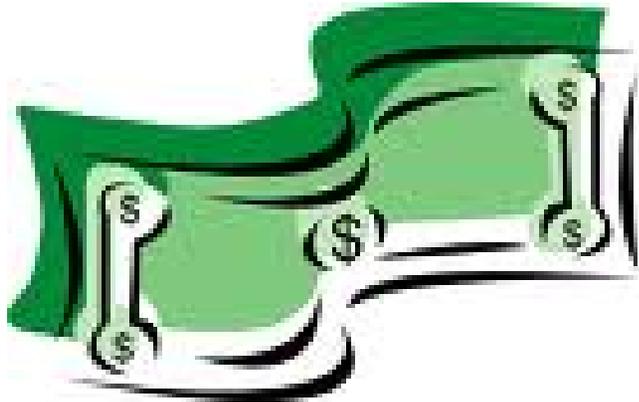


ISLAND COUNTY 2015 ANNUAL BUDGET

ADOPTED OCTOBER 20, 2014

2015 BUDGET

LOCAL ECONOMY STABILIZING



INCREASED REVENUES

- IMPROVED SERVICE LEVELS
- PARTIALLY OFFSET COST INCREASES

CURRENT EXPENSE & OTHER FUNDS



- Current Expense Fund supports most of the functions of local government
 - ▣ Chief Operating Fund
 - ▣ In practice accounts for unrestricted resources

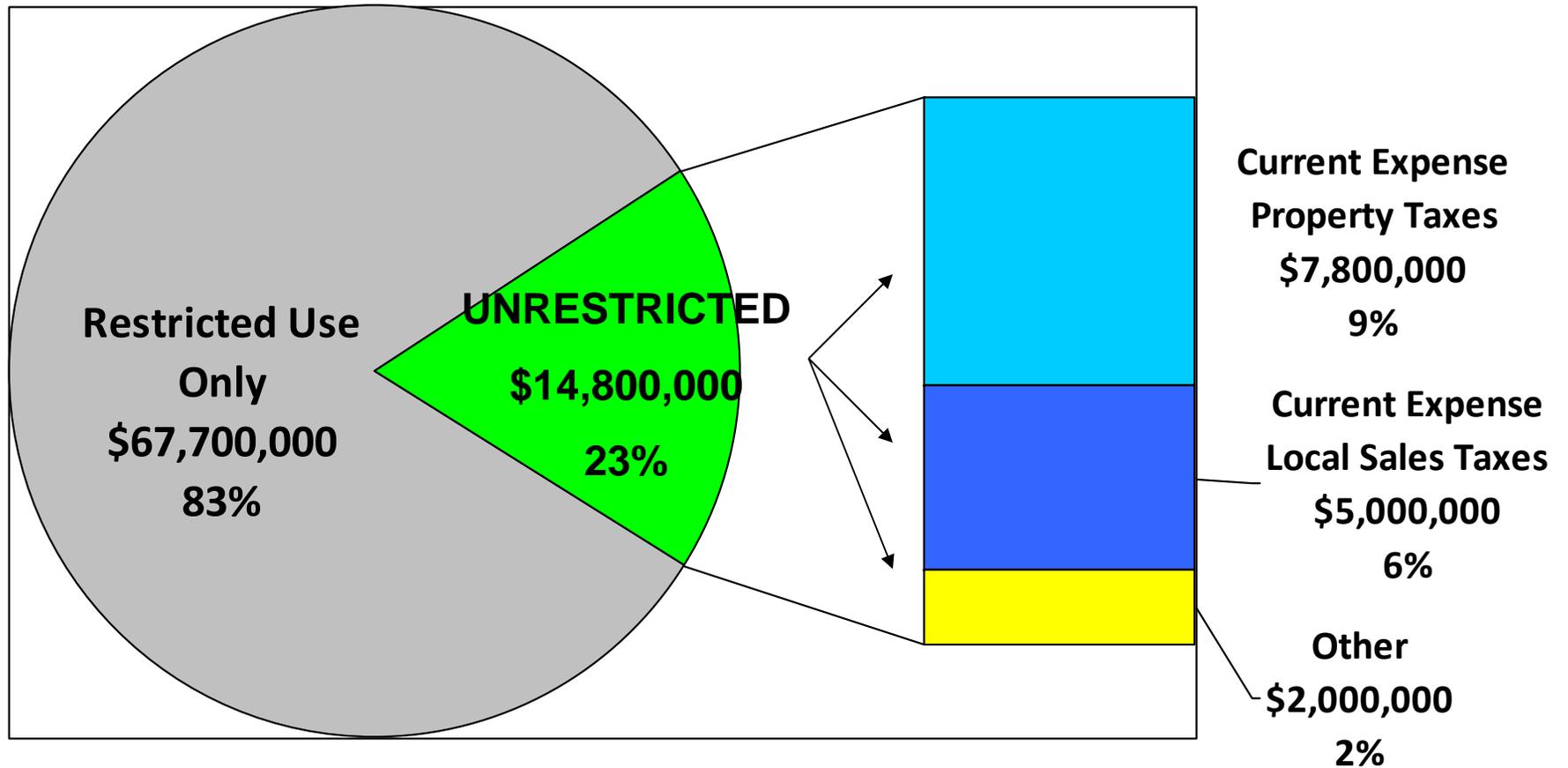
- Special Purpose Revenues are accounted for separately
 - ▣ Specific revenue sources that are legally restricted for specific purposes
 - ▣ Examples: County Road, REETs (Real Estate Excise Taxes), Rural County Economic Devel. Sales Taxes

