

ISLAND COUNTY 2014 BUDGET

OCTOBER 7, 2013

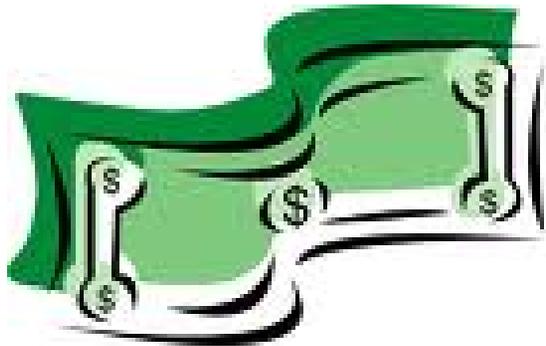
2014 BUDGET PROCESS



- MAY budget process begins
- JULY budget call for estimates
- AUGUST workshop budget to Commissioners
- AUGUST Commissioners hold workshops (3 public meetings)
 - ▣ Elected Officials & Department Heads
 - ▣ Goals for the upcoming budget
- SEPTEMBER Workshops (7 public meetings) for Board discussion
 - ▣ Priorities for funding & Fund Balance
- OCTOBER 7TH PUBLIC HEARING

2014 BUDGET \$71.1 MILLION

LOCAL ECONOMY IMPROVING



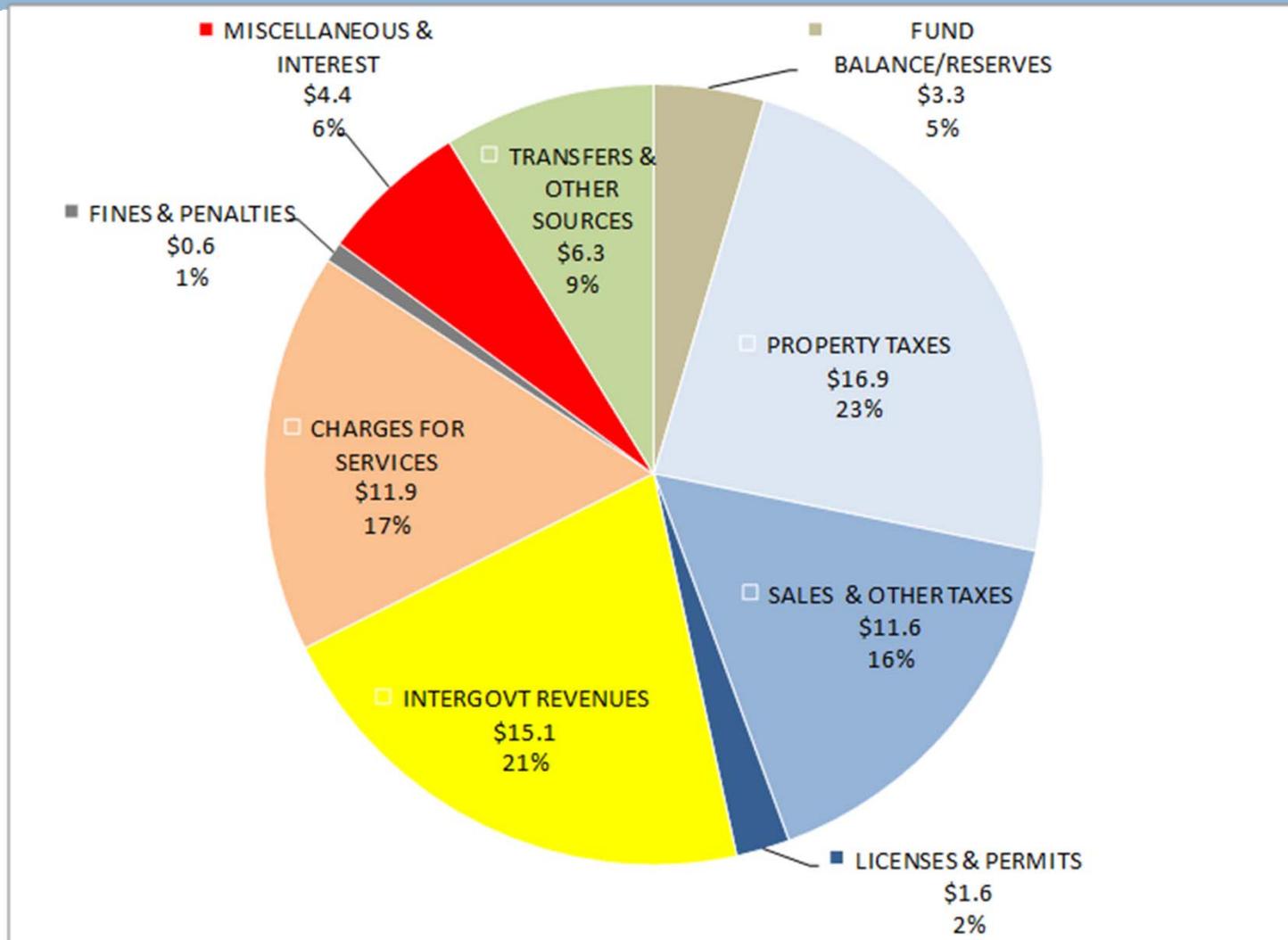
INCREASED REVENUES

- IMPROVED SERVICE LEVELS
- OFFSET COST INCREASES
- SALES TAXES

FUND BALANCES STABILIZED

- 2008-2011 BUDGET REDUCTIONS

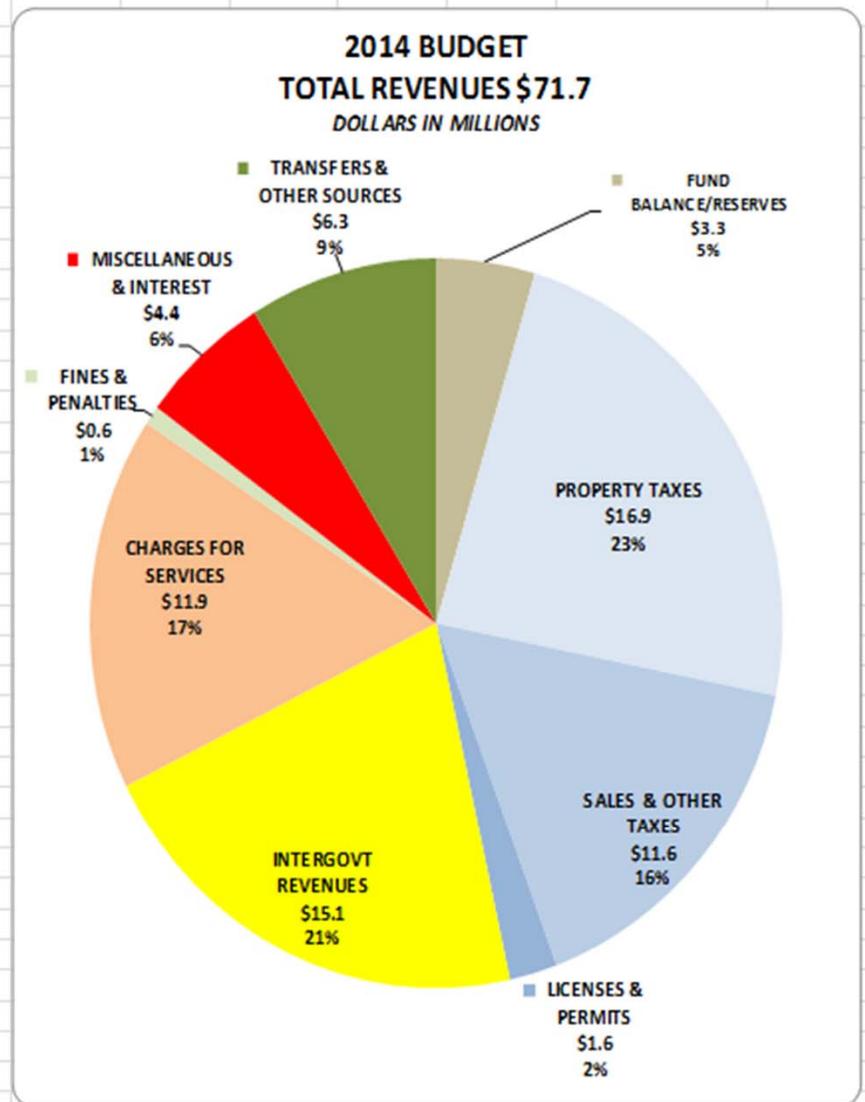
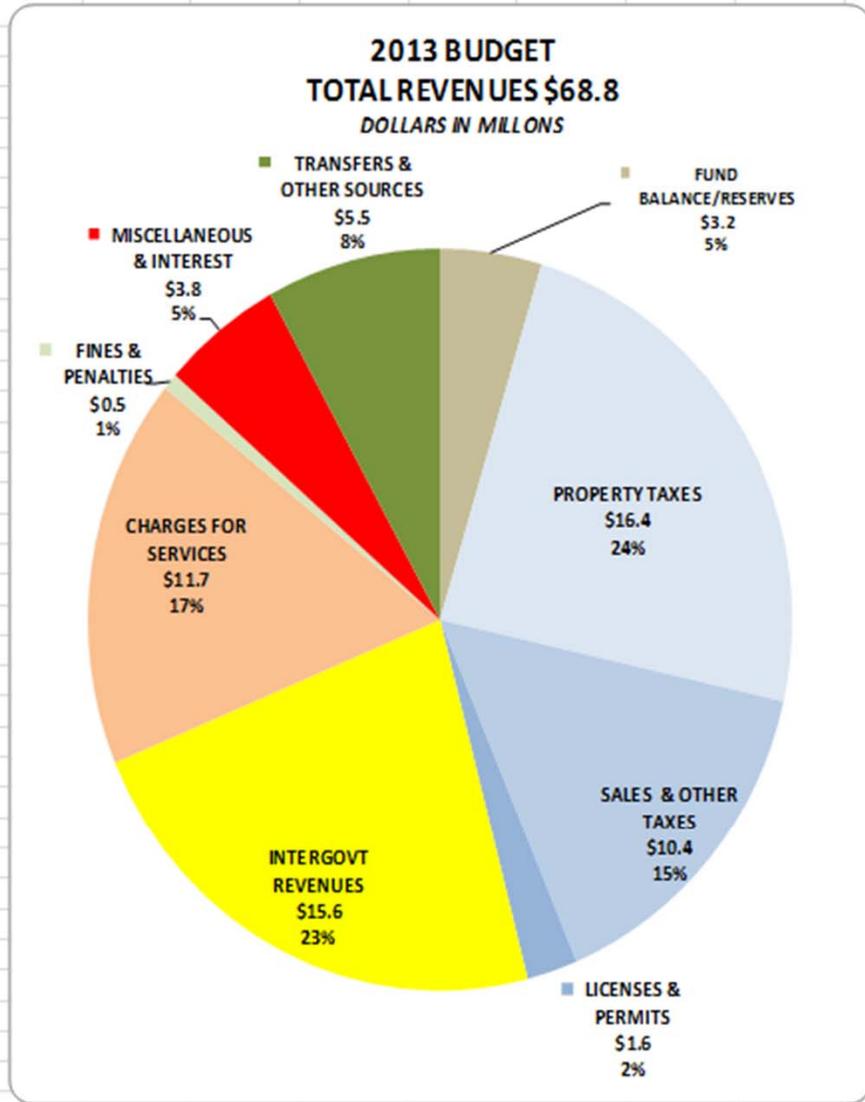
