



# **NJAC CONFERENCE CRISIS BUDGETING & FORECASTING AS A RESULT OF COVID-19**

By:

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# Areas of Discussion

- Year/End Revenue Planning & Fund Balance & LFN 2020-24
- Cash Flows
- Strategies
- Bond Market
- State of Emergency/CARES , FEMA Funding & Election Grants

# Year End Strategies & Fund Balance Management

- This Pandemic has taught us that adequate FUND BALANCE & Reserves is Paramount to surviving !
- Best analogy is Fund Balance = Pitching in Baseball – “ Joe Torre- You never have enough pitching” *In local government you never have enough Fund Balance*
- CFO & Administrator should be working together projecting out County revenues, developing strategies to augment the fund balance before year end.
- Look at your old A/P & Contracts can they be cancelled by resolution to generate fund balance to offset revenue losses. Can 2020 Appropriations be cancelled if you have balances at year-end due to Cares/FEMA credits.
- Do you have a Storm Recovery Trust Fund – Can be used in the future for future COVID-19 expenses if pandemic continues in 2021 past the CARES deadline.

# Year End Strategies & Fund Balance Management

- LFN 2020- 24 “COVID-19 Operating Deficits & Extraordinary Expenditures:
  - *Empowers local governments to alleviate fiscal impacts related to COVID -19”*
  - *Allows Local Governments to authorize special emergency appropriations for COVID-19 related expenses – Financed by special emergency notes.*
  - *“Local Units are not required to use fund balance to offset this deferred charge”*
  - ***For The Special Emergency** local unit calculates the 3-year Averages revenue (2017-2019 COVID-19 affected revenues to the 2020 projected revenue cash collection.*
  - ***For 2021 Anticipated Budgeted Revenues** affected by COVID-19 the Director will allow 3-year averaging years 2020,2019 & 2018*

# Year End Strategies & Fund Balance Management

- **LFN 2020- 24 “COVID-19 Operating Deficits & Extraordinary Expenditures:**
  - *Allows local governments to issue deficit financing special emergency notes to spread loss of revenues and operating deficits as a deferred charge over subsequent years, rather than budget fully in current year or next year.*
  - *This Tool will stabilize a local government’s fund balance.*
  - *CFO has to make written application to the Director using prescribed form on DLGS website by December 1, 2020 – Director has 45 days to approve.*
  - *Per the form the CFO has to certify 3 year revenue averages, 2020 Projected revenue collection, 2020 deficit attributable to COVID-19, any itemized COVID appropriations included in the emergency, if applicable, fiscal & operational measures being implemented to avoid a structural deficit in future budget years.*

# Year End Strategies & Fund Balance Management

## ■ LFN 2020-24 “COVID-19 Operating Deficits & Extraordinary Expenditures:

- *CFO submits the certification for approval by majority of the full governing body.*
- *Once approved, the special emergency may be raised over a 5-year period with no appropriation required in 2021, but rather 1/5 of the amount budgeted in 2022 – 2026 6 yr. period, however local unit can request Local Finance Bd approval for 10 years)*
- *Any offsetting receipts/grants from federal government, state related to COVID -19 shall be applied directly to special emergency.*
- *Special emergency due to loss of revenue will establish a Deferred Charge and the corresponding credit will be to operations.*

## SECTOR COMMENT

8 September 2020

Local government – New Jersey

“Deficit financing will be an effective tool for municipalities facing revenue loss from coronavirus”

On 31 August, [New Jersey](#) (A3 negative) Governor Phil Murphy signed a law allowing local governments to issue deficit financing notes for coronavirus-related expenditures and revenue losses.

[Deficit financing, which had previously not been permitted in New Jersey, will be a powerful tool for municipalities to deal with revenue losses and exceptional expenditures caused by the pandemic.](#)

While it has exacerbated rather than alleviated credit strain for some municipalities across the country in the past, the current **authorization is limited to covering coronavirus-related issues and comes with key restrictions and oversight**, limiting the risks of unfettered borrowing. It is thus an effective short-term tactic that can help materially in avoiding the extreme austerity which might otherwise be necessary.

