



2024 Biennial Budget Adjustment Presentation

Continued Investment in Community



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Continued Investment in Community

- Council adopted a financially sustainable 2023-2024 biennial budget
- Included new investments in childcare, housing and homeless services, criminal justice and crisis response, flood response and recovery, and the Racial Equity Commission.
- Today, County employees are working hard to deliver on those commitments and community investments.



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2024 Budget Adjustments

- We continue to be guided by financial discipline and sound fiscal stewardship
- While higher revenues present new opportunities they are also needed to cover higher costs
- Several considerations lend to a cautious approach to new spending



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Declining Federal Investment

- Federal fiscal support through the American Rescue Plan Act is winding down and must be fully allocated by the end of 2024.

Shifting General Fund Obligations

- To maintain levels of service ARPA funded criminal justice positions will shift to the General Fund beginning in 2025
- This funding shift will create an ongoing burden to the General Fund in the future



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Bonding Capacity Needs

- Maintaining a healthy and stable fund balance will benefit the County's positions for bonding ahead of anticipated, large capital projects
- Current 2026 projections are below the balance allowed in our Fund Balance Policy



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Microeconomic Uncertainty

- The Federal Reserve continues to push for slower growth
- Continued sharp increases in sales tax revenue should not be expected going forward
- Higher interest rates do provide the County higher interest income



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General Fund Projections

- As we approach the end of the year, we anticipate a healthy General Fund balance of approximately \$31M* going into 2024.
- This Fund balance is due in large part to continued growth in sales tax, higher than anticipated interest income and one-time revenues.

*3rd quarter financial report included increase of \$9.5M of unanticipated revenue:

- Property Tax interest (PetroGas) of \$2.5M
- DOR State Schools (RCW84.48.110) to Whatcom County of \$1.4M
- Sales Tax exceeded budget by \$2.2M
- Investment interest income excess of \$3.4M



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GENERAL FUND PROJECTIONS SUMMARY

	2022 Actual	2023 Amended BGT	2024 Budget	Mid Biennium	Proposed 2024 Amended Budget	Projected 2025	Projected 2026
Beginning Fund Balance	\$ 24,141,180	\$ 26,346,572	\$ 24,292,433		\$ 31,000,000	\$ 28,027,113	\$ 23,169,335
Revenues	\$ 109,551,328	\$ 112,717,833	\$ 110,772,802	\$ 7,394,286	\$ 118,167,088	\$ 113,637,896	\$ 115,105,151
Expenditures	\$ 107,345,935	\$ 120,812,602	\$ 121,129,790	\$ 6,385,973	\$ 127,515,763	\$ 124,732,288	\$ 128,676,997
Net	\$ 2,205,393	\$ (8,094,769)	\$ (10,356,988)	\$ 1,008,313	\$ (9,348,675)	\$ (11,094,392)	\$ (13,571,846)
Budget Lapse		\$ 6,040,630	\$ 6,056,988		\$ 6,375,788	\$ 6,236,614	\$ 6,433,850
Ending Fund Balance	\$ 26,346,572	\$ 24,292,433	\$ 19,992,433		\$ 28,027,113	\$ 23,169,335	\$ 16,031,339



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2024 Budget Supplemental Requests

- An unprecedented number of 2024 budget supplementals were submitted
- Investments in the community to meet expectations has resulted in an increase in FTEs to fulfill expectations and meet demands
- The Administration reviewed all requests carefully considering expectations and long term financial impacts
- Expected that some may come forward during the 2025-2026 biennial budget process



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Budget Supplementals, Memo and Positions Control

- [Budget Supplementals](#)
- [2024 Mid-Biennium Budget Memo](#)
- [Exhibit C - Position Control](#)
- [AB2023-729](#)



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Criminal Justice FTEs

- We received a significant number of new General Fund FTE requests from the Prosecutor, Public Defender and Sheriff, with a total cost exceeding \$4 million annually.
- More appropriate to submit as part of the 2025-2026 biennial budget process where more time for critical policy discussion can take place.
- Case resolution vs cases filed is not balanced leading to substantial impact on attorney's cases loads. Policy discussion between Judicial Branch, Prosecuting Attorney's Office and Public Defender's Office to inform Council budget action.



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A CAUTIOUS OUTLOOK

- Strategic planning and fiscal restraint have been Whatcom County's strength through many years. We look forward to working with Council on robust strategic planning efforts and priority-based budgeting early next year.
- Maintaining a healthy fund balance will improve our ability to manage many upcoming large capital projects.
- Federal funding scheduled to sunset in the next few years requires careful planning to ensure sustainable budgeting.