2014 BUDGET ALL FUNDS & DEPTS. REVENUES (\$\$ *ROUNDED IN MILLIONS*)



ISLAND COUNTY

2014 BUDGET

REVENUES - ALL FUNDS & DEPARTMENTS

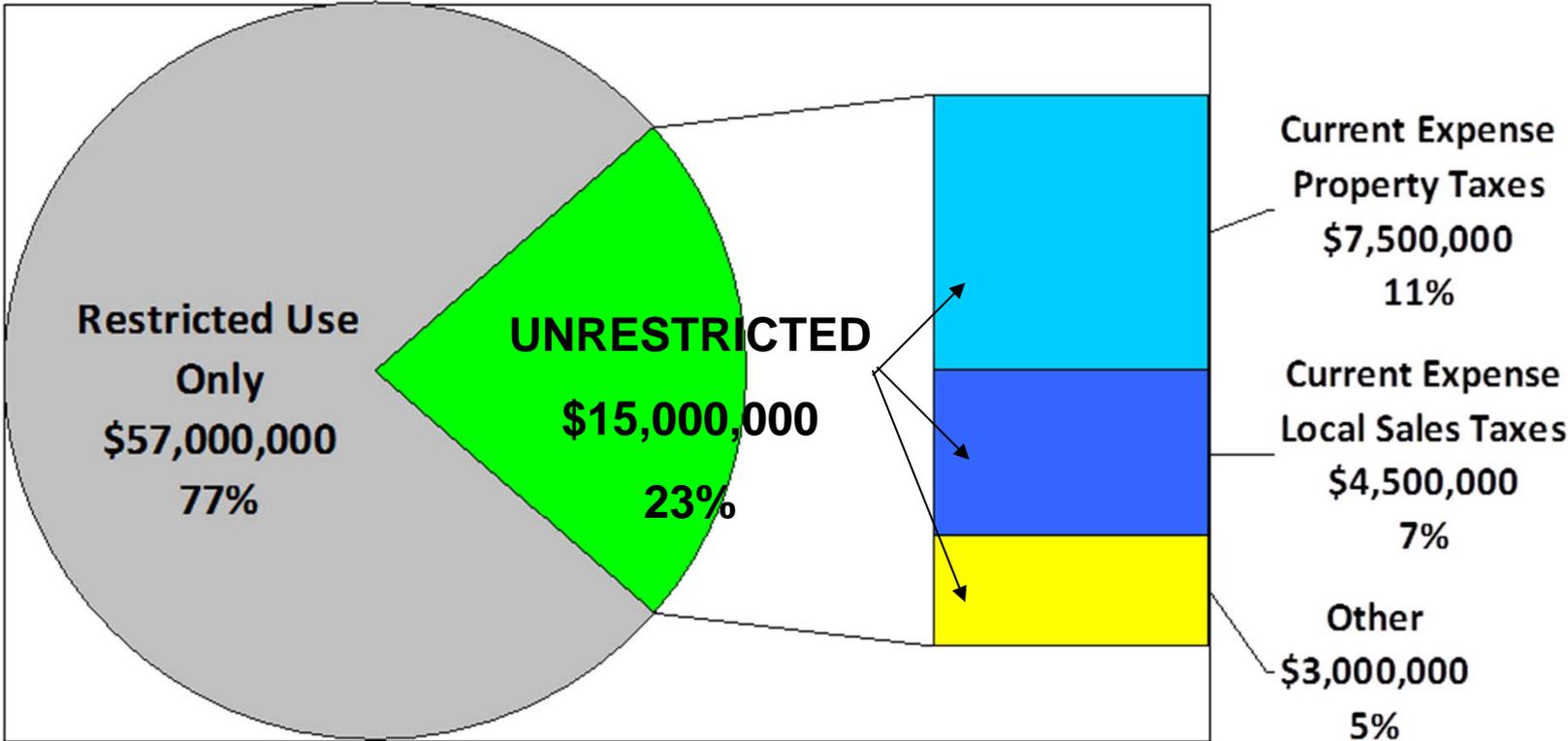


2014 BUDGET

ALL FUNDS

- CURRENT EXPENSE FUND supports most of the functions of local government
 - ▣ Chief Operating Fund
 - ▣ In practice accounts for unrestricted resources
- SPECIAL PURPOSE Revenues are accounted for separately (individual funds)
 - ▣ Specific revenue sources that are legally restricted for specific purposes
 - ▣ Examples: County Road, REETs (Real Estate Excise Taxes), Rural County Economic Devel. Sales Taxes

RESTRICTED vs. UNRESTRICTED



REVENUES



- PROPERTY TAXES
- SALES TAXES
- LICENSES & PERMITS
- INTERGOVERNMENT
- CHARGES FOR SERVICES
- FINES & PENALTIES
- INTEREST
- TRANSFERS

REVENUES - ALL FUNDS & DEPTS.