# STEP 1- Forecast Revenues and 12/31/20 Fund Balance

COUNTY OF MAYBERY						
REVENUE AND SURPLUS PROJECTION October 31, 2020			RECEIPTS AS OF			
Account Description	Prior Year Thru October, 2019 Actual	Prior Year DECEMBER, 2019 Actual	October 21, 2020 Actual	Projected 2020 Estimated	2020 Budget	Variance
<b>SURPLUS ANTICIPATED</b>	20,500,000	20,500,000	25,000,000	25,000,000	25,000,000	0
<b>Motor Vehicle Surplus</b>	1,400,000	1,800,000	0	0	1,300,000	(1,300,000)
<b>Int on Deposits - ALL</b>	2,272,645	3,164,274	1,338,241	1,863,273	1,263,708	599,565
<b>COUNTY CLERK REVENUE</b>						
<b>County Clerk - Registry Fees</b>	3,450,120	5,133,288	4,306,425	6,339,889	4,400,000	1,939,889
<b>Realty Transfer Fees</b>	9,464,672	11,918,070	8,512,162	10,214,594	10,900,000	(685,406)
<b>Subtotal Clerk Fees</b>	12,914,791	17,051,358	12,818,587	16,554,483	15,300,000	1,254,483
<b>PUBLIC SAFETY Fees &amp; Interlocal 911/Dispatch</b>	1,666,801	2,113,425	624,742	1,812,915	2,232,712	(419,797)
<b>SHERIFF REVENUE- Foreclosure Fees</b>	19,762,523	23,276,002	8,743,068	11,203,005	15,519,000	(4,315,995)
<b>DPW SHARED SERVICES - College Shuttle</b>	135,000	135,000	67,500	67,500	67,500	0
<b>Justice Center Parking</b>	307,000	411,000	86,991	104,389	350,000	(245,611)



# STEP 1- Forecast Revenues and 12/31/20 Fund Balance

COUNTY OF MAYBERY						
REVENUE AND SURPLUS PROJECTION October 31, 2020			RECEIPTS AS OF			
Account Description	Prior Year Thru October, 2019 Actual	Prior Year DECEMBER, 2019 Actual	October 21, 2020 Actual	Projected 2020 Estimated	2020 Budget	Variance
<b>HEALTH DEPARTMENT FEES &amp; NURSING HOME</b>	8,236,549	11,261,822	7,756,606	9,780,552	11,023,585	(1,243,033)
<b>PARKS DEPARTMENT</b>						
Parks Fees	2,212,011	2,351,917	187,223	199,064	1,500,000	(1,300,936)
Golf Courses Fees	6,152,978	7,162,007	5,184,996	5,438,217	6,000,000	(561,783)
Subtotal PARKS DEPARTMENT	8,364,988	9,513,924	5,372,219	5,637,281	7,500,000	(1,862,719)
<b>COUNTY SOCIAL, WELFARE &amp; PYSC COSTS</b>	794,283	1,311,193.88	455,175.68	1,383,082.00	1,383,082.00	0
<b>STATE AID COLLEGE BONDS</b>	2,429,258	2,935,685	1,343,340	2,206,338	2,206,338	0
<b>Grants</b>	25,202,093	29,242,935	212,074,361	212,074,361	212,074,361	0
<b>Fringe Benefits Reimb on Grants</b>	1,543,525	2,838,597	1,276,631	2,347,769	2,600,000	(252,231)
<b>Central Municipal Court</b>	646,217	732,751	171,205	194,131	500,000	(305,869)
<b>MISCELLANEOUS</b>	1,665,614	1,825,100	1,158,669	2,509,952	2,568,500	(58,548)
<b>Sale of County Assets</b>	3,302,542	3,362,211	10,824	1,400,000	1,400,000	0
<b>Added &amp; Omitted Taxes</b>	1,588,899	1,588,899	1,429,209	1,429,209	1,429,209	(0)
<b>Amt.To Be Raised BY Taxation</b>	\$ 18,816,186.91	\$ 419,406,785.30	\$ 316,927,452.54	400,000,000	\$ 400,000,000	0
<b>TOTAL</b>	411,808,190.06	533,046,490.06	572,526,519.19	671,800,601.93	679,840,494.66	(8,039,892.73)