Special Purpose Revenues

“RESTRICTED”

- Other Funds come from various sources and must be spent for a specific purpose based upon WA State Law
 - Examples
 - County Roads
 - Homeless Housing
 - Mental Health Sales Tax
 - Juvenile Detention
- Penalty if used for other purpose
 - Example: Loss of State Grants

RESTRICTED vs. UNRESTRICTED



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 resources actually become available to make payments
- \$\$ Restricted by law
- Normally used to fund costs “with limited duration”

2015 BUDGET

ALL DEPARTMENTS & FUNDS

ROUNDED \$\$ IN MILLIONS

	2012 ACTUAL	2013 ACTUAL	2014 BUDGET	2015 BUDGET
REVENUES				
PROPERTY TAXES	\$16.3	\$16.8	\$16.9	\$17.2
SALES TAXES	\$7.1	\$7.7	\$7.7	\$8.8
OTHER TAXES	\$4.0	\$4.6	\$3.9	\$4.4
LICENSES & PERMITS	\$1.5	\$1.6	\$1.7	\$1.9
INTERGOVT	\$15.3	\$15.6	\$15.5	\$16.3
CHGS FOR SERVICES	\$12.1	\$13.0	\$11.9	\$13.2
FINES & PENALTIES	\$0.6	\$0.5	\$0.5	\$0.6
MISC & INTEREST	\$4.3	\$3.0	\$4.4	\$5.0
TRANSFERS & OTHER	\$5.4	\$5.2	\$6.4	\$6.6
TOTAL REVENUES	\$66.5	\$68.0	\$69.0	\$74.1
EXPENDITURES				
SALARIES & BENEFITS	\$26.6	\$28.1	\$30.4	\$32.7
MAINT & OPERATIONS	\$20.6	\$21.3	\$22.7	\$23.9
INTERGOVT PYMTS	\$1.8	\$3.4	\$2.0	\$1.8
CAPITAL	\$2.4	\$0.8	\$4.2	\$4.2
INTERDEPT	\$8.5	\$9.3	\$10.7	\$11.7
DEBT	\$1.3	\$1.3	\$1.9	\$1.3
OTHER			\$0.0	\$0.0
TOTAL EXPENDITURES	\$61.2	\$64.2	\$71.9	\$75.6
SURPLUS/DEFICIT	\$5.3	\$3.8	-\$3.0	-\$1.5

2014 & 2015 DEFICITS RESOLVED BY USE OF FUND BALANCE

REVENUES

PROPERTY TAX LEVY ESTIMATES

- 3 County Property Tax Levies
 - County Current Expense
 - County Road
 - Conservation Futures
- County Current Expense & County Road
 - 1% + new construction
- Conservation Futures TBD
- Public Hearings on Property Tax levies held in late November