PROPERTY TAXES \$16.8 MIL

- County Current Expense \$7.8 mil
 - ▣ 1% + New Construction
 - ▣ Also by statute funds Mental Health, Developmental Disabilities & Veterans Assistance
- County Road \$8.3 mil
 - ▣ 1% + New Construction
- Conservation Futures levy only Debt Service
- Annual Implicit Price Deflator = 1.3%
- November Public Hearings on Ordinances for Property Tax Levies

REVENUES - ALL FUNDS & DEPTS.

SALES TAXES & OTHER TAXES \$11.6 MIL

- UNRESTRICTED REVENUE Local Sales & Use (1%) \$4.5 MIL
- RESTRICTED \$3.3 MIL
 - ▣ Criminal Justice (1/10th of 1%)
 - *Shared with Cities & Town by population and crime statistics*
 - ▣ Juvenile Detention (1/10th of 1%)
 - ▣ Mental Health & Therapeutic Courts (1/10th of 1%)
 - ▣ Rural County Economic Development (.09 funds)
 - *Rebate of state sales taxes*
 - ▣ Tourism (collected on lodging only)
- Other taxes \$3.8 MIL
 - ▣ Examples: Cable, E-911, Real Estate Excise Taxes

REVENUES – ALL FUNDS & DEPTS.

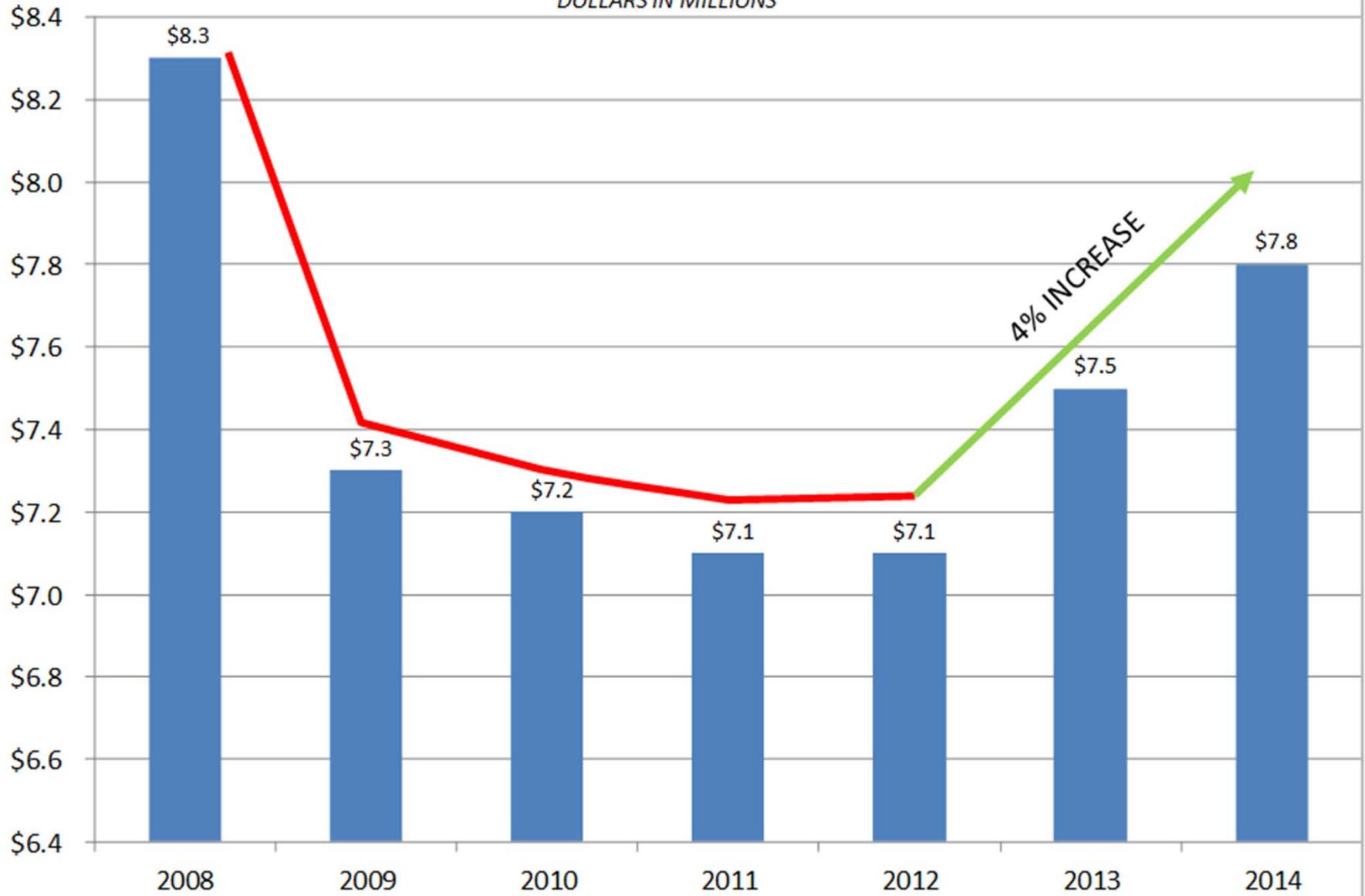
SALES TAXES PAST 4 YEARS

- Island County ranked bottom 10 of 39 counties
 - ▣ Sales tax per capita
 - ▣ Growth in sales taxes
 - ▣ Considered “distressed” county
 - Receives “distressed” county funds similar to sales tax equalization funding

- *2013 SALES TAX REVENUE 4-5% INCREASE*

ANNUAL SALES TAX REVENUE

DOLLARS IN MILLIONS



REVENUES - ALL FUNDS & DEPTS.



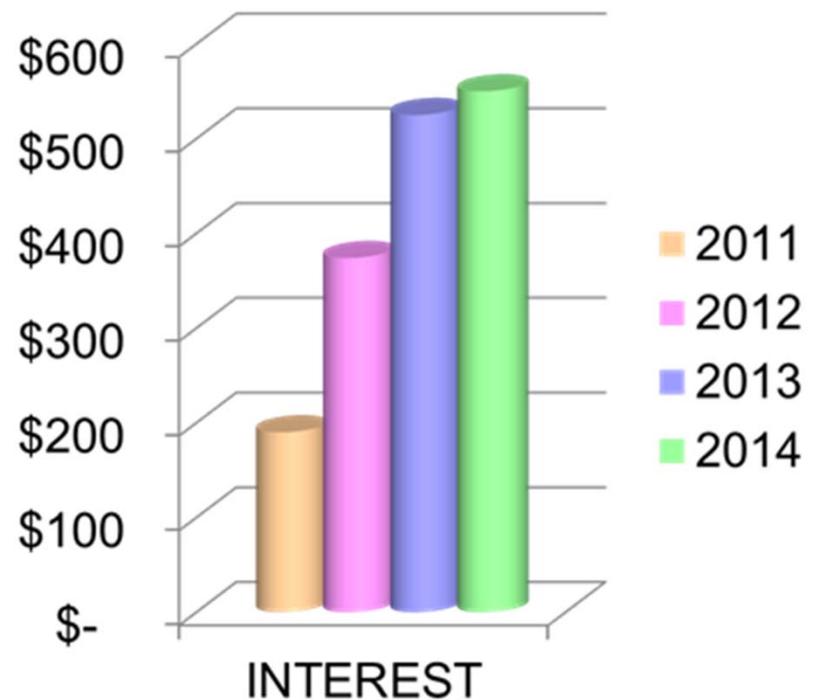
- LICENSES & PERMITS \$1.6 mil
 - Estimate increase \$77k (5% increase)
 - Planning
- CHARGES FOR SERVICES \$11.9 mil
 - Estimate increase \$224k (2% increase overall)
 - Decreases
 - Elections NO state reimbursement in even years
 - Increases
 - Solid Waste, Recording, Planning, Treasurer

REVENUES - ALL FUNDS & DEPTS.

