



AGENDA ITEM SUMMARY

(Must be submitted NLT 3PM Wednesday for next week agenda)

Department: Finance

WORK SESSION Meeting Date:

REGULAR AGENDA Meeting Date: **07/19/2022**
(Public Hearing)

Required originals approved and attached?
Will be provided on:

Item summary:

- | | | |
|---|--|--|
| <input type="checkbox"/> Call for Hearing | <input type="checkbox"/> Contract/Agreement/MOU - Contract # | |
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Proclamation | <input type="checkbox"/> Budget Item |
| <input type="checkbox"/> Draft Ordinance | <input type="checkbox"/> Final Ordinance | <input checked="" type="checkbox"/> Other Monthly Review |

Documents exempt from public disclosure attached:

JUNE 2022 MID-YEAR REVIEW OF FINANCIAL RESULTS AND REVISED PROJECTION FOR 2022—EXECUTIVE SUMMARY:

June 2022 YTD General Fund Results

As required under Section 9.50 of our County's Home Rule Charter, the June YTD General Fund Mid-Year Financial Review compared to the same period in 2021 is attached along with comparison to the original budget for 2022 and a revised annual projection for 2022.

YTD June 2022 General Fund Revenue totaled \$22,012k as compared to \$22,503k in 2021, representing a decrease of \$491k. Excluding YTD COVID related reimbursements of \$63k in 2022 and \$606k in 2021, YTD non-COVID revenues increased of \$52k or 0.2% from prior year. YTD expenditures in June were \$22,981k (which includes \$73k of COVID-related costs) as compared to \$21,363k in 2021 (which includes \$747k of COVID-related costs) for an overall increase of \$1,618k, and a non-COVID increase of \$2,292k or 11.1%. Excluding COVID-related revenues/expenditures, the General Fund generated an operating deficit of (\$959k, as compared to a surplus of \$1,281k in June 2021, a decrease of \$2,240k. Including COVID-related activity, the General Fund generated an operating deficit for YTD June 2022 of (\$970k). The General Fund finished June with an ending Fund Balance reserve of \$14,560k, or \$1,104k lower than prior year.

Please refer to the attached schedule that provides further detail of the major factors that make up these changes and performance to budget.

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REVENUES

Revenues overall (excluding COVID reimbursements) were at 47% of the 2022 budget for June YTD, trailing last year's 54.7%. Year-over-year decreases were seen in several categories, with the exception of Taxes, Licenses & Permits, Intergovernmental and Timber Sales.

Taxes YTD thru June were up \$594k or 4.9% over prior year, but continue to lag as % budget in June, coming in at 53.2% as compared to last year's 58.5%, which was driven mainly due to the exceptionally high retail sales tax growth seen in 2021 that led to significant outperformance to budget last year. If one adjusts for this by comparing YTD June 2021 tax revenue to total actual tax revenue for the 2021 calendar year, YTD June 2021 Taxes were at approximately 55%, which is still slightly ahead of June YTD 2022 pacing to budget. Sales taxes growth continued to moderate in 2022 compared to the double-digit growth seen in 2021, growing at a more modest 1.9% in June which is the second consecutive month where growth has been below the 5% growth we expected for this year, however we are still pacing up year-to-date +9.8% YTD compared to last year (largely due to audit-related prior year sales taxes collected early this year).

Licensing & Permits also were up slightly for June YTD (at 56.5% of budget vs 55.5% in prior year), mainly as a result of modest growth in building permit revenue which is up 3.5% to prior year.

Intergovernmental Revenue stood at 54.4% of budget (vs. 62.1% in 2021) mainly due to the delayed timing of receipt of the \$1.386 million in ARPA Supplemental PILT funding budgeted in 2022, as partly offset by the earlier than expected receipt of \$597k in PUD Privilege Tax that is normally paid to the County in July.

Charges for Goods & Services stood at 37.4% of budget (as compared to 44% in prior year) and were down \$363k to prior year mainly due to timing of payments received under our court services interagency agreements and by lower pacing Department of Correction jail bed revenues (down \$131k or 81% to prior year) due to continued reduced jail occupancy, and a 34.5% or \$108k decline in building plan revenues YTD thru June as offset by higher election services revenues received to-date.

Fines & Penalties also were pacing behind budget compared to prior year (43% vs 60.7%) due to 42% and 48% declines in District Court 1 and District Court 2 infraction revenue to last year.