REVENUES

SALES TAXES

- Local Sales & Use (1%)
 - ▣ No restrictions on use

RESTRICTED Revenue

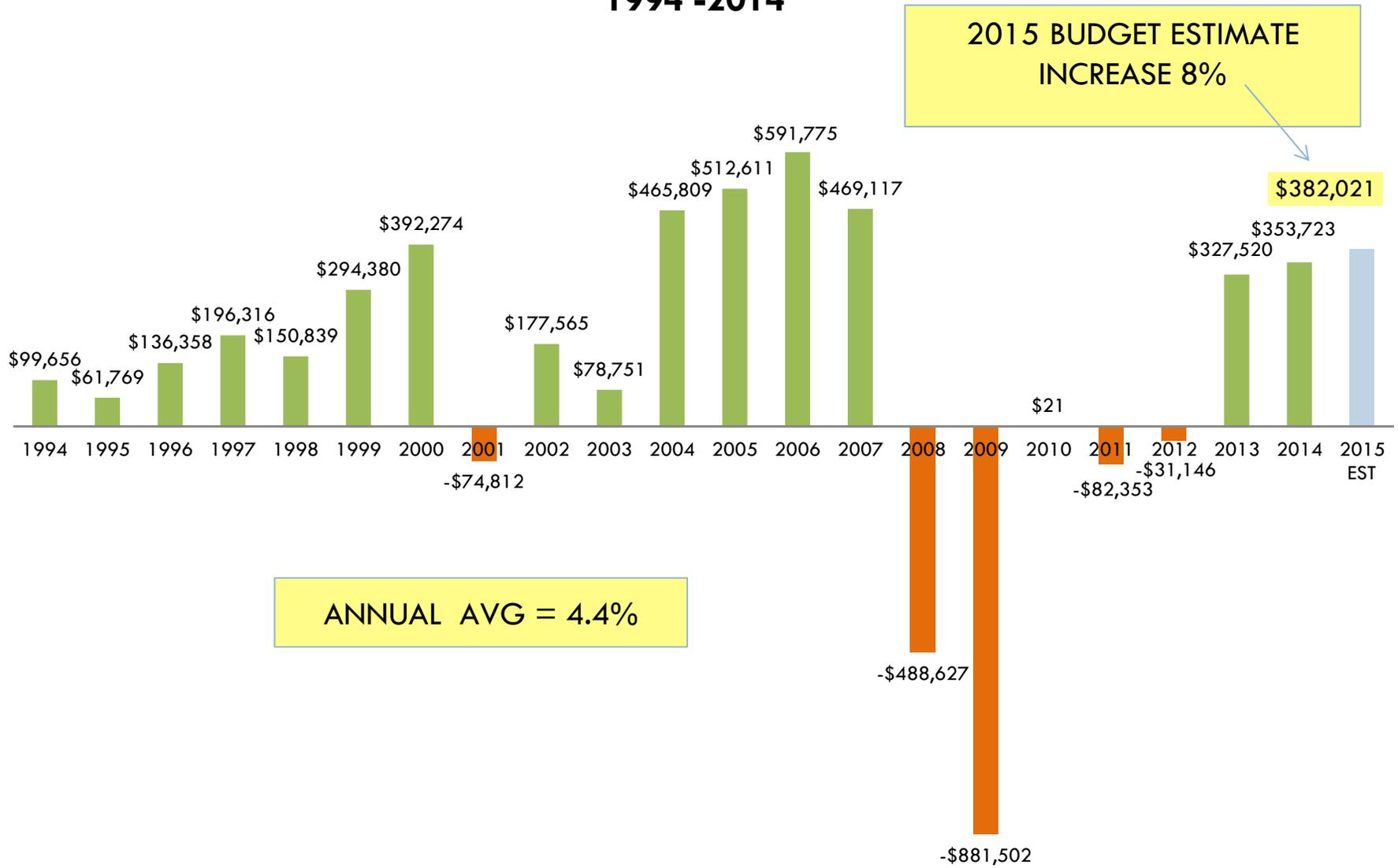
- Criminal Justice (1/10th of 1%)
 - ▣ *Shared with Cities & Town based on population and crime statistics*
- Juvenile Detention (1/10th of 1%)
- Mental Health & Therapeutic Courts (1/10th of 1%)
- Rural County Economic Development (.09 funds)
 - ▣ *Rebate of state sales taxes*
- Tourism (collected on lodging only)