- FINES & FORFEITS – amounts are established by state law
 - ▣ \$557k (10% increase)
- INTERGOVERNMENT \$15.1 mil
 - ▣ Overall Decrease \$518k (-3%)
 - Decreases Federal grants from Homeland Security & Transportation, State funds from DSHS, DOE, DOC & RCO
 - Increases Federal grants from EPA, State grants from County Road Administration, MVET, Distress County Assistance
- MISCELLANEOUS \$4.4 mil (16%)
 - ▣ Increases ER&R equipment rentals, investment interest

REVENUES – ALL FUNDS & DEPTS. INVESTMENT INTEREST (CURRENT EXPENSE)

- Interest rates remain at historic lows
 - ▣ Less than 1%
- Estimate revised upwards
 - ▣ 2012 Actual = \$374k
 - ▣ 2013 Budget = \$300k
 - ▣ 2013 YTD = \$336k
 - ▣ 2013 Revised = \$525k
 - ▣ 2014 Budget = \$550k



REVENUES - ALL FUNDS & DEPTS

TRANSFERS



- 3 categories of transfers
 - ▣ Current Expense Overhead Allocations
 - ▣ Support
 - ▣ Capital
- Current Expense Overhead Allocations
 - ▣ Reimburse CE fund for administrative and operating services provided to Departments funded by Restricted Revenues
 - ▣ Financial Management Policy adopted Federal Grant Indirect Rate 5.35%

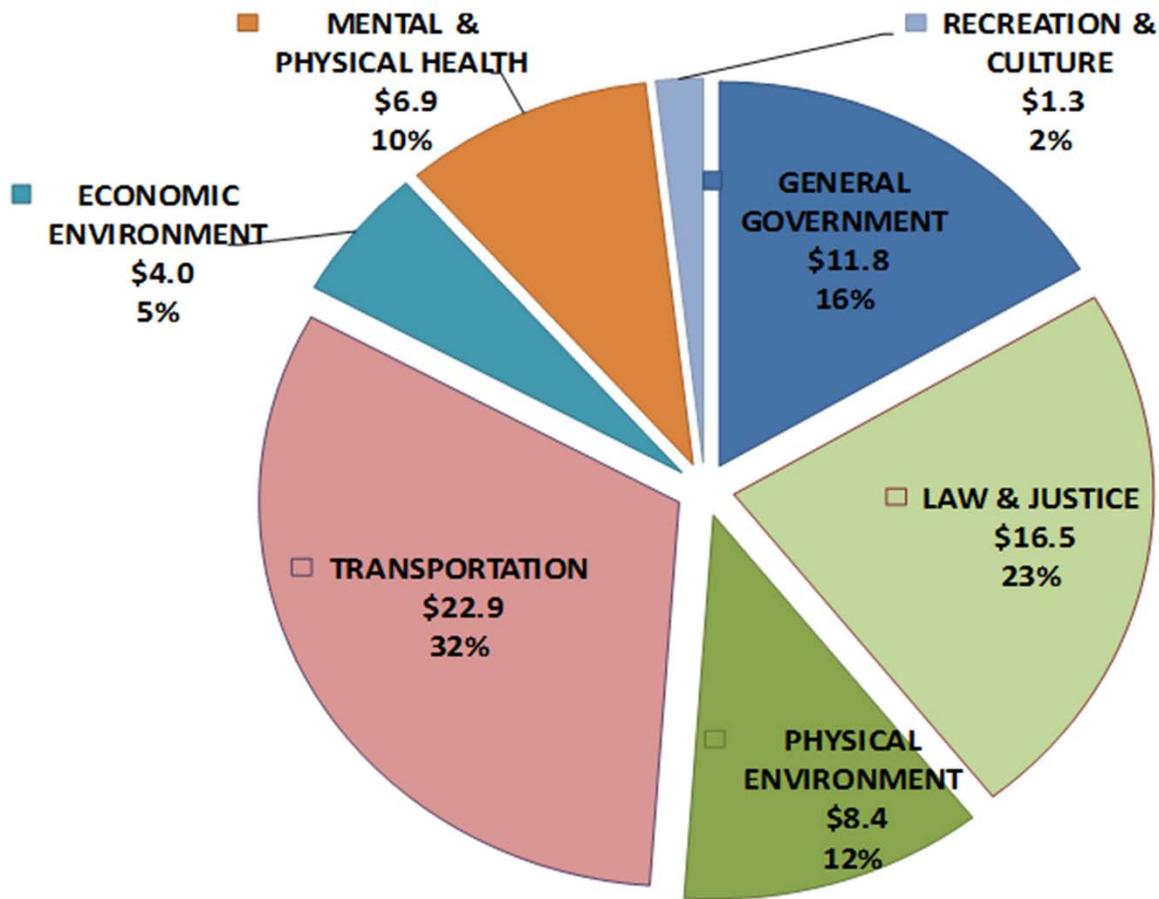
EXPENDITURES – ALL FUNDS & DEPTS.

- ❑ SALARIES & BENEFITS
- ❑ MAINTENANCE & OPERATIONS
- ❑ INTERGOVERNMENT
- ❑ CAPITAL
- ❑ TRANSFERS & INTERDEPT.
- ❑ DEBT SERVICE



EXPENDITURES - ALL FUNDS & DEPTS.

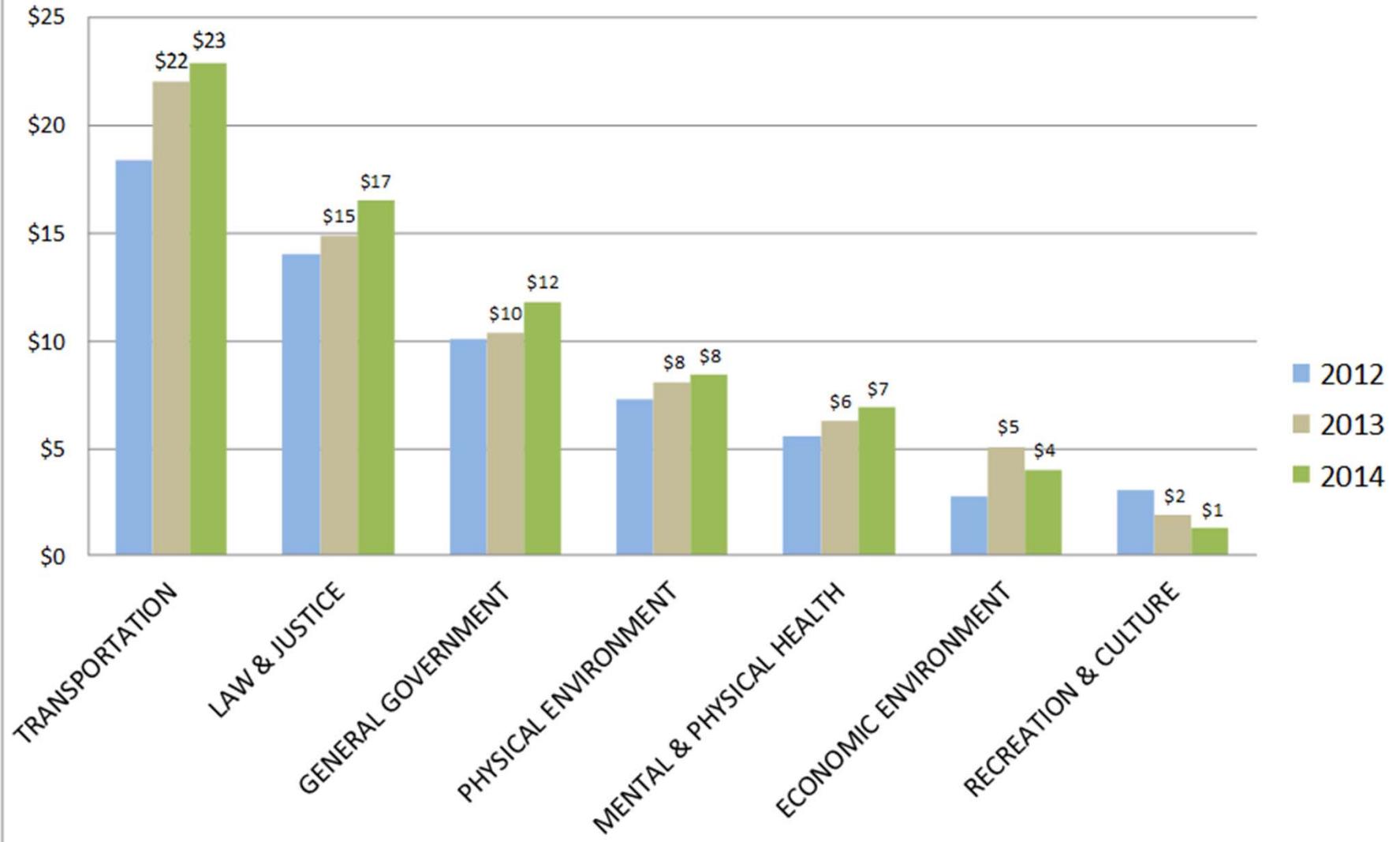
“HOW THE \$\$\$ ARE SPENT”