**County of Maybery**  
**Fund Balance Projection- Summary & Analytics**  
**October 31, 2020**

LFN 2020-24

UTILIZE

CARB BONDS

No CARB Bonds

12/31/2020

12/31/2020

Variance

Beginning Fund Balance - 1/1/2020		50,000,000	50,000,000	0
Less Fund Balance Utilized in 2020 Budget		(25,000,000)	(25,000,000)	0
Subtotal		25,000,000	25,000,000	0
Projected <b>Deficit</b> in Budget Revenue Cash Collection v. Budget		(8,039,893)	(8,039,893)	0
<b>SPECIAL EMERGENCY REVENUE- Per LFN 2020-24</b>		<b>9,500,000</b>	<b>0</b>	<b>9,500,000</b>
Non-Budgeted Revenues Collection		9,400,000	9,400,000	0
2019 Appropriation Reserve Lapse		7,500,000	7,500,000	0
2020 Cancellation of Debt & 2020 Appropriations ( CARES CREDITS)		5,500,000	5,500,000	0
Contract Cancellations		1,200,000	1,200,000	0
<b>SURPLUS REGENERATION</b>		<b>25,060,107</b>	<b>15,560,107</b>	<b>9,500,000</b>
<b>Projected Fund Balance - 12/31/2020</b>		<b>50,060,107</b>	<b>40,560,107</b>	<b>9,500,000</b>
CHANGE IN FUND BALANCE		60,107	(9,439,893)	9,500,000
<b>2021 Preliminary Surplus Revenue Utilization</b>		<b>25,000,000</b>	<b>15,000,000</b>	<b>10,000,000</b>

2010 CAP- 2%

8,000,000

8,000,000

# DEFICIT REVENUE VARIANCE ANALYSIS COVID-19 SPECIAL EMERGENCY

NJ DLGS - PRESCRIBED FORM FOR COVID-19 SPECIAL EMERGENCY

Itemized actual revenue as it appears in budget document							Spec. Emergency	2021 Budget
							2019 - 2017	2020-2018
Revenue Description	FCOA Code	Collection Period	2020 Amount	2019 Amount	2018 Amount	2017 Amount	3 Year Avg.	3 Year Avg.
Motor Vehicle Surplus	08-111	1/1 -10/31- Proj. to 12/31	0.00	1,800,000.00	2,000,000.00	1,800,000.00	1,866,666.67	1,266,666.67
Realty Transfer Fees	08-120	1/1 -10/31- Proj. to 12/31	7,561,395.00	8,333,332.00	8,916,454.00	8,775,789.00	8,675,191.67	8,270,393.67
Public Health Priority Funding	08-121	1/1 -10/31- Proj. to 12/31	3,157,166.00	3,579,739.00	3,775,132.00	3,757,334.00	3,704,068.33	3,504,012.33
Police & Fire Academy Tuition	08-240	1/1 -10/31- Proj. to 12/31	130,203.00	431,900.00	363,403.00	304,133.00	366,478.67	308,502.00
Interlocal Contract Security - Bergen Tech HS	08-240	1/1 -10/31- Proj. to 12/31	150,000.00	308,815.00	509,763.00	0.00	272,859.33	322,859.33
Sheriff Foreclosure Fees	08-270	1/1 -10/31- Proj. to 12/31	3,041,195.00	8,204,106.00	7,982,475.00	4,936,764.00	7,041,115.00	6,409,258.67
Interlocal Contract Security - Bergen Com. College	08-240	1/1 -10/31- Proj. to 12/31	174,115.00	338,055.00	338,055.00	331,427.00	335,845.67	283,408.33
Justice Center Parking	08-310	1/1 -10/31- Proj. to 12/31	104,389.00	411,000.00	408,500.00	403,000.00	407,500.00	307,963.00
Intoxicated Driver Program Fees	08-340	1/1 -10/31- Proj. to 12/31	70,224.00	326,834.00	320,215.00	393,823.00	346,957.33	239,091.00
Bergen County Nursing Home	09-330	1/1 -10/31- Proj. to 12/31	6,503,753.00	7,816,973.00	7,960,112.00	8,372,359.00	8,049,814.67	7,426,946.00
Bergen County Parks & Zoo Fees	08-375	1/1 -10/31- Proj. to 12/31	199,064.00	2,351,917.00	2,337,742.00	2,323,098.00	2,337,585.67	1,629,574.33
Bergen County Golf Fees	08-376	1/1 -10/31- Proj. to 12/31	5,766,864.00	7,152,007.00	6,462,206.00	6,837,096.00	6,817,103.00	6,460,359.00
Central Municipal Court	08-130	1/1 -10/31- Proj. to 12/31	194,131.00	732,751.00	1,561,000.00	1,186,741.00	1,160,164.00	829,294.00
SUBTOTAL REVENUE 2020 PROJECTION			27,052,499.00					
SUBTOTAL 3 Year Average Revenue (2017-2019)			41,381,350.00				41,381,350.00	37,258,328.33
Special Emergency			14,328,851.00					