Misc Revenue is pacing behind last year relative to budget vs last year (48.4% vs 60.4%) due mainly to the continued drop in investment interest income since the latter half of 2021, and a modest drop off in camping fee reservations YTD relative to last year's unusually strong bookings driven by COVID restrictions that have since lifted and a delay in implementing camping fee increases originally planned in 2022.

Non Revenues, consisting of sales, use, and lodging tax collected by Parks, Fair & Facilities for the state, are also down considerably to last year as a result in a change in the accounting for these funds outside of the General Fund that occurred at the end of 2021 but which was not reflected in the 2022 budget.

COVID/FEMA reimbursement revenue of \$63k has been received thus far in 2022, as compared to \$606k rec'd at this time last year.

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Agenda Item Summary How Did We Do--June 2022 (mid year

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Revised: 3-04-2021

EXPENDITURES

Expenditures (excluding COVID) for June 2022 YTD came in at 44.3% of our annual budget, pacing below last year's of 46.9%. All expenditure categories are pacing or below their paces to budget in comparison with prior year. The year-over-year \$2,204k increase in non-COVID expenditures was mainly due to increases in **(1)** Payroll (up \$772k or 5.2%) driven by the step/COLA increases, additional pay resulting from last year's renewal of County collective bargaining agreements, and staffing changes, **(2)** a \$1,200k increase in Transfers Out due to higher transfers made to Dungeness Off Channel Reservoir (\$404k), IT Capital Projects (\$273k), Parks & Facilities Capital Projects (\$543k), and Local Crime Witness (\$77k), as offset by lower Transfers Out relating to Bullman Beach (\$75k), Lower Dungeness Floodplain (\$104k), Flood Control (\$61k), and HHS (\$385k lower due to funding provided last year to support the Serenity House expansion project), **(3)** a \$129k budgeted increase in Payment to the Risk Management Fund for higher risk pool insurance costs, and **(4)** increases in Services and Supplies costs of \$90k and \$56k, respectively, with the increase in Services mainly due to payment timing differences relating to support of the Clallam Conservation District, higher professional services costs related to CBG broadband and cable franchise renewal work, higher coroner and Superior Court professional services, higher repairs & maintenance costs, high travel and higher communications, as mostly offset by higher indirect charges assessed by the General Fund, lower indigent defense costs (due to timing) and decreases in other areas.

2022 PROJECTION—GENERAL FUND

Turning to the forecast, revenue and expenditure forecasted for 2022 have been updated from our last forecast, with notable changes made to our sales tax growth assumptions for the balance of the year as well as changes affecting our Goods & Services and Transfers In revenue streams, and Transfers Out on the expenditure side. These changes are outlined in more detail as follows:

PROJECTED REVENUES-- General Fund total revenues are projected to total \$46,864k, an increase of \$52k over the 2022 budget and an increase of \$40k from our last forecast. This is reflective of several changes made as follows:

Taxes--are now projected to exceed budget by \$89k, which is a \$246k reduction from our last forecast. Based on two consecutive months of 2% growth observed in May and June, it appears a cooling of our sales tax growth has occurred. In addition to difficult year-over-year comparisons with 2021 seeing double digit sales tax growth driven by a rebounding economy and unprecedented federal stimulus which has largely expired, we believe this slowing in the sales tax growth rate may be indicative of strained consumer disposable income as continued 8-9% overall inflation and double digit inflation for non-sales tax generating household costs (i.e. housing costs, food, fuel) are placing greater strain on discretionary retail spending.

Coupled with declining consumer confidence (currently reported at lowest level since February 2021), rising interest rates and continued supply chain issues continuing to hinder big ticket spending (auto sales which are projected to fall an additional 24% in 2022 from prior year for example), and increasing concerns regarding a possible recession, it appears sales tax growth for the remainder of the year may be muted. As a result, for the 2nd half of the year, assumed sales tax growth has been reduced to 2.5% from the 5% budgeted, resulting in a revised sales tax revenue growth rate for the year now projected at 5.6%. As the impact of inflationary pressures and the economic impact of recent geopolitical events become clearer as the year unfolds, we will continue to revisit sales taxes

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Agenda Item Summary How Did We Do--June 2022 (mid year

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Revised: 3-04-2021

as more data points and trends become available. All other non-sales tax revenues are forecasted consistent with the 2022 budget at this time.

License & Permits—projected to beat budget by \$31k or 2.9% mainly due to stronger building permit revenues.

Intergovernmental—currently projected to meet budget.

Goods & Services -- are now expected to miss budget by (\$440k) due to a \$340k reduction in Jail bed usage by the Department of Corrections as revenues are to-date pacing 81% down from prior year and \$100k in lower pacing building plan revenues.