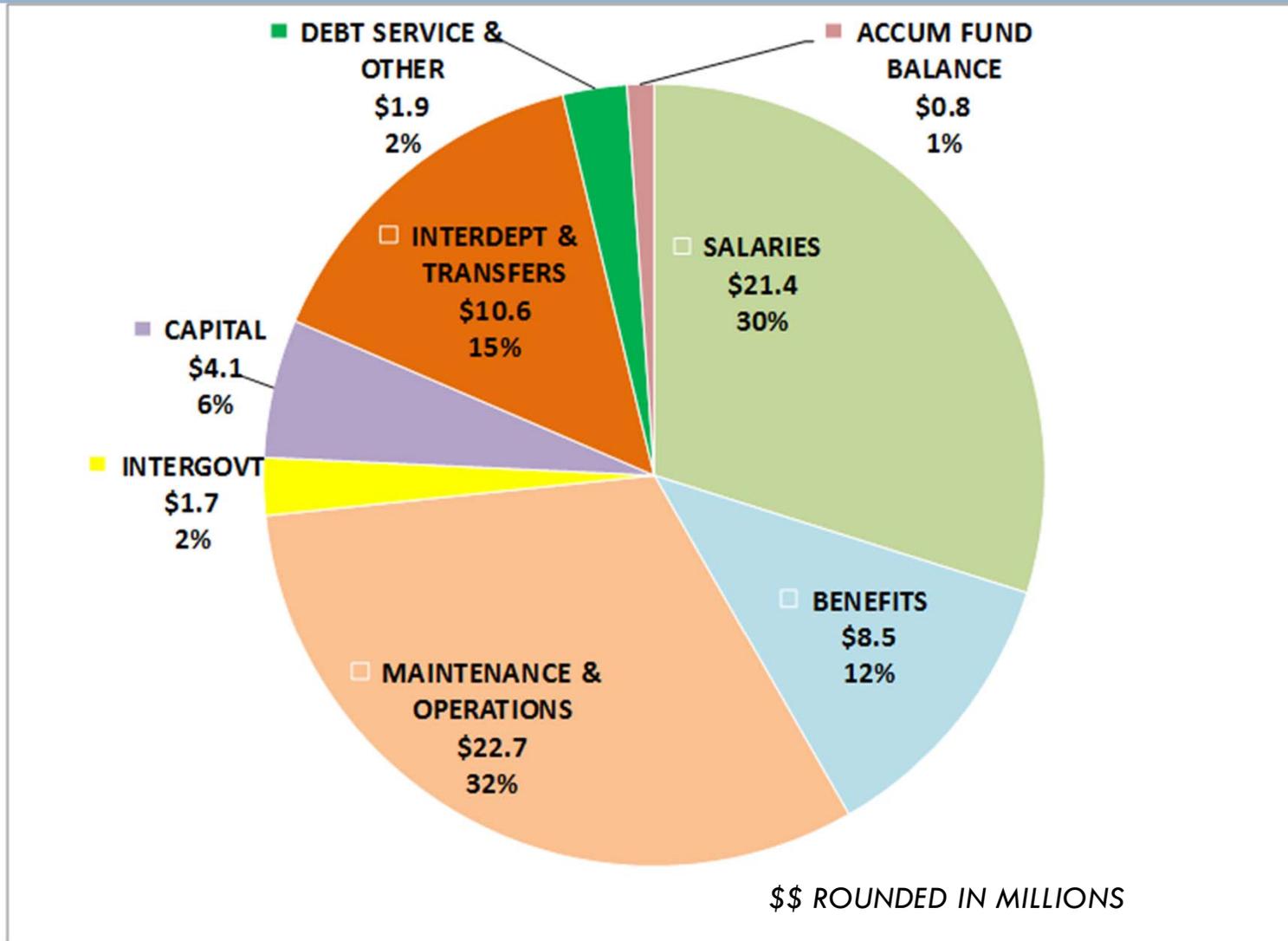
\$\$ ROUNDED IN MILLIONS

ANNUAL EXPENDITURES BY ACTIVITY

DOLLARS IN MILLIONS



EXPENDITURES – ALL FUNDS & DEPTS. BY CATEGORY



EXPENDITURES – ALL FUNDS & DEPTS.

SALARY & BENEFITS

- SALARIES (except Sheriff's Deputies)
 - ▣ Corrections officers 3% effective 01/01/2014
 - ▣ Include 2% wage adjustment effective 09/01/2013
- Other estimates included (\$500k)
 - ▣ Possible negotiated wage adjustments in 2014
 - ▣ Placeholder for potential arbitration award to Sheriff's Deputies
- All approved positions included
 - ▣ Normally 2-3 positions vacant
- Assumption that Island Recovery will be sold
 - ▣ SWB for Island Recovery are not included
 - ▣ Cost under Professional Services

EXPENDITURES – ALL FUNDS & DEPTS.

SALARY & BENEFITS

- MEDICAL 8% increase (estimate \$300k)
 - ▣ Actual increase may be reduced by participation in WCIF Wellness
- RETIREMENT rates (mandatory WA State Retirement System)
 - ▣ PERS 9.21% (average rate in 2013 8%) (est. \$200k)
 - ▣ LEOFF 5.23%
 - ▣ PSERS 10.54%



MAINTENANCE & OPERATIONS (M&O)



- OVERALL
 - ▣ 2013 \$22.7 mil
 - ▣ 2014 \$22.7 mil
- Current Expense Contingency on Operations
 - ▣ 2013 = \$400,000
 - ▣ 2014 = \$270,000

INTERGOVERNMENT

- INTERGOVERNMENT OVERALL
 - ▣ 2013 \$2.9 mil
 - ▣ 2014 \$1.7 mil
- Rural County Economic Sales Tax funds NO projects budgeted
 - ▣ In 2013 Port of SW Langley Harbor Expansion Award \$1.2 mil
- Sheriff's Budget ICOM estimate \$585-\$600k
- Pass thru E911 taxes to ICOM \$761k

CAPITAL EXPENDITURES



- Overall \$4.1 mil
- Machinery & equipment \$1.8 mil
 - ▣ Sheriff Vehicles \$405k (9 @ \$45k each)
 - ▣ Public works \$1 mil
 - ▣ It infrastructure \$350k
- Land, Rights-of-Way & Easements \$492K
- Building improvements \$570k
- Drainage & other infrastructure \$1.2 mil

EXPENDITURES – ALL FUNDS & DEPTS.

