

NOTES ON THE PROPOSED 2021 BUDGET (EXPENDITURES)

Good Evening Councilmembers, Mayor, and Members of the Public.

This evening, we're going to continue discussing the salient features of the City of Tenino's proposed 2020 Budget, but tonight with a particular focus on expenditures. If you've had the opportunity to scrutinize the newest 5yr Comparison Spreadsheet, you may have noticed that the use of updated revenue and expenditure figures have resulted in a more refined set of projections for both revenues and expenditures.

To remind you, we used a variety of methods to arrive at our projections.

The preferred method is fixed by contract. For example, expenditures for Managed Network Services are fixed by contract; we know exactly what those expenditures will be.

The most prevalent method is simple averaging. The majority of the projected expenditures were arrived at by a simple averaging of the City's past record of expenditures. Specifically, the actual expenditures made in 2016, 2017, 2018, and 2019. We also considered in this comparison the budgeted vice actual amounts expended in 2020. Where the budgeted amount exceeded the actual expenditures, the budgeted amount was used in the averaging computations. Where the actual amount expended exceeded the amount budgeted, the actual amount was used in the average.

Judgement & experience. In some cases, usually as a result of extreme variations in the years above mentioned, the budgeted amount for 2021 was either raised, or lowered, after a conversation between the affected Department Head, the Mayor, and the Clerk/Treasurer. Take "Collection System Rep/Maint" as an example. Simple averaging results in a figure that is significantly higher than the projected expenditures for the last two years. In the judgment of both the Mayor and the Director of Public Works, it is more likely than not that the City will not spend more on the collection system repairs because that particular expenditure is related to cost of repairing grinder pumps. The City has rebuilt virtually all of the grinder pumps used in the initial system start-up and, therefore, we should not need to rebuild more than a handful in 2021, not several dozen as in the past few years.

So, the above rationales are how we arrived at each of the projected expenditure amounts. I invite your questions as to each line item.