

2018 ISLAND COUNTY BUDGET & Diking District #4

December 4, 2017



Mission Statement:

Quality Services for a Quality Life

Guiding Principles:

- ✚ Provide for the long term health and safety of the people, the economy and our natural resources
- ✚ Assure customer service & promote operational excellence and efficiencies of Island County
- ✚ Promote active participation in government.
- ✚ Fulfill our constitutional responsibilities, holding ourselves to a high standard of accountability, transparency, ethics and fairness.
- ✚ Maintain agricultural & recreational opportunities while strengthening our economic vitality.



2018 ISLAND COUNTY BUDGET

ALL FUNDS & DEPARTMENT *\$92.3 million*

- ***“STATUS QUO”***
 - *Strong Local Economy = Continued Support For Current Services And Programs*
- Design for new Camano Annex Facility
- Begin construction New Road connecting Houston Road to Race Road, alternative to SR 525
- Awaiting Information Technology Six Year Plan
- Update Continuity of Operations Plans

BUDGET STRUCTURE

- Statutory requirement
- Budget for each fund
 - Revenues = Expenditures
- 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 Development, Therapeutic & Juvenile Detention Sales Taxes

OVER 50 ACCOUNTING FUNDS

SEPARATE SET OF LEDGER ACCOUNTS FOR EACH FUND

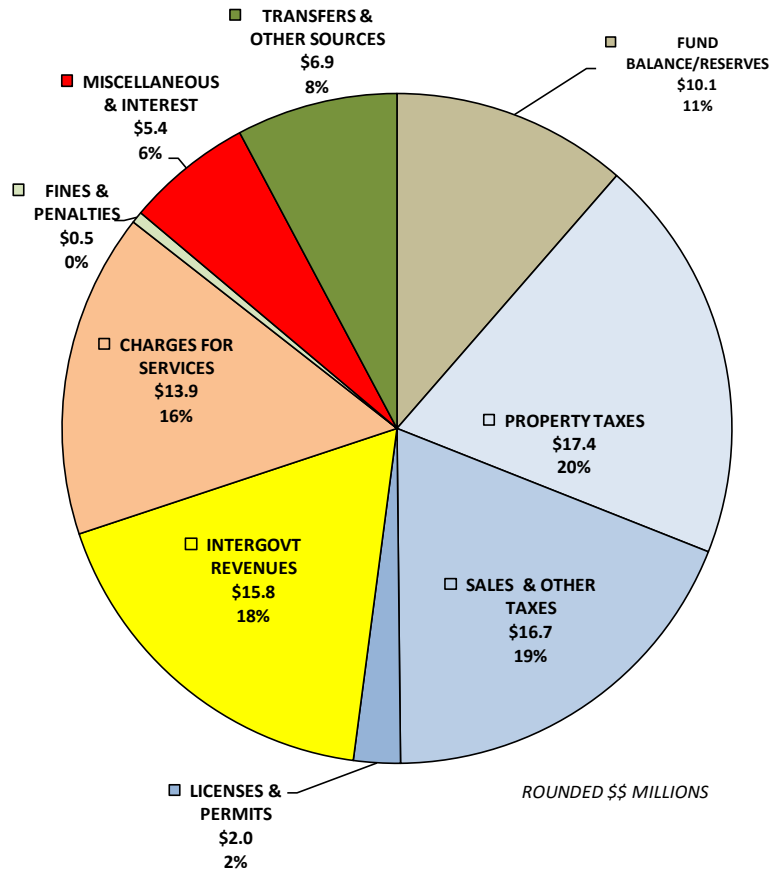
- CURRENT EXPENSE
- REAL ESTATE EXCISE TAXES
- HOMELESS & LOW INCOME HOUSING
- MENTAL HEALTH & DEVELOPMENTAL DISABILITIES
- VETERANS ASSISTANCE
- MENTAL HEALTH SALES TAXES
- PUBLIC HEALTH POOLING
- COUNTY ROAD
- SOLID WASTE
- CLEAN WATER UTILITY
- JUVENILE DETENTION
- CONSERVATION FUTURES
- WSU EXTENSION SERVICES
- PLANNING & COMMUNITY DEVELOPMENT