DEBT SERVICE



- DEBT SERVICE \$1.9 MIL
- BONDS
 - ▣ 2005 REFUNDING 1997 BONDS + JUVENILE DET CTR
 - ▣ 2010 REFUNDING 2001 BONDS
 - ▣ REAL ESTATE EXCISE TAXES & CONSERVATION FUTURES
- LOANS
 - ▣ WQAL SEPTIC
 - ▣ DOE IVERSON (CAMANO) (CONSERVATION FUTURES)

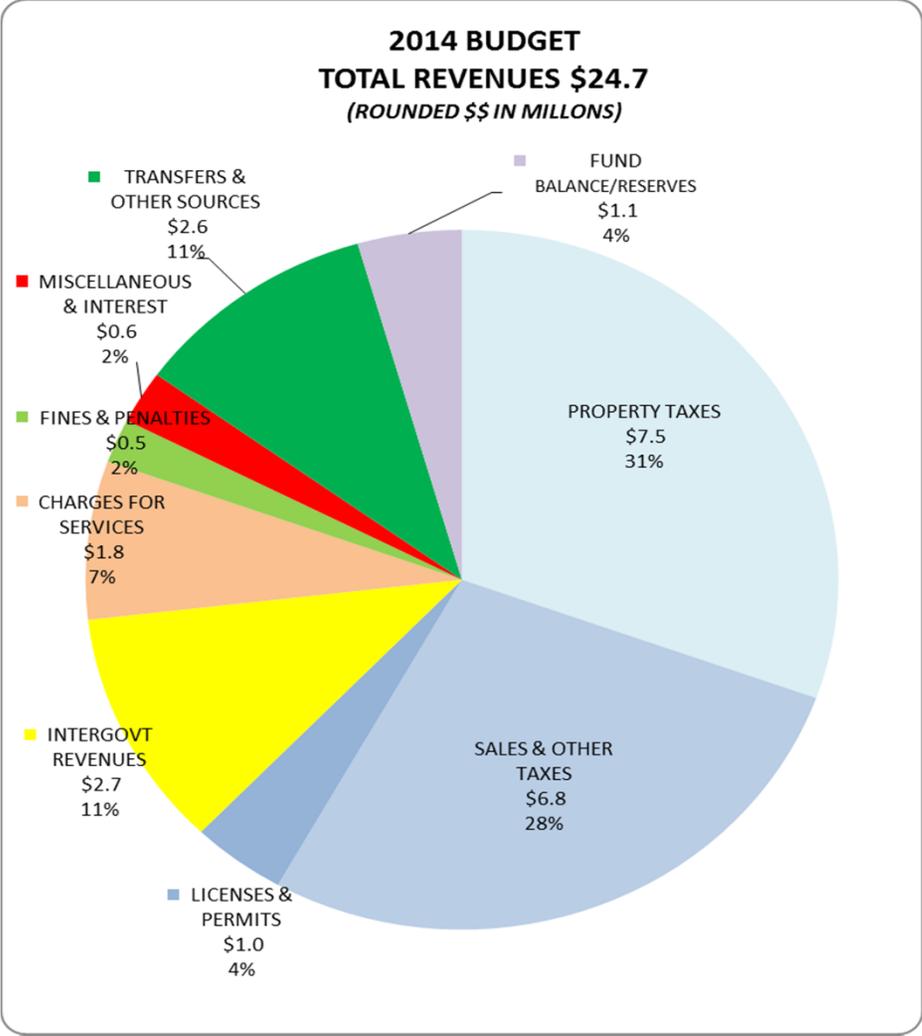
EXPENDITURES – ALL FUNDS & DEPTS.

DEBT SERVICE



- NEW -- STATE TREASURER LOCAL PROGRAM
 - Loan for Jail HVAC & Energy Upgrades
 - Paid from Current Expense \$59k
 - Final payment 2024
 - Offset by energy cost savings

CURRENT EXPENSE FUND REVENUES \$24.7 MIL

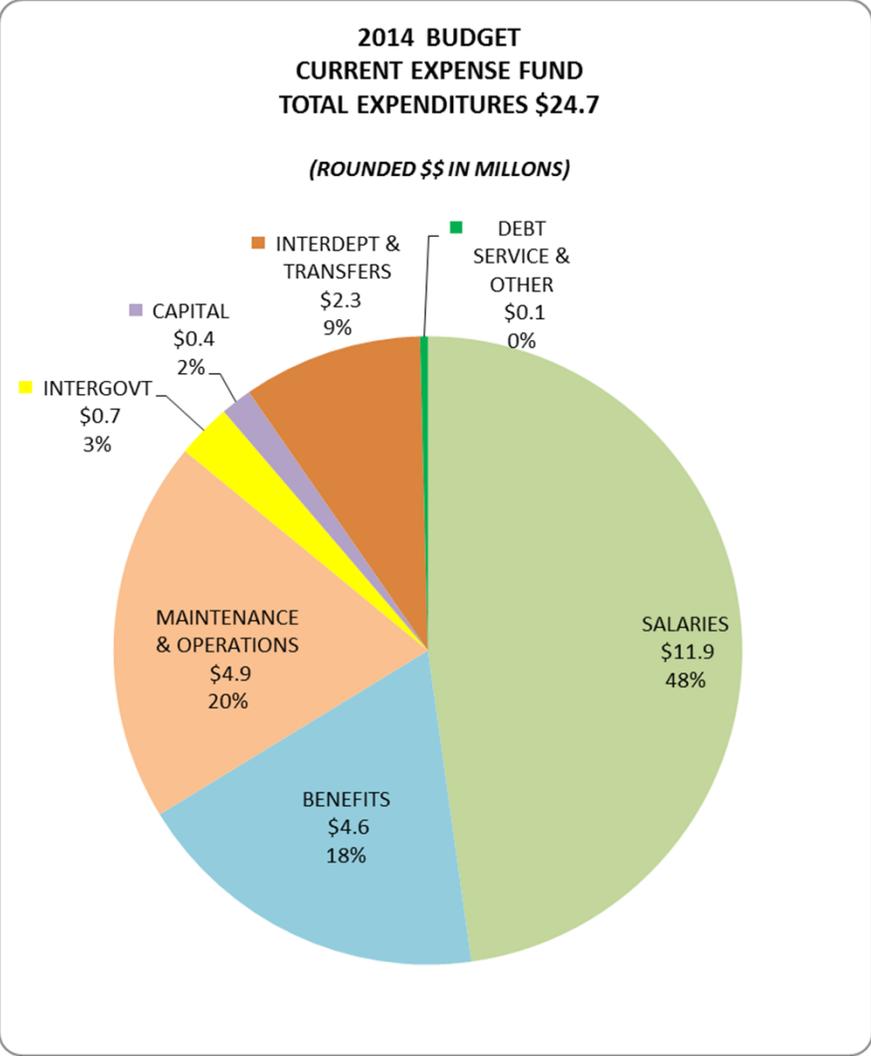


CURRENT EXPENSE FUND

REVENUES

- PROPERTY TAX includes 1% & New Construction
- SALES TAXES
 - Annual increase 4% = historical average
 - 2012 Actual \$4.6 mil 0% annual increase
 - 2013 Projected \$4.7 mil (4%)
 - 2014 Budget \$5.1 mil (4%)
- DISTRESSED COUNTY \$375k
 - State revised estimates for 2013 & 2014
 - Increase \$176,000
 - As sales tax revenue increases, distressed county will decrease