# Cash Flows



# Cash Flows

- Cash Flow analysis is crucial in a time when revenues may be at risk and an increase in expenditures are incurred to deal with the crisis
- Identifying if you will suffer a shortfall of cash or not
- What available reserves you may have to mitigate any short falls
- Provides you with advance notice of possible shortfalls so that you can properly react to it and plan for alternatives to provide cash flow
- It is merely taking your cash general ledger account and predicting future activity to track your cash position

# Cash Flow Statement

## Daily, Weekly, Monthly (What is your need?)

- Start with your beginning cash balance
- Inflows:
  - *This is anything that flows through your cash account, not just revenues*
  - *Identify revenue patterns based on prior years activity*
- Outflows:
  - *This is anything that flows out of your cash account, not just budget appropriations*
  - *Identify your outflow patterns and schedule them out*
    - Payroll, Debt Service, School and County Taxes, Bill Lists, etc
- The product of above will give you your ending cash balance

# Cash Inflows

- Revenue Stream
  - *Identify Revenues at Risk- Due to COVID19*
    - Park Fees
    - Sheriff Foreclosure Fees
    - Interest Earnings
    - PILOT Agreements - 5% Annual Service Fee
    - Clerk Fees
  - *Identify Revenues not at Risk*
    - Property Taxes- 100%
    - Shared Services

# Revenues at Risk: Interest Earnings/Investment Income

- Federal Funds Rate - The interest rate at which banks and other depository institutions lend money to each other, usually on an overnight basis
- Current Target range is 0.00 – 0.25 bp
- 1 month ago – 1.75, and 1 year ago – 2.50
- 1 Year Federal Treasuries at trading at a yield of 0.14
- Depending upon your agreement with your bank your ability to earn meaningful interest on deposits will be significantly impacted



# Cash Flow Statement (Simplified and Exaggerated)

	January	February	March	April
Beg Cash Bal	100	15	113	48
Inflows:				
Taxes	150	250	105	65
Sheriff	50	45	35	0
Clerk Fees	25	30	20	0
Outflows:				
Payroll	115	120	120	120
Debt Svc	90	0	0	80
Bills	105	107	105	105
End Cash Bal	15	113	48	(192)