REVENUES

SALES TAX COLLECTIONS

- Above average annual increase for 2013 & 2014
 - 2014 actual ahead of budget
- **2015 SALES TAX REVENUE 8% INCREASE**
- But sales taxes per capita still lag behind other counties
 - Receive “distressed” county funds similar to sales tax equalization funding

ANNUAL INCREASE BASIC OPTION LOCAL SALES TAX DISTRIBUTIONS 1994 -2014



SOURCE: WA STATE DEPT OF REVENUE

REVENUES

OTHER TAXES



- Overall increase 11%
 - 2014 Budget \$3.9 mil
 - 2015 Budget \$4.4 mil
- Increased real estate sales are fueling growth in sales taxes and real estate excise taxes

REVENUES

PERMITS & LICENSES

- OVERALL increase
 - 2014 Budget \$1.7 mil
 - 2015 Budget \$1.9 mil
 - Building permit volume continues to increase resulting in \$219K (21%) additional revenue

REVENUES

INTERGOVERNMENTAL



- OVERALL increase 5%
 - 2014 Budget \$15.5 mil
 - 2015 Budget \$16.3 mil
- Increases in funding for
 - County Roads
 - Paths & Trails
 - Human Services

REVENUES

CHARGES FOR SERVICES

- Estimate increase 10% overall
 - 2014 Budget \$11.9 mil
 - 2015 Budget \$13.2 mil
- Decreases
 - Recording fees
- Increases
 - Solid Waste
 - County Road
 - Planning
 - Public Health

REVENUES

FINES & PENALTIES



- Estimate 4% increase
 - 2014 Budget \$557k
 - 2015 Budget \$584k
- Amount of fines are established by state law

REVENUES

INVESTMENT INTEREST EARNINGS



- Interest rates remain at historic lows
 - ▣ Less than 1%
- Estimate
 - ▣ 2014 Budget \$550k
 - ▣ 2015 Budget \$550k

REVENUES

TRANSFERS & OTHER REVENUE

- 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
 - ▣ Federal Grant Indirect Rate 6.12%
 - ▣ Basis 2013 expenditures

EXPENDITURES

SALARIES & WAGES

- 2014 Budget \$21.8 mil
- 2015 Budget \$23.2 mil
- 2% wage proposed wage adjustment (\$360K)
 - ▣ Non-represented, 1845, 1845-I, Teamsters
- Placeholders included
 - ▣ Unsettled labor agreements
 - ▣ Potential increase in elected official's salaries
- New positions in Sheriff, IT, Facilities, HR, Public Works, Planning

EXPENDITURES

EMPLOYEE BENEFITS

□ OVERALL

- 2014 Budget \$8.6 mil
- 2015 Budget \$9.5 mil

□ RETIREMENT RATES

- PERS 10.21% (average rate in 2014 9%)
 - LEOFF 5.23%
 - PSERS 11.21%
 - Increase \$250k
- ER Medical contribution estimate 8% increase (\$130k)
 - L&I & unemployment estimates 10% increase (\$100k)

EXPENDITURES

MAINTENANCE & OPERATIONS (M&O)

- OVERALL 5%
 - ▣ 2014 Budget \$22.7 mil
 - ▣ 2015 Budget \$23.9 mil
- Current Expense Contingency
 - ▣ 2014 = \$100,000
 - ▣ 2015 = \$200,000

EXPENDITURES

INTERGOVERNMENT

- INTERGOVERNMENT OVERALL
 - 2014 Budget \$2.0 mil
 - 2015 Budget \$1.8 mil
- Rural County Economic Sales Tax funds no projects budgeted
- Sheriff's Budget ICOM estimate \$600k
 - County Road \$18k
- Pass thru E911 taxes to ICOM \$793k

EXPENDITURES

CAPITAL



- OVERALL \$4.2 mil
 - Public Works Equipment & Projects
 - Information Technology
 - Roads & Trails
 - Drainage
 - Sheriff Vehicles