CURRENT EXPENSE FUND EXPENDITURES

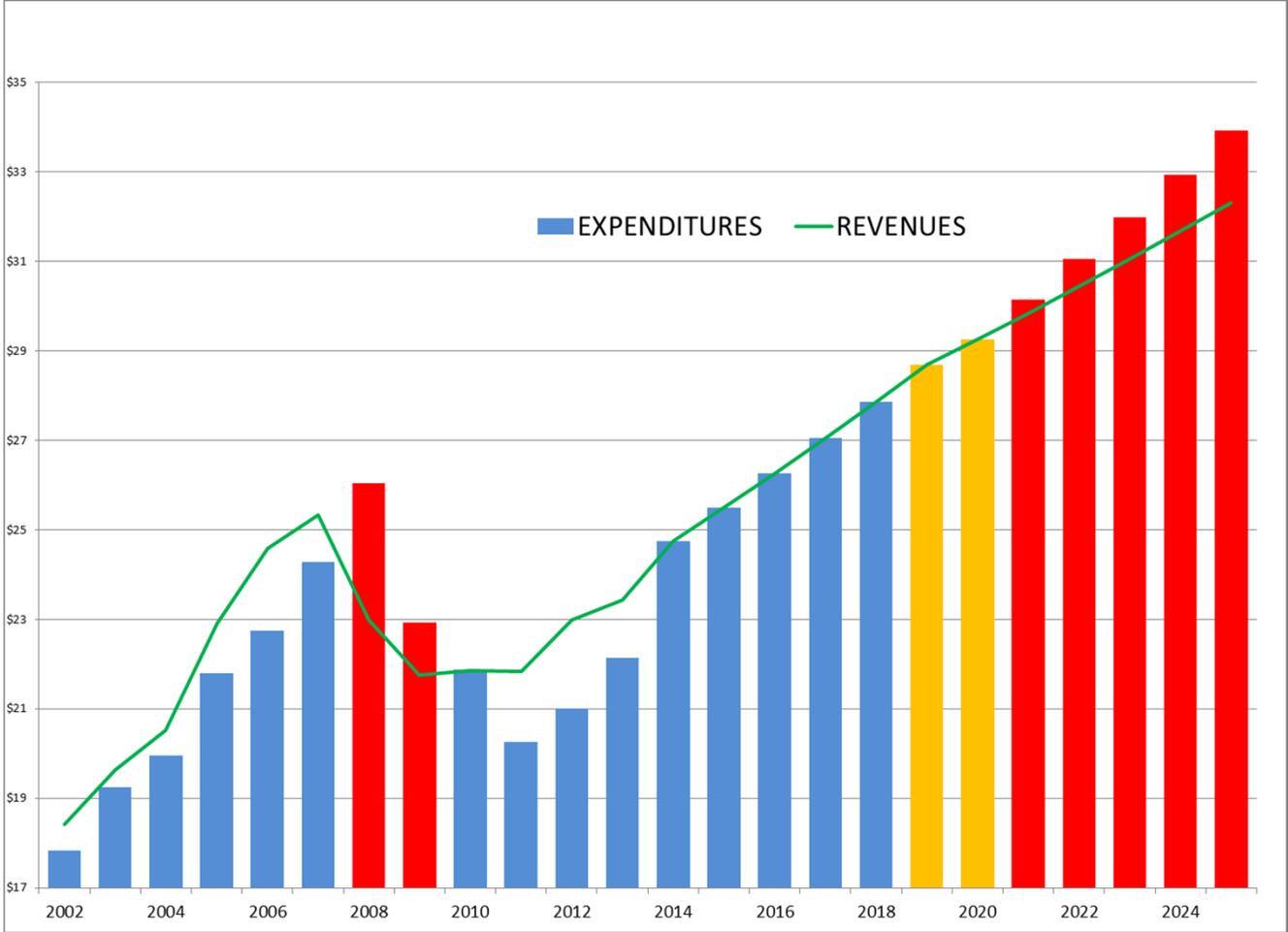


CURRENT EXPENSE FUND

EXPENDITURES BY ACTIVITY

| | 2012 | 2013 | 2014 | |
|--------------------------|----------------|----------------|----------------|---------------|
| | Actual | Final | Adopted | \$ |
| Description | Actual | Budget | Budget | Change |
| LAW & JUSTICE | \$ 11.7 | \$ 12.6 | \$ 13.7 | \$ 1.1 |
| GENERAL GOVERNMENT | \$ 6.6 | \$ 6.7 | \$ 8.0 | \$ 1.2 |
| PHYSICAL ENVIRONMENT | \$ 0.2 | \$ 0.2 | \$ 0.2 | \$ 0.0 |
| TRANSPORTATION | \$ - | \$ - | \$ - | \$ - |
| ECONOMIC ENVIRONMENT | \$ 1.7 | \$ 1.8 | \$ 1.9 | \$ 0.2 |
| MENTAL & PHYSICAL HEALTH | \$ 0.5 | \$ 0.5 | \$ 0.7 | \$ 0.2 |
| RECREATION & CULTURE | \$ 0.2 | \$ 0.2 | \$ 0.2 | \$ 0.0 |
| <u>TOTAL</u> | <u>\$ 20.9</u> | <u>\$ 22.0</u> | <u>\$ 24.7</u> | <u>\$ 2.7</u> |

BEYOND 2020 CURRENT EXPENSE FUND EXPENDITURE INCREASES OUTPACE GROWTH IN REVENUE



FUND BALANCE

- SIMILAR TO SAVINGS ACCOUNT
 - ▣ INCLUDES BOTH CASH & NON-CASH ITEMS
- DISASTERS, CAPITAL EQUIPMENT NEEDS, STATE/FEDERAL BUDGET REDUCTIONS
- LIABILITIES
- “LIQUIDITY” DISPARITY BETWEEN WHEN ACTUALLY BECOME AVAILABLE TO MAKE PAYMENTS
- \$\$ RESTRICTED BY LAW
- NORMALLY USED TO FUND COSTS “WITH LIMITED DURATION”

CURRENT EXPENSE FUND CHANGES IN FUND BALANCE



FUND BALANCE

CURRENT EXPENSE FUND

| | | 2013 | 2014 | \$ Chg. |
|------------|----------------------------------|--------------|--------------|--------------|
| RESTRICTED | | | | |
| | BOATING SAFETY FEES | \$66,447 | \$66,447 | \$0 |
| | COURT FACILITATOR FEES | 34,995 | 34,995 | 0 |
| | OTHER FEES | 1,500 | 1,500 | 0 |
| ASSIGNED | | | | 0 |
| | DRUG COURT | 5,009 | 5,009 | 0 |
| COMMITTED | | | | |
| | DISASTER CONTINGENCY | 2,200,000 | 2,200,000 | 0 |
| | 3 MONTHS OPERATING | 6,000,000 | 6,000,000 | 0 |
| | LEAVE LIABILITY & OTHER ACCRUALS | 1,600,000 | 1,600,000 | 0 |
| | EQUIPMENT | 750,000 | 299,000 | -451,000 |
| | TECHNOLOGY FEES | 96,175 | 96,175 | 0 |
| | PARKS/BOAT LAUNCH FEES | 24,149 | 24,149 | 0 |
| UNASSIGNED | | 796,380 | 100,000 | -696,380 |
| | TOTAL FUND BALANCE | \$11,574,655 | \$10,427,275 | -\$1,147,380 |

SUPPLEMENTAL FUNDING \$1.8 MIL

FUNDED BY USE OF FUND BALANCE

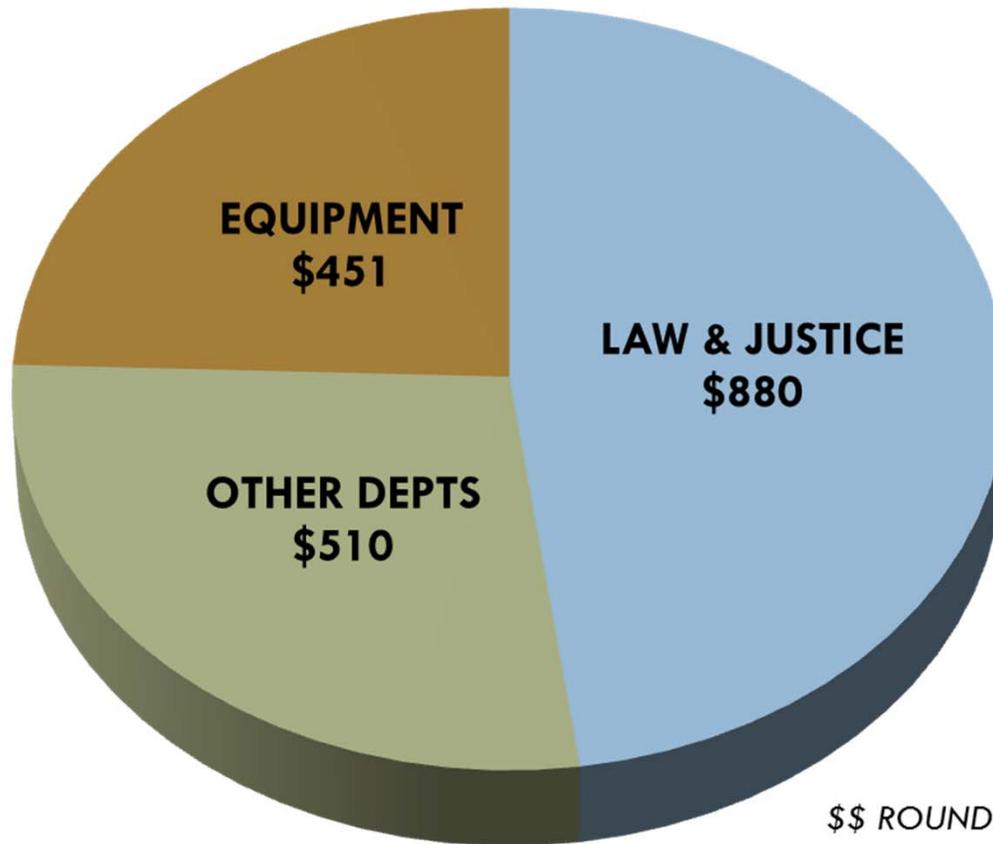
| | |
|--------------------|---------------|
| □ LAW & JUSTICE | \$206k |
| □ OTHER DEPTS. | \$440k |
| □ <u>EQUIPMENT</u> | <u>\$451k</u> |
| ▣ TOTAL | \$1,097k |