Fines & Penalties-- is now forecasted to underperform budget by \$192k or -23% based on 42%-48% declines seen in DC1 and DC2 infraction fines & penalties observed thus far this year.

Miscellaneous Revenue-- is projected to underperform budget by -7% based on trends relating to interest income and lower parks camping revenues resulting from a decline camping bookings as compared to the extraordinarily strong bookings seen in 2021 and a delay in implementing budgeted campground fee rate increases.

Timber Revenues are now expected to fall short of budget by \$111k or 15% based on recent revised timber forecasts received from the DNR.

Non Revenues have been reduced -\$75k to reflect a change in the accounting of sales, use and lodging tax funds collected by the Parks, Fair and Facilities department from the operation of the County's campgrounds (note that this revenue reduction is offset by a similar decrease in forecasted Services expenditures, making this a cash flow neutral change to the General Fund).

Transfers In are now projected to be \$870k higher than budget (and \$370k higher than the prior forecast) due to the unbudgeted return of \$370k of funding to the General Fund from assistance provided in 2021 to Serenity House in support of a shelter expansion project during COVID), as well as a \$500k increase in working capital funding being provided to the Dungeness Off Channel Reservoir which will be returned to the General Fund as grant reimbursements for this project are received (this is offset by a corresponding increase in Transfers Out to this project of \$500k, making this a cash fund neutral change absent any project payment/grant reimbursement timing differences).

PROJECTED EXPENDITURES-- General fund expenditures (including COVID/FEMA-related costs) are projected to total \$48,756k, a \$1,158k reduction from our last forecast and underspending to our budget by \$2,948k driven by savings forecasted primarily in Payroll, Benefits, Supplies, Services, and Transfers Out as described below:

Payroll and Benefits--of this projected underspend to budget, approximately \$2,098k is related to projected underspend in the area of non-COVID payroll and benefits based on the multi-year trend where due to turnover, retirements, delays in filling open positions, and other dark-time, we have historically underspent our budgeted payroll costs by 4-5% annually. This amount of projected savings in payroll and benefits is compares favorably with the \$1,732k placeholder estimated savings discussed during the presentation of our 2022 budget.

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Supplies & Services--based on trends, non-COVID Supplies are projected to come in \$188k below budget, while Services are projected to come in \$488k below budget. The underspend in Services is partly due to the \$75k decrease in sales, use and lodging tax costs due to the change in accounting for such costs discussed earlier where such payments to the State are no longer paid from the General Fund, and trend-based savings observed thus far this year.

Transfers Out are now forecasted \$335k lower than budget (and \$895k lower than our last forecast) due to a \$1 million reduction in Capital Projects transfers to support the construction of a new EOC facility which will likely be delayed to next year, as offset by a \$500k increase in bridge funding being provided to the Dungeness Off Channel Reservoir project due to spill over of 2021 costs and timing of Ecology grant reimbursements, a \$120k increase in Capital Projects Transfers related to the planned acquisition of park land adjacent to the Cline spit, as well as due to a \$60k increase in Transfers to the Prosecuting Attorney Local Crime Victim Compensation fund.

COVID-related facility mitigation costs totaling \$94k are reflected in this forecast, which assumes COVID mitigation costs continue through the end of the 3rd quarter and are expected to be mainly reimbursed under the FEMA grant.

All other cost categories are forecasted at or near their 2022 budget amounts at this time.

NET DEFICIT OF REVENUES TO EXPENDITURES--Based on these revenue and expenditure assumptions, I am projecting a General Fund operating deficit (excluding COVID related revenues/costs) of (\$2,098k) for 2022, which is \$3,094k better than our 2022 budgeted deficit of (\$5,192k) and a \$1,178k improvement from my last forecast. When including a COVID-related surplus of \$206k, our overall General Fund deficit for 2021 is expected to total (\$1,892k), as compared to a budgeted deficit of (\$4,892k).

PROJECTED ENDING FUND BALANCE--\$13,637k, or 28% of forecasted non-COVID expenditures, as compared to \$10,637k budgeted based on final 2021 results.

