financial Analysis (OEFA), whichever have been most recently updated, and revenue estimates provided by General Fund appropriation units. The percentages below are the expected percent change over the prior budget cycle. These are biennial growth rates.

	<b>2021-2022</b>	<b>2023-2024</b>	<b>2025-2026</b>
Property Tax	As Forecast	4.8%	4.6%
Sales Tax (including sales tax dedicated to criminal justice)	As Forecast	2.6%	3.8%
All Other*	As Forecast	-8.5%	2.3%
<i>Blended Revenue Growth Rate</i>	As Forecast	-1.9%	3.5%

\*Other revenues are projected to fall in the 23-24 biennium assuming federal COVID relief and state funding for the *Blake* decision response both end.

- Property Tax forecasts for 2021 - 2026 are based on March 2021 OEFA forecast adopted by the Forecast Council and assume the current property tax structure and a collection rate of 97.5% in 2021-2022 and 99% thereafter.
- Sales Tax forecasts for 2021 - 2026 are based on the March 2021 forecast provided by OEFA.
- Expenditure estimates for 2021-2022 are based on the Adopted Budget and any adopted or upcoming supplemental appropriations. This financial plan assumes total General Fund appropriations of \$10 million in the mid-biennial budget, partially offset with \$5 million of revenues. The revenues reflect updated General Fund overhead allocations. The COVID 8 Supplemental has been omitted on the presumption that it will have a net-zero impact to the fund.
- Expenditure estimates for 2023-2024 and 2025-2026 are based on the following assumptions. The percentages indicate the expected percentage change over the previous budget cycle.

	<b>2021-2022</b>	<b>2023-2024</b>	<b>2025-2026</b>
CPI (Seattle July to June CPI-U)	As Forecast	5.3%	5.3%
Blended Labor	As Forecast	5.8%	6.7%
Operating GF Transfers	As Forecast	5.3%	5.3%
<i>Blended Operating Growth Rate*</i>	As Forecast	-4.9%	6.2%

\*Operating expenditures are projected to fall in the 23-24 biennium on the assumption that the County will discontinue all federally supported COVID response programs and the Blake response actions will be complete.

- CIP General Fund Transfer budget and outyear assumptions (in millions)

	<b>2021-2022</b>	<b>2023-2024</b>	<b>2025-2026</b>
Building Repair and Replacement	0.8	1.5	1.6
KCIT CIP	-	4.0	4.2
Expenditure of Designated Fund Balance	2.5	-	-
Total	3.3	5.5	5.8

- The debt service schedule for 2021 - 2026 is based on the following table:  
(in millions)

<b>Debt Service Elements</b>	<b>2021-2022</b>	<b>2023-2024</b>	<b>2025-2026</b>
Existing Debt Issues	62.7	42.6	35.5
New Debt Issuance	3.6	21.8	28.4
Debt contingency for new issues and variable rate	1.0	1.0	1.0
Total Debt Service	67.4	65.5	64.9

Based on current projections, projected debt service expense will not exceed the County's policy that debt service should be less than 6% of General Fund expenditures.

**2021-2022 General Fund Financial Plan Footnotes**

- The 2021-2022 Adopted Budget includes vacancy assumptions in the majority of General Fund operating budgets. This is budgeted directly in appropriation units. An additional biennial underexpenditure assumption of \$33 million is included, reflecting an assumed \$22.5 million in actual underexpenditures and a reappropriation rate of \$10.5 million per biennium.
- Designations and subfund balances include the following for each of the years (in millions):

	<b>2021-2022</b>	<b>2023-2024</b>	<b>2025-2026</b>
Loans	0.0	0.0	0.0
Assigned for Capital Projects	0.0	0.0	0.0
Crime Victim Compensation Program	0.8	0.8	0.8
Drug Enforcement Program	0.7	0.7	0.7
Anti-Profiteering Program	0.1	0.1	0.1
Dispute Resolution	0.0	0.0	0.0
Wheelchair Access	1.6	1.2	0.8
Inmate Welfare Fund Balance	1.8	0.0	0.0
<b>Total*</b>	<b>5.0</b>	<b>2.9</b>	<b>2.5</b>

\*Totals may not match financial plan exactly due to rounding

- The Credit Rating Reserve dedicates fees collected from other county funds to increase fund balance and maintain the county's bond rating. Other funds that have issued debt and benefit from the county's bond rating through lower interest contribute to this reserve based on the amount of outstanding principal on LTGO debt. 35% of the Credit Enhancement Fee is placed in this reserve. The goal for this reserve is to reach 1% of total outstanding GO debt backed by the full faith and credit of the General Fund.
- The 2021-2022 General Fund Financial Plan includes four new reserves for future investments: Community Navigators Reserve, Jail Diversion and Reentry Hub Reserve, Adult Diversion Program Reserve, and Public Safety Alternatives Investment Reserve. These four reserves are designed to set aside funding to design and implement key diversion and criminal legal system reform initiatives that will be developed in late 2020 and early 2021 and proposed in an upcoming supplemental budget.
- The COVID Reserve was funded with CRF in 2020 to cover the cost of eligible staff that were redeployed to addresses the COVID public health emergency. The initial reserve was \$52M, but has been drawn down to fund expenditures in COVID 6 (\$5M for advanced funding revolving fund) and COVID 7 (\$16M for multiple programs).
- The Risk Reserve sets aside fund balance to mitigate known and unknown risks.
- County policy requires undesignated fund balance of 6%-8% of certain revenues. Per county policy, the county will strive to maintain reserves in times of economic prosperity to offset times of declining revenue.