FUNDED BY ONGOING REVENUES

| | |
|--------------------|---------------|
| □ LAW & JUSTICE | \$674k |
| □ OTHER DEPTS. | \$ 69k |
| □ <u>EQUIPMENT</u> | <u>\$ -0-</u> |
| ▣ TOTAL | \$743k |

SUPPLEMENTAL FUNDING \$1.8 MIL

2014 BUDGET



\$\$ *ROUNDED IN THOUSANDS*

NEW FOR 2014

| | | |
|--------------------------|---|---------|
| LAW & JUSTICE | | |
| | | |
| | CLERK | |
| | Deputy Clerk 1.0 FTE | 44,000 |
| | | |
| | CORONER | |
| | | |
| | DISTRICT COURT | |
| | Lead Deputy Clerk | 4,000 |
| | | |
| | PROSECUTING ATTORNEY | |
| | Chief Criminal DPA | 120,000 |
| | | |
| | SHERIFF/JAIL | 671,560 |
| | Criminal Division | |
| | 4 patrol deputies (includes WSCJTCA) | |
| | 2 Additional vehicles for new deputies | |
| | Corrections Division | |
| | 1 correction officers | |
| | Adjust paygrade for Jail Administrator | |
| | Replace finger print scanner and AFIS | |
| | Administration | |
| | Full time Administrative accounting/grants/budget | |
| | | |
| | SUPERIOR COURT | |
| | Court Commissioner | 40,000 |
| | | |
| | <i>SUBTOTAL LAW & JUSTICE</i> | 879,560 |

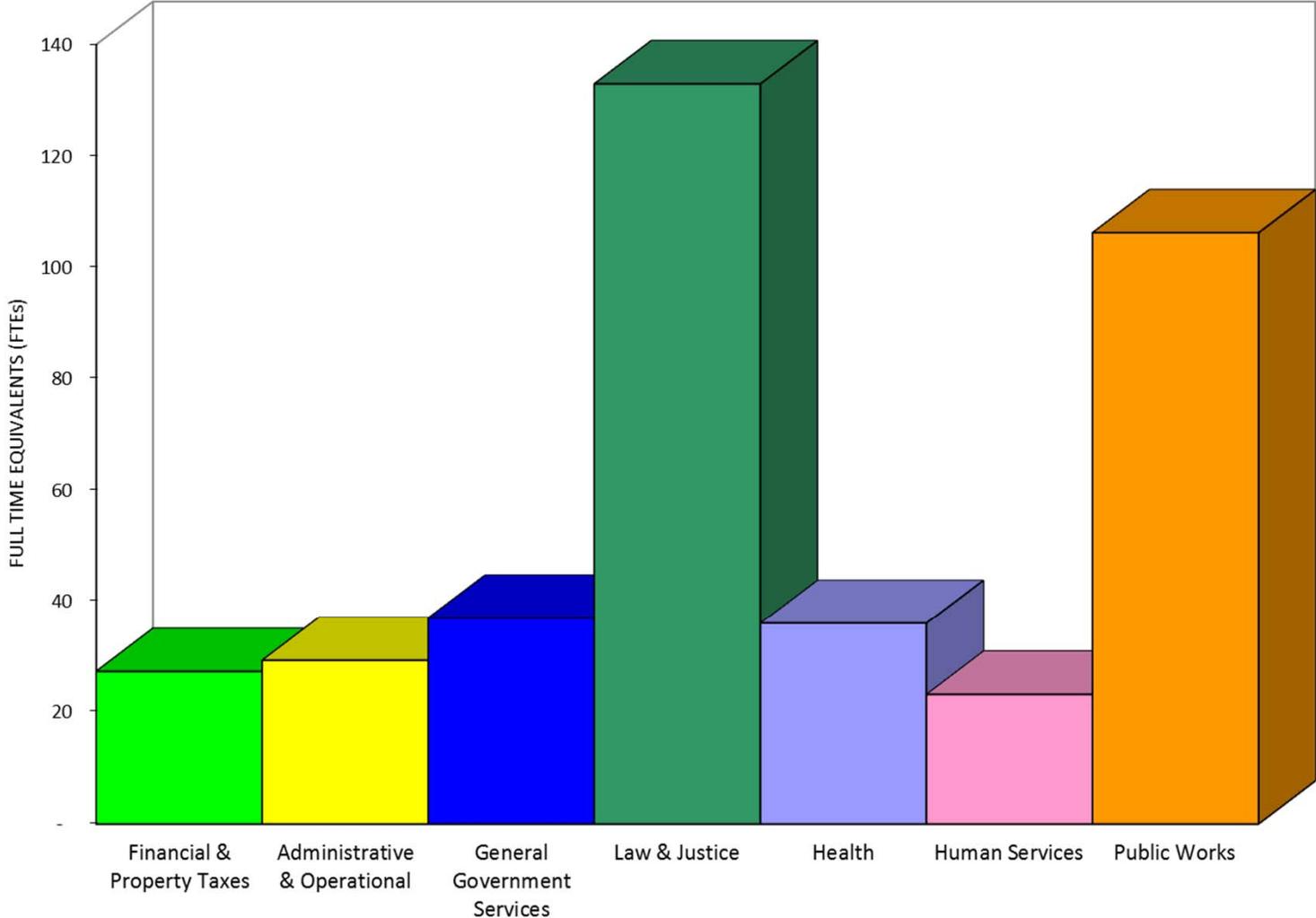
NEW FOR 2014

| | |
|--|---------|
| ASSESSOR | |
| Appraiser Trainee 1.0 FTE | 49,000 |
| AUDITOR | 76,000 |
| Accountant 1.0 FTE | |
| Indexing/Licensing Clerk .5 FTE | |
| CENTRAL SERVICES | 405,000 |
| Website upgrade | |
| Telephone Switch Replacement | |
| XP Upgrade | |
| EMERGENCY MANAGEMENT | |
| Contingency on M&O | 15,000 |
| FACILITIES | |
| Custodian .5 FTE | 18,000 |
| GSA - DOG CONTROL | 13,400 |
| Animal Shelters | |
| Animal Control | |
| HUMAN RESOURCES | 45,000 |
| Compensation study | |
| Online training modules for countywide use | |

NEW FOR 2014

| | | |
|--|--|-----------|
| | HUMAN SERVICES | |
| | Contingency for addl. 1-time funds Senior Services | 25,000 |
| | | |
| | PARKS | 20,000 |
| | | |
| | PLANNING | |
| | GMA Process contingency | 75,000 |
| | | |
| | PUBLIC HEALTH | |
| | Additional amount needed to fund deficit | 151,120 |
| | | |
| | WSU EXTENSION SERVICES | |
| | Funding for 4-H program | 10,000 |
| | Shore Stewards program | 8,500 |
| | | |
| | <i>SUBTOTAL</i> | 911,020 |
| | | |
| | TOTAL CURRENT EXPENSE FUND | 1,790,580 |
| | | |
| | COUNTY ROAD FUND | |
| | 4 additional summer temporary workers | 50,000 |
| | | |

STAFFING FOR 2014



COUNTY'S BUDGET OVERALL



- GROWTH IN REVENUES FUNDS ONGOING EXPENDITURE INCREASES
- USE OF FUND BALANCE
 - ▣ REPLACE OBSOLETE EQUIPEMENT & “1-TIME” COSTS
 - ▣ REVISIT IN 2015 BUDGET ANY POSITIONS FUNDED BY “USE OF FUND BALANCE”
- FUND BALANCE RESTORED 2007 LEVELS
- FUTURE DEPENDS ON REVENUE GROWTH

2014 BUDGET



- FUTURE WILL DEPEND ON GROWTH IN REVENUES
- QUESTIONS ??