Risk Factors NOT Currently Reflected in this Forecast:

- **ARPA Supplemental PILT Funds**--it is worth noting that no changes have yet been made to our Intergovernmental revenue forecast to reflect the possible reduction in the budgeted \$1.386 million of ARPA Section 605 Supplemental PILT funds which we are awaiting for further guidance from WSAC/NACO on whether this payment from Treasury is still expected to be paid in full in 2022 or at a reduced amount which could potentially significantly impact the forecast for the General Fund. This issue will continue to be monitored and the forecast adjusted as needed;
- **Inflationary and Supply Chain Impacts on Capital Projects and Operating Expenditures**--inflation remains at levels not seen in over 40 years. While I believe there is considerable budgetary flex in our 2022 General Fund budget to absorb much of these inflation-impacted cost increases, delays in completing projects on time due to labor and materials availability constraints are likely to occur, and while too preliminary to know at this point until more planned projects go out for bid, higher than budgeted costs for completing certain capital projects are also a risk. In addition, certain grant-funded projects--notably the Lower Dungeness Floodplain project and Dungeness Off Channel Reservoir project--are

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seeing higher than expected bids for certain construction and planning phases of the project due to inflationary, supply chain, and constrained contractor capacity that may lead to project costs exceeding the grant funding available, resulting in changes in scope of the project, implementation of other measures, which may potentially create the need to allocate other County funding to close the funding gaps in these projects. As several of our planned capital projects rely on funding from many fund sources, including the General Fund, higher costs could require an increase in the funding needed to be transferred from these funds to complete these projects.

Budgetary impact: (Is there a monetary impact? If so, are funds for this already allocated or is a budget change necessary? If this is a contract and a budget change is necessary, the budget change form must be submitted with the item at work session and for the regular agenda) **If a budget action is required, has it been submitted and a copy attached?**

This is an informational presentation that by itself has no specific budgetary impact.

Recommended action: (Does the Board need to act? If so, what is the department's recommendation?) None

County Official signature & print name:  Mark Lane _____

Name of Employee/Stakeholder attending meeting: _____ Mark Lane _____

Relevant Departments: _____ Finance _____

Date submitted:

July 13, 2022

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Clallam County General Fund Results June 2022

REVENUE--June 2022 YTD Revenue totaled \$22,012k as compared to \$22,503k in 2021, representing a decrease of \$491k. June 2022 YTD Revenues came in at 47% of our annual revenue budget, trailing 54.7% in 2021. If one excludes CARES/FEMA reimbursements, revenue was at 47.2% of budget (vs 53.9% in 2021), and increased \$52k or 0.2% from prior year. Year-over-year decreases were seen in several categories, with the exception of Taxes, Licenses & Permits, Intergovernmental, and Timber Sales. Taxes YTD thru June continue to lag as % budget in June, coming in at 53.2% as compared to last year's 58.5%, which was driven mainly due to the exceptionally high retail sales tax growth seen in 2021 that led to significant outperformance to budget last year. If one adjusts for this by comparing YTD June 2021 tax revenue to total actual tax revenue for the 2021 calendar year, YTD June 2021 Taxes were at approximately 55%, which is still slightly ahead of June YTD 2022 pacing to budget. Sales taxes growth continued to moderate in 2022 compared to the double-digit growth seen in 2021, growing at a more modest 1.9% in June which is the second consecutive month where growth has been below the 5% growth we expected for this year, however we are still pacing up year-to-date +9.8% YTD compared to last year (largely due to audit-related prior year sales taxes collected early this year). Licensing & Permits also were up slightly for June YTD (at 56.5% of budget vs 55.5% in prior year), mainly as a result of modest growth in building permit revenue which are up 3.5% to prior year. YTD Intergovernmental Revenue stood at 54.4% of budget (vs. 62.1% in 2021) mainly due to the delayed timing of receipt of the \$1.386 million in ARPA Supplemental PILT funding budgeted in 2022, as partly offset by the earlier than expected receipt of \$597k in PUD Privilege Tax that is normally paid to the County in July. Charges for Goods & Services stood at 37.4% of budget (as compared to 44% in prior year) and were down \$363k to prior year mainly due to timing of payments received under our court services interagency agreements and by lower pacing Department of Correction jail bed revenues (down \$131k or 81% to prior year) due to continued reduced jail occupancy, and a 34.5% or \$108k decline in building plan revenues YTD thru June as offset by higher election services revenues received to-date. Fines & Penalties also were pacing behind budget compared to prior year (43% vs 60.7%) due to 42% and 48% declines in District Court 1 and District Court 2 infraction revenue to last year. Misc Revenue is pacing behind last year relative to budget vs last year (48.4% vs 60.4%) due mainly to the continued drop in investment interest income since the latter half of 2021, and a modest drop off in camping fee reservations YTD relative to last year's unusually strong bookings driven by COVID restrictions that have since lifted and a delay in implementing camping fee increases originally planned in 2022. Non Revenues, consisting of sales, use, and lodging tax collected by Parks, Fair & Facilities for the state, is also down considerably to last year as a result in a change in the accounting for these funds outside of the General Fund that occurred at the end of 2021 but which was not reflected in the 2022 budget. \$63k of COVID/FEMA reimbursement revenue has been received thus far in 2022, as compared to \$606k rec'd at this time last year.

