



**Kitsap County**  
**Department of Administrative Services**

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Benjamin A. Holland  
Director

**MEMORANDUM**

**TO:** All Elected Officials and Department Heads  
**FROM:** Ben Holland, Director of Administrative Services  
**SUBJECT:** Notice to File 2009 Annual Budget  
**DATE:** June 20, 2008

This is the official notice for all departments of Kitsap County to file their budget requests for the 2009 annual budget. All revenue estimates and expenditure requests are due in the Department of Administrative Services (DAS) by close of business on August 8, 2008 with full justifications utilizing electronic copies of forms provided from Administrative Services which are attached.

The 2008 budget was balanced by "living within our means." Specifically, the budgeted expenditures were lowered to meet our projected revenues. Positions went unfunded, employees were laid off and significant efforts were made to increase revenues. All of these efforts were to put us in a better place for approaching the 2009 budget. However, the general economic downturn is having a significant impact on revenues. We are projecting 2008 sales taxes to be nearly \$2.2 million below budget and our criminal justice sales tax will lag budget by nearly \$300,000. We currently expect 2008 expenditures to exceed 2008 revenues by about \$2.0 million. Skyrocketing prices for petroleum products is increasing costs for all supplies and services; both factors dictate taking some immediate action to reduce 2008 spending to cover revenue shortfalls. The Board is considering imposing a hiring freeze, reducing the General Fund budget, and asking for voluntary spending limitations, similar to the actions taken in 2007.

2009 also looks grim. Our base expenditure budget is \$89.9 million and our projected revenues are \$87.9 million, a \$2.0 million deficit. Our projected increase for revenues overall is only \$300,000 or 0.3%. These projections are made using a much-reduced 2008 estimate at a smaller growth rate than in the past and new construction (which affects property taxes) being about 50% of 2008 levels. Our expenditure assumptions are that the 2009 cost-of-living increase will be 4.0%, salaries and benefits are funded at 97% of full staffing and medical benefits will increase at 5.0%. The Board, the County Administrator and Personnel staff will work with the union representatives in seeking to lower some of these personnel costs. To maintain financial viability, we must continue to live within our means; this is the clear direction and policy set forth by the Board of County Commissioners.

We know that the 2008 budget process was a difficult one and, given the significant cuts that were made in 2008, the 2009 budget process will be even more difficult. The Board

of County Commissioners is continuing to partner with all elected officials to work with the State Legislature to seek additional revenues.

We must balance the preliminary budget. Either we will increase revenues or reduce expenses by the required amount to make revenues equal expenditures (i.e. we expect to have to increase revenues or decrease spending or some combination of both by about \$2.0 million). A 2.2% budget reduction across the board would make up the \$2.0 million deficit so **we ask that in addition to submitting your budget request, you provide a scenario where you would reduce your base budget by 2.2% and tell us what services would be cut or affected by this reduction.**

These are the things the Board will consider when your department meets with them in the October and November timeframe. Although you must build your budgets using our accounting system, the Board will want your presentations to be in a performance budget format – that is, the Board will want your briefs to revolve around your programs, how much they cost, how you measure your performance in these programs and your performance trends over the last several years. The budget staff stands ready to provide assistance in providing historical information should you need this help.

#### Each Department's Point of Contact:

- Will receive their budget worksheets electronically.
- General Fund personnel costs are calculated at 97%. If a cost center maintains a staffing level higher than 97%, we commit to providing the funding necessary to carry that staffing level up to 100%. These projections include a 4% COLA, longevity, step increases, and are preloaded into your electronic worksheets.
- Preliminary budgets have been established for the internal service funds and are pre-loaded.
- Indirect rates are also preloaded.
- Please review your budget, and identify reductions where possible.
- You will have to justify any requested increases above the base budget as well as any requests for extra help and overtime.

Included in the Departments Budget Workbook is a revenue worksheet. Please review all revenue sources and identify any new sources. Provide your best estimates of revenues for the next year and the basis for those estimates. If your department relies on grant funding, please include the Grant Worksheet to identify that revenue and associated expenses as we continue to try and move all grant related activity out of the General Fund. Additionally, shortfalls in budgeted revenue that occurred during 2008 will be analyzed and explained to the Board.

Special revenue, debt service, capital project, enterprise and internal service funds need to place the best estimate for beginning fund balance into account 3081. Ending fund balance (account 5081) will then be mathematically determined by adding your estimated revenues and subtracting your requested expenditures.

## BUDGET SUBMITTAL

Each department will submit their budget electronically to the Budget Office no later than close of business on August 8, 2008. Anything requested above the original base total must include a justification.

Additionally, in order to publish the 2009 Budget Book please review and/or revise your department's mission, summary of current operations and proposed prioritized objectives for 2009. After January we will request your updated accomplishments, goals and objectives, and performance measures.

**Reclassifications and New FTE:** Prior to requesting any reclassifications or additional FTE's, you must contact the Personnel Department for the appropriate personnel classification determination to help analyze the full budgetary implications. New FTE requests in the General Fund need to also show corresponding revenue or a reduction elsewhere in the General Fund to fully offset the new FTE salary and benefits. Any essential personnel increases that do not have offsetting revenue may be requested but must still be coordinated with the Personnel Department. If approved during the budget process, the Personnel Department will prepare a resolution for consideration by the Board of Commissioners no later than April 1, 2009.

**Computer Replacement:** For all departments and funds, the Director of Information Services has provided a specific list of computers that should be considered for incremental replacement during 2009. The final decision to make these acquisitions rests with you and does not come with any additional funding other than what you have already been allocated.

### BUDGET MANUAL CHANGES

The Budget Manual is now located on Kitsap County Intranet. It includes instructions on how to use the budget workbooks, the most current inter-fund rates, cost centers, account numbers, etc.

The Budget office will assist departments as much as possible. Any questions, comments or concerns should be directed to the Budget Staff below:

Lisa Fryer, ext. 4314  
Stephanie Pinard, ext 4289