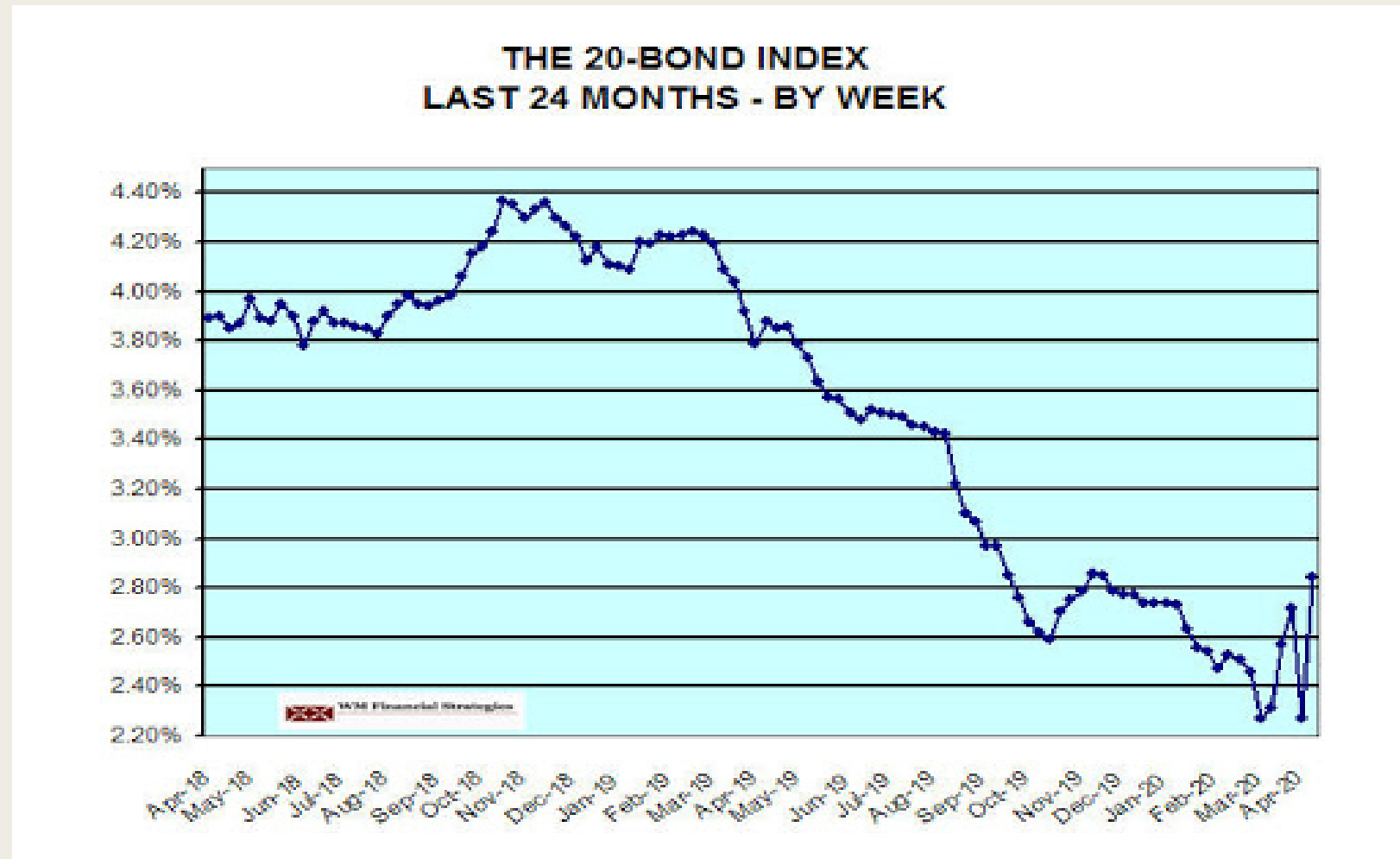
# Cash Flow Statement Managing Shortfalls

- If a deficit is identified, a more detailed approach to projecting cash may be necessary
- Tax Anticipation Notes
- Furloughs and Layoff Plans (Consult with your Labor Attorney)
- Stalling any expense which can be delayed
- Delayed funding of Capital Improvements
- Identify any expenses that are not essential