EXPENDITURES--for YTD June 2022 totaled \$22,981k (including \$73k of COVID related costs) as compared to \$21,363k (including \$747k of COVID costs) in 2021 for an increase of \$1,618k including COVID costs, and an increase of \$2,292k or 11% excluding COVID costs). Expenditures (excluding COVID) for June 2022 YTD came in at 44.3% of our annual budget, pacing below last year's of 46.9%. All expenditure categories are pacing or below their paces to budget in comparison with prior year. The year-over-year \$2,204k increase in non-COVID expenditures was mainly due to increases in (1) Payroll (up \$772k or 5.2%) driven by the step/COLA increases, additional pay resulting from last year's renewal of County collective bargaining agreements, and staffing changes, (2) a \$1,200k increase in Transfers Out due to higher transfers made to Dungeness Off Channel Reservoir (\$404k), IT Capital Projects (\$273k), Parks & Facilities Capital Projects (\$543k), and Local Crime Witness (\$77k), as offset by lower Transfers Out relating to Bullman Beach (\$75k), Lower Dungeness Floodplain (\$104k), Flood Control (\$61k), and HHS (\$385k lower due to funding provided last year to support the Serenity House expansion project), (3) a \$129k budgeted increase in Payment to the Risk Management Fund for higher risk pool insurance costs, and (4) increases in Services and Supplies costs of \$90k and \$56k, respectively, with the increase in Services mainly due to payment timing differences relating to support of the Clallam Conservation District, higher professional services costs related to CBG broadband and cable franchise renewal work, higher coroner and Superior Court professional services, higher repairs & maintenance costs, high travel and higher communications, as mostly offset by higher indirect charges assessed by the General Fund, lower indigent defense costs (due to timing) and decreases in other areas.

OPERATING SURPLUS/(DEFICIT) AND ENDING RESERVES--For June 2022 YTD, the General Fund generated an operating deficit between revenue and expenditures (excluding COVID/CAREs) of (\$959k), a \$2,240k decrease from last year's operating surplus of \$1,281k. After including a COVID-related net revenue to expenditure deficit of YTD of (\$10k), the General Fund generated an operating deficit of (\$970k) for June 2022 YTD. The General Fund finished June 2022 with an ending fund balance reserve of \$14,560k, which is \$1,104k lower than at this time last year.

2022 FORECAST--Turning to the forecast, revenue and expenditure forecasted for 2022 have been updated from our last forecast, with notable changes made to our sales tax growth assumptions for the balance of the year as well as changes affecting our Goods & Services and Transfers In revenue streams, and Transfers Out on the expenditure side. It is worth noting that no changes have yet been made to our Intergovernmental revenue forecast to reflect the possible reduction in the budgeted additional \$1.386 million ARPA Section 605 PILT funds allocated to the County by the federal government, which we are awaiting further guidance from WSAC/NACO on whether this payment from Treasury is still expected to be paid in full in 2022 or at a reduced amount which could potentially significantly impact the forecast for the General Fund.

