

Auditor / Treasurer Update

September 17, 2024

1:00 p.m.

Present: Commissioner Brummer, Commissioner Pollock, County Manager Ryan Barrett, Shelly Stewart, Arny Davis, Josh Metcalf, Grace Jimenez, Tina Hemphill, Graham Gowing, Sarah Hensley, Becky Butler, Kevin Engelbertson, Larry Grove, Meja Handlen, John Abplanalp, Tom Stanton, Mindy Brooks, Kendra Garrison, Vanessa Ruelas, Bryan Hall

Guest(s): Khushboo Ingle, LCNWB

Recorder: Tammy Martin

Public comment: None

Cost Allocation Plan presentation: Khushboo Ingle with matrix consulting group presented a brief overview of the cost allocation plan. The analysis was to identify indirect support services, determine the costs associated, and develop a full cost plan for allocating general fund activities. Khushboo said the best practice is to review every year but that it should be updated to a minimum of every 3-5 years. The scope is to look at identifiable metrics.

Benefits of the cost analysis can help justify transfers from non-general funds to the general fund as well as to determine if fees need to be collected to pay for services provided. For every service provided that is identified, there is a cost associated.

The key functional areas that provide support to the county are the BOCC, Budget, Auditor - Admin & Financial, Human Resources, Treasurer, Prosecuting Attorney's Office, County Administration. The cost allocation plan includes \$5.7 million in indirect costs but only allocated \$4.8 million. \$900,000 was unallocated for and that included community/external support from BOCC and the Treasurer's Office.

Approximately \$2.5 million of the \$4.8 million costs that were allocated were to non-general fund sources.

- Roads \$764,000
- Public Health \$264,000
- Community Development \$173,000
- Facilities \$156,000
- Solid Waste \$163,000
- Fleet \$121,000
- 911 \$121,000
- Information Services \$102,000

Grace said in March, LC partnered with Matrix Consulting to get the full-cost allocation plan. This will be a cost recovery to the general fund. This is the first time that Lewis County is utilizing this tool. Grace feels these costs are close to what she expected.

Becky said there has been several opportunities to be a part of the consulting services group.

Arny Davis said the cost recovery program is currently being worked on with WSAC and WACO. He doesn't necessarily feel there will be a legislative solution to identify these costs.

Becky Butler said the goal is for the Board to implement this in the 2025 budget process. This will be an additional charge to departments and offices that are already facing a budget shortfall. The preliminary budget has been presented, but these changes will be addressed with the final budget calculations.

Grace will need any changes to the cost allocation plan within the next two weeks.

Josh Metcalf expressed his concerns about the implication of costs that are associated with the allocation plan. Rates have already increased, and this will create further increases. Mindy Brooks said the is will be part of the fee increase. Fees will be adopted with the budget, and she feels this will be a large fee increase. Mindy said the current costs associated with fee recovery do not pay for the permit services.

Meja Handlen felt similar concerns. Public Health is listed within the analysis, but Social Services was not. Meja said she had additional information to add for Environmental Health.

Commissioner Brummer said he would like to finish the report before he addressed his questions. Commissioner Pollock said the same.

Treasurer Office Update: Arny Davis has a request for \$13,000 to the professional services line item for tax preparation software from Ascend to include support and maintenance. Becky said that the Board will either need to ask to the Office to absorb the increases or the Board will need to approve the budget amendment. Shelly said there have not been any vacancies within the Office to absorb these costs. The new software may address the increase, but not for some time. Both Commissioner Brummer and Commissioner Pollock suggested this be added to the budget package for the October 15th hearing.

Rodney Reynolds provided a detailed overview of the financial situation for Lewis County. The 5.31% rate of return for August is notable, especially with the anticipated Federal Reserve rate cut, which could affect future returns. Rodney mentioned compliance with investment requirements suggests a careful approach to managing funds, especially with the large deposit into the Federal Home Loan Mortgage Corporation aimed at stabilizing interest rates.

Rodney said year-to-date sales tax is down 1 % compared to last year's rates and Lewis County is 66% through the year, indicating potential budgetary challenges since Lewis County is currently 8 basis points under the LGIP. Rodney said investments are diversified in case there is a large drop in Federal rates. Rodney said that Lewis County does not have the revenues received as in previous years due to not receiving COVID-19 funds. Rodney said Lewis County saw a 6.7% increase year-over-year, along with a 7.9% rise from last month's receipts.

Grace Jimenez presented the Auditor's Office updates. Grace said 61.8% of the general fund has been expended.

Larry said overseas ballots will go out October 1st and then the general ballots will go out October 15th.

Meeting ended at 2:10 p.m.