# Strategies



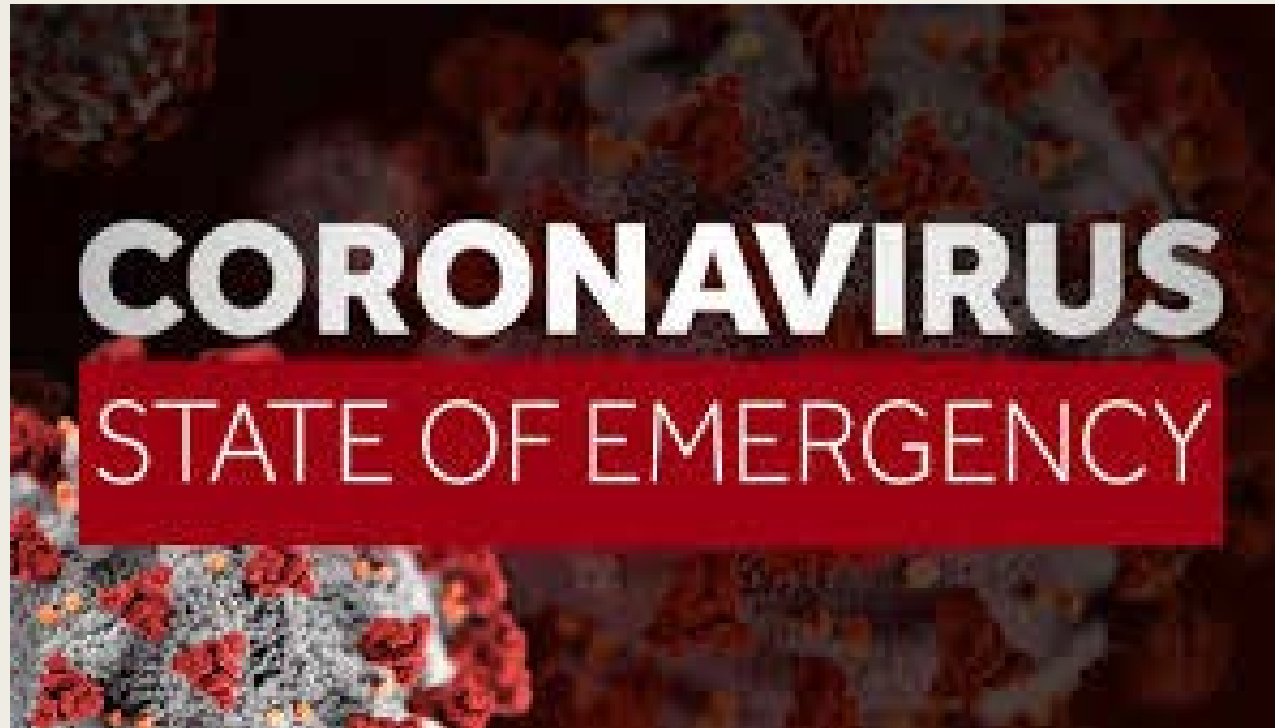
# Municipal Bond Market



# Municipal Bond Market

- FEDS:
  - *\$2.5 Trillion for TANS*
  - *\$500 Billion for Notes*
- Municipal Liquidity Facility (MLF)
- iBank - \$50 million but very focused
- MEL JCFI Program
  - *Approximately \$500 million available for members of the MEL network*
  - *History of how we got here*

# State of Emergency



# State of Emergency (FEMA)/CARES

- Track Covid-19 related costs
  - *MSI and Edmunds both have the ability to track this using a project code*
- FEMA will be looking for the support for these records you might as well start the process now.
- This is an International Pandemic, FEMA will be overwhelmed and this may take a while when this is done

# Federal CARES Act \$150 billion Coronavirus Relief Fund

- DIRECT CARES FUNDING FROM FEDERAL GOVERNEMENT ->500,000 Population
- Bergen County, \* Camden County,\*Essex County,\*Hudson County,\* Middlesex County,\* Monmouth County, \*New Jersey Ocean County,\* Passaic County, \* Union County
- The CARES Act requires that the payments from the Coronavirus Relief Fund only be used to cover expenses that—
  1. Are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
  2. Were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government;
  3. Were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.