**Clallam County General Fund Results
June 2022**

PROJECTED REVENUE—General Fund total revenues are projected to total \$46,864k, an increase of \$52k over the 2022 budget and an increase of \$40k from our last forecast. Tax revenue is now projected to exceed budget by \$89k, which is a \$246k reduction from our last forecast. Based on two consecutive months of 2% growth observed in May and June, it appears a cooling of our sales tax growth has occurred. In addition to difficult year-over-year comparisons with 2021 seeing double digit sales tax growth driven by a rebounding economy and unprecedented federal stimulus which has largely expired, we believe this slowing in the sales tax growth rate may be indicative of strained consumer disposable income as continued 8-9% overall inflation and double digit inflation for non-sales tax generating household costs (i.e. housing costs, food, fuel) are placing greater strain on discretionary retail spending. Coupled with declining consumer confidence (currently reported at lowest level since February 2021), rising interest rates and continued supply chain issues continuing to hinder big ticket spending (auto sales which are projected to fall an additional 24% in 2022 from prior year for example), and increasing concerns regarding a possible recession, it appears sales tax growth for the remainder of the year may be muted. As a result, for the 2nd half of the year, assumed sales tax growth has been reduced to 2.5% from the 5% budgeted, resulting in a revised sales tax revenue growth rate for the year now projected at 5.6%. Goods & Services are now expected to miss budget by (\$440k) due to a \$340k reduction in Jail bed usage by the Department of Corrections as revenues are to-date pacing 81% down from prior year and \$100k in lower pacing building plan revenues. Based on 42%-48% declines seen in DC1 and DC2 fines & penalties observed thus far this year, Fines & Penalties revenue is now forecasted to underperform budget by -23%. Misc Revenue is projected to underperform budget by -7% based on trends relating to interest income and lower parks camping revenues resulting from a decline camping bookings as compared to the extraordinarily strong bookings seen in 2021 and a delay in implementing budgeted campground fee rate increases. Timber Revenues are expected to fall short of budget by 15% based on recent revised timber forecasts received from the DNR. As discussed previously, Non Revenues forecasted have been reduced -\$75k to reflect a change in the accounting of sales, use and lodging tax funds collected by the Parks, Fair and Facilities department from the operation of the County's campgrounds (no net impact to the General Fund). Transfers In are now projected to be \$870k higher than budget (and \$370k higher than the prior forecast) due to the unbudgeted return of \$370k of funding to the General Fund from assistance provided in 2021 to Serenity House in support of a shelter expansion project during COVID), as well as a \$500k increase in working capital funding being provided to the Dungeness Off Channel Reservoir which will be returned to the General Fund as grant reimbursements for this project are received (this is offset by a corresponding increase in Transfers Out to this project of \$500k, making this a cash fund neutral change absent any project payment/grant reimbursement timing differences).

PROJECTED EXPENDITURES—2022 Expenditures are projected to total \$48,756k, a \$1,158k reduction from our last forecast and underspending to our budget by \$2,948k driven by savings forecasted primarily in Payroll, Benefits, Supplies, Services, and Transfers Out. Payroll and Benefits costs are expected to come in approx \$2,098k below budget, mainly due to historic underspend to our personnel budgets due to unbudgeted darktime in our staffing levels as discussed previously. Non-COVID Supplies and Services are projected to come in \$188k and \$488k below budget, respectively, based on trend savings and the previously mentioned change in accounting of sales, use and lodging tax payments made to the State where such payments are no longer paid from the General Fund. COVID-related costs expected to be mainly reimbursed under the FEMA grant are projected total \$94k, which assumes such COVID mitigation costs continue through the end of the 3rd quarter. Transfers Out are now forecasted \$335k lower than budget (and \$895k lower than our last forecast) due to a \$1 million reduction in Capital Projects transfers to support the construction of a new EOC facility which will likely be delayed to next year, as offset by a \$500k increase in bridge funding being provided to the Dungeness Off Channel Reservoir project due to spill over of 2021 costs and timing of Ecology grant reimbursements, a \$120k increase in Capital Projects Transfers related to the planned acquisition of park land adjacent to the Cline spit, as well as due to a \$60k increase in Transfers to the Prosecuting Attorney Local Crime Victim Compensation fund. The General Fund is now projected to end 2022 with a net operating deficit of (\$1,892k) as compared to (\$4,892k) budgeted, leaving an expected ending reserve balance for the General Fund of \$13,637k, which is \$3,000k higher than originally budgeted.

June 2022 YTD--vs Annual Budget (rounded to thousands)

	2022 YTD Actual	2022 Original Budget	Budget Remaining	2022 % of Annual Budget Achieved YTD	2021 % of Annual Budget Achieved YTD
REVENUES:					
Taxes	12,815	24,093	11,278	53.2%	58.5%
Licenses & Permits	596	1,055	459	56.5%	55.5%
Intergovernmental Revenues	3,924	7,214	3,289	54.4%	62.1%
Charges for Goods & Services	3,093	8,276	5,184	37.4%	44.0%
Fines & Penalties	359	833	475	43.0%	60.7%
Misc Revenue (Interest Inc, Camping Fees, etc)	862	1,782	920	48.4%	60.4%
Nonrevenues (Sale/Use Tax, Lodging Tax--Parks & Facil)	2	78	76	2.7%	75.8%
Other Financing Sources (Timber Sales, other)	257	740	483	34.8%	34.5%
Transfers In	40	2,440	2,400	1.6%	14.7%
Total Revenue--Excluding CARES/FEMA	21,948	46,512	24,564	47.2%	53.9%
Total Revenue--CARES/FEMA	63	300	237	21.1%	114.6%
Total Revenue	22,012	46,812	24,800	47.0%	54.7%