EXPENDITURES

DEBT SERVICE

- BONDS \$1.2 MIL
 - 2005 Refund (1997 Bonds + Juvenile Det Ctr)
 - Final Pymt 2017
 - Real Estate Excise Taxes
 - Conservation Futures
 - 2010 Refund (2001 Bonds)
 - Final Pymt 2024
 - Real Estate Excise Taxes
- LOANS \$100k
 - WQAL Septic
 - WA State Treasurer For Jail HVAC Upgrade & Other Energy Improvements

CURRENT EXPENSE FUND

ROUNDED \$\$ IN MILLIONS

	2012	2013	2014	2015
	ACTUAL	ACTUAL	BUDGET	BUDGET
REVENUES	\$22.7	\$22.5	\$24.0	\$25.8
EXPENDITURES	\$20.9	\$22.5	\$25.2	\$26.4
SURPLUS/DEFICIT	\$1.8	\$0.0	-\$1.2	-\$0.6

2014 & 2015 DEFICITS RESOLVED BY USE OF FUND BALANCE

CURRENT EXPENSE FUND BALANCE ESTIMATE

	2015 ESTIMATED BALANCE JAN. 1	REALLOCATION BY BOCC	2015 ESTIMATED BALANCE JAN. 1 AFTER REALLOCATION	ESTIMATED CHANGE IN FUND BALANCE	2015 ESTIMATED BALANCE DEC. 31
RESTRICTED					
BOATING SAFETY FEES	\$0		\$0		\$0
COURT FACILITATOR FEES	\$36,748		\$36,748	-\$8,500	\$28,248
OTHER FEES ANIMAL CRUELTY	\$1,540		\$1,540		\$1,540
ASSIGNED	\$0				
DRUG COURT	\$6,025		\$6,025		\$6,025
COMMITTED	\$0				
DISASTER CONTINGENCY	\$2,200,000		\$2,200,000		\$2,200,000
TECHNOLOGY FEES	\$90,573		\$90,573		\$90,573
PARKS/BOAT LAUNCH FEES	\$57,311		\$57,311		\$57,311
2 MONTHS OPERATING	\$6,000,000	-\$2,000,000	\$4,000,000		\$4,000,000
PCD GMA PROCESS		\$1,000,000	\$1,000,000	-\$74,753	\$925,247
LEAVE LIABILITY & OTHER ACCRUALS	\$201,979	\$800,000	\$1,001,979	-\$58,011	\$943,968
EQUIPMENT	\$139,737	\$200,000	\$339,737	-\$96,400	\$243,337
TOTAL RESERVED + ASSIGNED + COMMITTED	\$8,733,913	\$0	\$8,733,913	-\$237,664	\$8,496,249
UNASSIGNED			\$0		
TOTAL UNASSIGNED	\$727,383		\$727,383	-\$381,535	\$345,848
TOTAL FUND BALANCE	\$9,461,296	\$0	\$9,461,296	-\$619,199	\$8,842,097

CURRENT EXPENSE

WHAT'S ON THE HORIZON.....



- CONTINUED INCREASES IN COST OF PROVIDING SERVICES WILL EXCEED INCREASES IN AVAILABLE REVENUES OVER THE NEXT 5 YEARS
 - ▣ NO AVAILABLE RESOURCES TO INCREASE LEVEL OF SERVICE
- SUNSET OF ABILITY TO USE REAL ESTATE EXCISE TAXES FOR PARKS (2017)
- DEFERRED VEHICLE & EQUIPMENT REPLACEMENTS