# Local Government NJ Emergency Fund (CRF) Grant

- Eligible Counties and municipalities excluded from the federal government's direct CRF allocation plan – Grant Program for COVID-19 Related Expenses
  
- **Counties** – Atlantic \* Burlington \* Cape May \* Cumberland \* Gloucester \* Hunterdon \* Mercer \* Morris \* Salem \* Somerset \* Sussex \* Warren
  
- A total of \$60 Million Program available – Allocation determined by formula
  
- **COVID-19 Reimbursable Opportunities –**
  - PPE
  - 25% FEMA Match
  - Health/Public Safety Salaries related to COVID activities
  - Reallocation of Personnel to COVID

# Local Government NJ Emergency Fund (CRF) Grant

## ■ KEY DATES

- *11/10/2020 Applications/Certification of Maximum Funding needed*
  - *12/10/2020 Disbursement Reports due – Expenses must be encumbered by December 30, 2020 – Goods & Services rendered prior to 12/30/20 – Payment no later than Jan. 30 2021.*
- 
- Governing Body must pass resolution to access funds – Keep mind 11/10 deadline!
  - Local Government Emergency Funds may not be used to for Revenue shortfalls
  - Eligible Payroll -public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to COVID-19 may be eligible for reimbursement.

# General Election 2020 Grant Programs

- TO: County Election Officials

FROM: Robert F. Giles, Director

NJ Division of Elections

DATE: September 11, 2020

SUBJECT: General Election 2020 Grant Program

The State is pleased to announce the General Election 2020 Grant Program to assist counties in conducting the November 3, 2020 General Election. This program will allow counties to process increases in vote by mail ballots and prepare polling places to be compliant with current COVID-19 hygiene and safety standards.

- **Set up CH159 -**

# General Election 2020 Grant Programs

## ■ USE of GRANT FUNDS

- **Additional Staff Hours and Overtime** – The cost of any overtime hours reasonably incurred by the county election office staff for the November 3, 2020, General Election, that are a result of the COVID-19 pandemic. The cost of regular work hours will not be reimbursed by the State.
- **Temporary Staff Hours and Overtime** The cost of any additional temporary staff reasonably incurred by the county election office for the November 3, 2020, General Election, that are a result of the COVID-19 pandemic.
- **Additional Printing** - This refers to printing costs that are in addition to those costs incurred for a regular General Election due to new requirements in Executive Order No. 177 and 179.
- **Additional Postage** – This refers to postage costs that are in addition to those costs incurred for a regular General Election due to new requirements in Executive Order No. 177 and 179.
- **Ballot Drop Boxes and Installation** – The purchase and installation of Ballot Drop Boxes including the purchase and installation of security cameras.
- **Polling Place Set Up** – Health and safety signage, privacy booths for provisional ballot voters, additional ballot boxes, and transport boxes/bag for provisional ballots. Any additional requests must be submitted in writing and pre- approved.
- **Polling Place Cleaning** - Make polling places as sanitized as practical including the path of travel, entrances, exits, and voting areas of each polling facility. This includes both pre-election and post-election.
- **PPE Supplies** - Supplies to Assist in pol place sanitation and disinfection

# General Election 2020 Grant Programs



CENTER FOR  
TECH AND  
CIVIC LIFE

\*Center for Tech and Civic Life (“CTCL”), a nonprofit organization tax-exempt under Internal Revenue Code (“IRC”) section 501(c)(3),

\* Advance Grant – Due 10/9/2020 – Bergen Received \$2,675,983

**PURPOSE:** The grant funds must be used exclusively for the public purpose of planning and operationalizing safe and secure election administration

The grant project period of June 15, 2020 through December 31, 2020 represents the dates between which covered costs may be applied to the grant.

# General Election 2020 Grant Programs



CENTER FOR  
TECH AND  
CIVIC LIFE

- January 31, 2021 Expenditure report due to CTCL
- The Grant may not supplant previously appropriated funds or reduce the budget of County Clerk, County Board of Elections and Superintendent of Elections.
- USE of Funds
  - Absentee Ballot Assembly & Processing Equipment
  - Early Voting Sites and Ballot Drop-off Options
  - In-Person Voting Places on Election Days
  - Secure Droboxes
  - Additional mail-in ballot costs due to Governor Vote-by-Mail Directive

# How to Manage and Monitor it All?



# Questions