**Clallam County General Fund Results
June 2022**

	2022 YTD Actual	2022 Original Budget	Budget Remaining	2022 % of Annual Budget Achieved YTD	2021 % of Annual Budget Achieved YTD
EXPENDITURES:					
Payroll	11,018	24,620	13,602	44.8%	46.0%
Payroll--COVID	0	0	0	--	--
Benefits	4,440	10,018	5,578	44.3%	45.3%
Benefits--COVID	0	0	0	--	--
Supplies	528	1,518	991	34.8%	38.0%
Supplies--COVID	1	0	-1	--	--
Services	3,118	7,606	4,488	41.0%	46.4%
Services--COVID	73	0	-73	--	--
Capital	77	363	286	21.2%	34.0%
Capital--COVID	0	0	0	--	69.8%
Transfer Out --COVID	0	0	0	--	86.6%
Transfers Out	2,362	6,213	3,852	38.0%	41.8%
Payment to Risk Pool	1,366	1,366	0	100.0%	99.7%
Total Expenditures--excluding COVID	22,908	51,704	28,797	44.3%	46.9%
Total Expenditures--COVID	73	0	-73	--	109.2%
Total Expenditures	22,981	51,704	28,723	44.4%	47.8%
Net Operating Surplus (Deficit)--Excluding COVID	-959	-5,192			
Net Operating Surplus (Deficit)--COVID	-10	300			
Net Operating Surplus (Deficit)	-970	-4,892			
Fund Balance	14,560	10,637	3,923		

June 2022 YTD--vs Prior Year YTD (rounded to thousands)

	2022 YTD Actual	2021 YTD Actual	Variance--\$	Variance--%
REVENUES:				
Taxes	12,815	12,221	594	4.9%
Licenses & Permits	596	583	13	2.2%
Intergovernmental Revenues	3,924	3,312	613	18.5%
Charges for Goods & Services	3,093	3,456	-363	-10.5%
Fines & Penalties	359	552	-193	-35.0%
Misc Revenue (Interest Inc, Camping Fees, etc)	862	1,233	-370	-30.0%
Nonrevenues (Sale/Use Tax, Lodging Tax--Parks & Facil)	2	55	-52	-96.1%
Other Financing Sources (Timber Sales, other)	257	216	41	19.2%
Transfers In	40	270	-230	-85.2%
Total Revenue--Excluding CARES/FEMA	21,948	21,897	52	0.2%
Total Revenue--CARES/FEMA	63	606	-543	-89.5%

**Clallam County General Fund Results
June 2022**

Total Revenue	22,012	22,503	-491	-2.2%
EXPENDITURES:				
Payroll	11,018	10,363	655	6.3%
Payroll--COVID	0	9	-9	-100.0%
Benefits	4,440	4,323	117	2.7%
Benefits--COVID	0	1	-1	-100.0%
Supplies	528	472	56	11.8%
Supplies--COVID	1	31	-30	-97.2%
Services	3,118	3,027	90	3.0%
Services--COVID	73	129	-56	-43.7%
Capital	77	32	45	138.9%
Capital--COVID	0	63	-63	-100.0%
Transfer Out --COVID	0	515	-515	-100.0%
Transfers Out	2,362	1,162	1,200	103.2%
Payment to Risk Pool	1,366	1,237	129	10.4%
Total Expenditures--excluding COVID	22,908	20,616	2,292	11.1%
Total Expenditures--COVID	73	747	-674	-90.2%
Total Expenditures	22,981	21,363	1,618	7.6%
Net Operating Surplus (Deficit)--Excluding COVID	-959	1,281	-2,240	-174.9%
Net Operating Surplus (Deficit)--COVID	-10	-141	131	-92.9%
Net Operating Surplus (Deficit)	-970	1,140	-2,109	-185.1%
Fund Balance	14,560	15,664	-1,104	

Major Revenue Differences between YTD 2022 and 2021 (rounded to thousands)