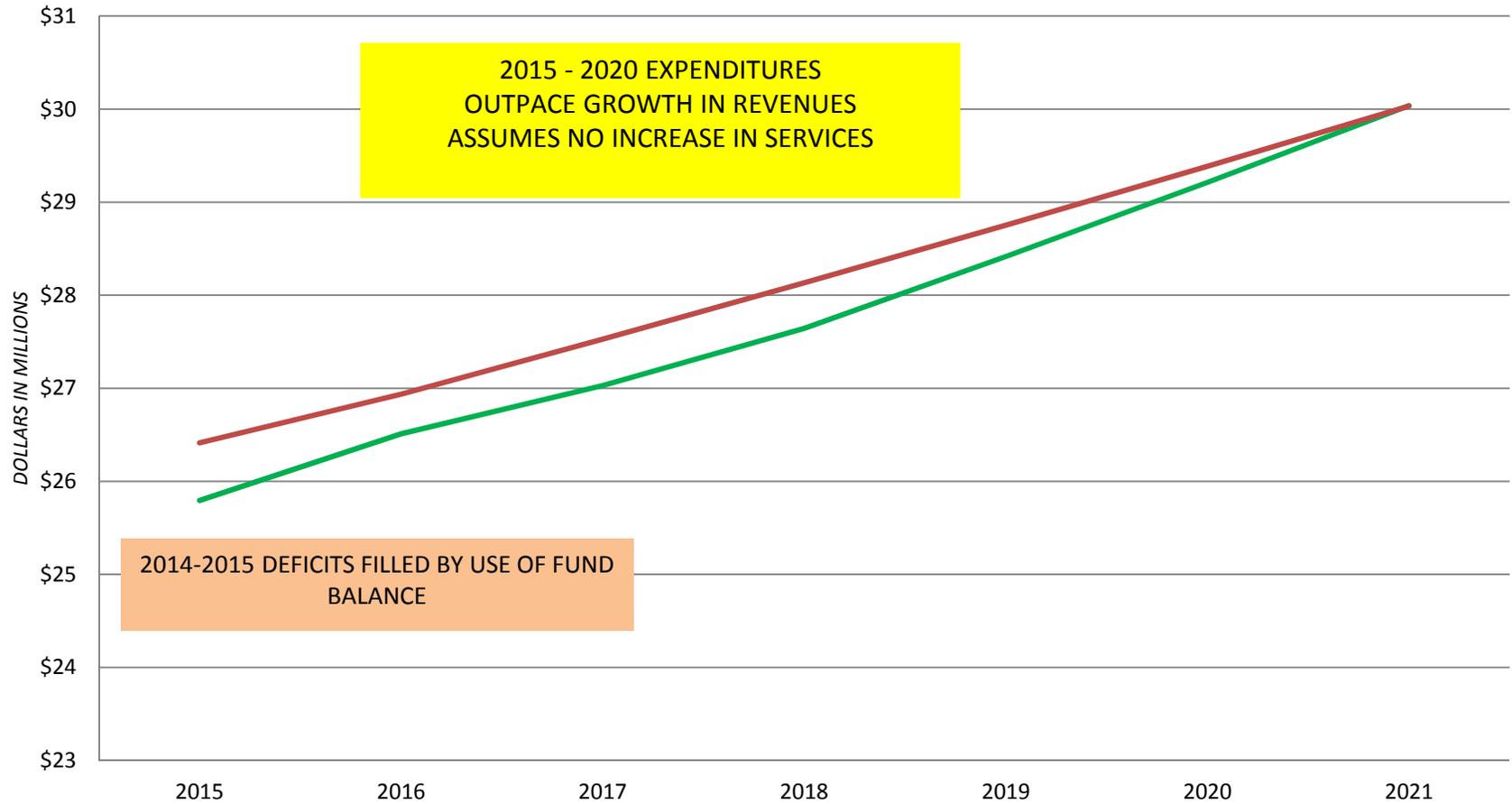
CURRENT EXPENSE 6-YEAR FORECAST

ROUNDED \$\$ IN MILLIONS

	2016	2017	2018	2019	2020	2021
REVENUES	\$26.5	\$26.9	\$27.6	\$28.4	\$29.2	\$30.0
ADD: USE RESERVED FUNDS	\$0.2	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1
LESS: EXPENDITURES	\$26.9	\$27.5	\$28.1	\$28.8	\$29.4	\$30.1
<u>SURPLUS/DEFICIT</u>	<u>-\$0.2</u>	<u>-\$0.5</u>	<u>-\$0.4</u>	<u>-\$0.3</u>	<u>-\$0.1</u>	<u>\$0</u>

**2015 BUDGET
CURRENT EXPENSE FUND
6-YEAR FORECAST**

— REVENUES — EXPENDITURES



2015 BUDGET



THANK YOU FOR YOUR PARTICIPATION

For information on Island County's Budget contact:

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