Tax--Juvenile Justice sales tax	52	
Tax--Property tax	79	
Tax--Sales taxes (other than Juvenile Justice)	439	9.8%
Licensing & Permits--Building Permits (up 3.5%)	15	
Intergovernmental--PILT, Criminal Justice, Other Excise Taxes (increase due to \$597k PUD Privilege Tax being rec'd in March this year vs July last year)	673	
Intergovernmental--Grants	-60	
Intergovernmental--COVID/FEMA Reimbursements	-543	
Goods & Services--Interagency Services--Court Consolidation pymt timing, Roads & Other Policing Agreements timing/reduction, State Dpt Corrections trailing prior year (down \$131k or 81%)	-224	
Goods & Services--Building Plan Check Revenues (down 36.8% to prior year)	-108	
Goods & Services Election Services Revenue	114	
Goods & Services--WSU Environmental Services (timing)	-91	
Fines and Penalties (down 35%, with DC 1 and DC 2 down 42% and 48%)	-193	
Miscellaneous--Investment & Delinquent tax interest	-305	

**Clallam County General Fund Results
June 2022**

Miscellaneous--Parks' Camping Revenues	-53
Non-Revenue--Transfer of PFF Sales & Use Tax Revenue out of General Fund to State Fiduciary Fund	-52
Timber revenue	41
Transfers In (due timing of Lower Dungeness Floodplain related transfers	-230
Everything else (rounded to thousands)	-44 **
Total Revenue Increase/(Decrease) over Prior Year	-491

Major Expense Differences between YTD 2021 and YTD 2020 (rounded to thousands)

Payroll/Benefits--prior year estimated impact of retirements and newly elected officials that led to conversion of payouts of accrued leave balances or partial conversion of leave balances to VEBA payments.	-1
Payroll--Increase due to changes in personnel, step/COLA increases, effect of new collective bargaining agreements enacted in July 2021, and other non-retirement factors	657
Benefits--due to changes in benefit costs following collective bargaining increases in Jan 2022 and July 2021, as offset by personnel changes	116
Services (increase mainly in higher repairs & maintenance costs (+\$128k), higher communication services (\$56k), higher travel (\$46k), as offset by lower professional services (\$68k) and higher indirect services costs charged by the General Fund (\$65k).	90
Risk Management Assessment for Insurance Pool	129
Transfers (increase mainly due to higher transfers to Dungeness Off Channel Reservoir (\$404k), IT Capital Projects (\$273k), Transfers to Capital Projects (\$543k), Local Crime Witness (\$77k), as partly offset by decreases due to \$75k Bullman Beach transfer, \$104k in higher Lower Dungeness Floodplain transfers in 2021, lower transfers to Flood Control (\$61k), and lower transfers to HHS (\$385k higher in 2021 due to Serenity House facility expansion)	1,200
Decrease in COVID Related Costs Incurred by the General Fund (relating to lower FEMA funded costs incurred by the General Fund in 2022)	-674
Net Other Expenditure Changes	100
Total Expenditure Increase/(Decrease) over Prior Year	1,618

Clallam County General Fund Results
June 2022

June 2022 Full Year Projection vs Annual Budget (rounded to thousands)

	2022 Projected	2022 Original Budget	Over/(Under) Budget
REVENUES:			
Taxes	24,182	24,093	89
Licenses & Permits	1,086	1,055	31
Intergovernmental Revenues	7,214	7,214	0
Charges for Goods & Services	7,836	8,276	-440
Fines & Penalties	641	833	-192
Misc Revenue (Interest Inc, Camping Fees, etc)	1,663	1,782	-119
Nonrevenues (Sale/Use Tax, Lodging Tax-Parks & Facil)	3	78	-75
Other Financing Sources (Timber Sales, other)	629	740	-111
Transfers In	3,310	2,440	870
Intergovernmental--CARES/FEMA Reimbursements	300	300	0
Total Revenue--Excluding CARES/FEMA	46,564	46,512	52
Total Revenue--CARES/FEMA	300	300	0
Total Revenue	46,864	46,812	52
EXPENDITURES:			
Payroll	23,223	24,620	-1,397
Payroll--COVID	0	0	0
Benefits	9,317	10,018	-701
Benefits--COVID	0	0	0
Supplies	1,330	1,518	-188
Supplies--COVID	1	0	1
Services	7,118	7,606	-488
Services--COVID	93	0	93
Capital	430	363	67
Capital--COVID	0	0	0
Transfer Out --COVID	0	0	0
Transfers Out	5,878	6,213	-335
Payment to Risk Pool	1,366	1,366	0
Total Expenditures--excluding COVID	48,662	51,704	-3,042
Total Expenditures--COVID	94	0	94
Total Expenditures	48,756	51,704	-2,948
Net Operating Surplus (Deficit)--Excluding COVID	-2,098	-5,192	3,094
Net Operating Surplus (Deficit)--COVID	206	300	-94
Net Operating Surplus (Deficit)	-1,892	-4,892	3,000
Fund Balance	13,637	10,637	3,000