2018 BUDGET
ALL FUNDS & DEPARTMENTS

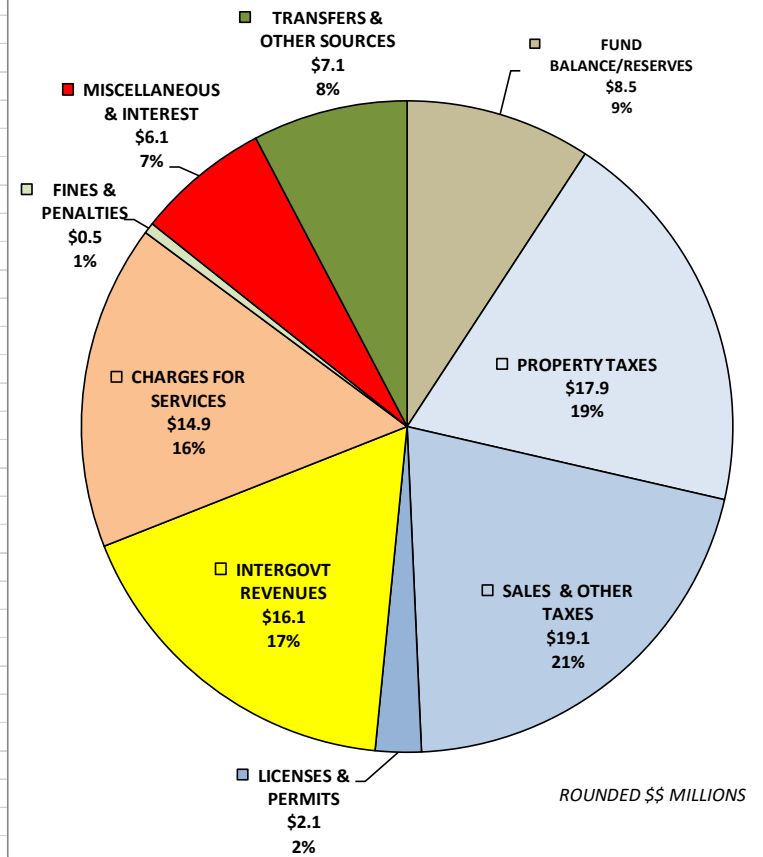
<i>\$\$ ROUNDED MILLIONS</i>							
Description	Prior Years Actuals		Year to	2017	2018	\$	%
	2015	2016	Date @	Budget	Budget	Change	Change
			10/31/2017				
PROPERTY TAXES	\$17.3	\$17.4	\$16.1	\$17.4	\$17.9	\$0.5	3%
SALES & OTHER TAXES	\$14.7	\$16.4	\$12.7	\$16.7	\$19.1	\$2.4	14%
LICENSES & PERMITS	\$2.1	\$2.3	\$2.1	\$2.0	\$2.1	\$0.1	5%
INTERGOVERNMENT REVENUES	\$18.2	\$17.8	\$12.6	\$15.8	\$16.1	\$0.3	2%
CHARGES FOR SERVICES	\$13.8	\$15.0	\$11.5	\$13.9	\$14.9	\$1.0	7%
FINES & PENALTIES	\$0.5	\$0.5	\$0.4	\$0.5	\$0.5	\$0.0	0%
MISCELLANEOUS & INTEREST	\$5.1	\$4.8	\$6.3	\$5.4	\$6.1	\$0.7	13%
TRANSFERS & OTHER SOURCES	\$6.8	\$7.6	\$6.2	\$6.9	\$7.1	\$0.2	3%
TOTAL REVENUES	\$79.0	\$81.8	\$67.9	\$78.6	\$83.8	\$5.2	7%
USES OF FUND BALANCE/RESERVES				\$10.1	\$8.5	-\$1.6	-16%
TOTAL	\$79.0	\$81.8	\$67.9	\$88.7	\$92.3	\$3.6	4%
SALARIES	\$22.8	\$24.6	\$20.0	\$26.1	\$26.9	\$0.8	3%
BENEFITS	\$8.5	\$9.6	\$8.1	\$10.7	\$12.2	\$1.5	14%
MAINTENANCE & OPERATIONS	\$22.3	\$24.1	\$18.4	\$25.8	\$29.9	\$4.1	16%
INTERGOVERNMENT	\$2.9	\$3.1	\$2.7	\$2.8	\$2.6	-\$0.2	-7%
CAPITAL	\$2.4	\$2.9	\$3.4	\$4.1	\$3.2	-\$0.9	-22%
INTERDEPT & TRANSFERS	\$12.1	\$13.5	\$10.5	\$13.0	\$14.0	\$1.0	8%
DEBT SERVICE & OTHER	\$2.9	\$0.4	\$1.7	\$1.6	\$0.8	-\$0.8	-50%
TOTAL EXPENDITURES	\$73.9	\$78.2	\$64.8	\$84.1	\$89.6	\$5.5	7%
ACCUMULATION OF FUND BALANCE				\$4.6	\$2.7	-\$1.9	-41%
TOTAL	\$73.9	\$78.2	\$64.8	\$88.7	\$92.3	\$3.6	4%
Revenues Over(Under) Expenditures	\$5.1	\$3.6	\$3.1	\$0.0	\$0.0	\$0.0	

REVENUES - ALL FUNDS & DEPARTMENTS

2017 BUDGET
TOTAL REVENUES \$88.7 million



2018 BUDGET
TOTAL REVENUES \$92.3 million



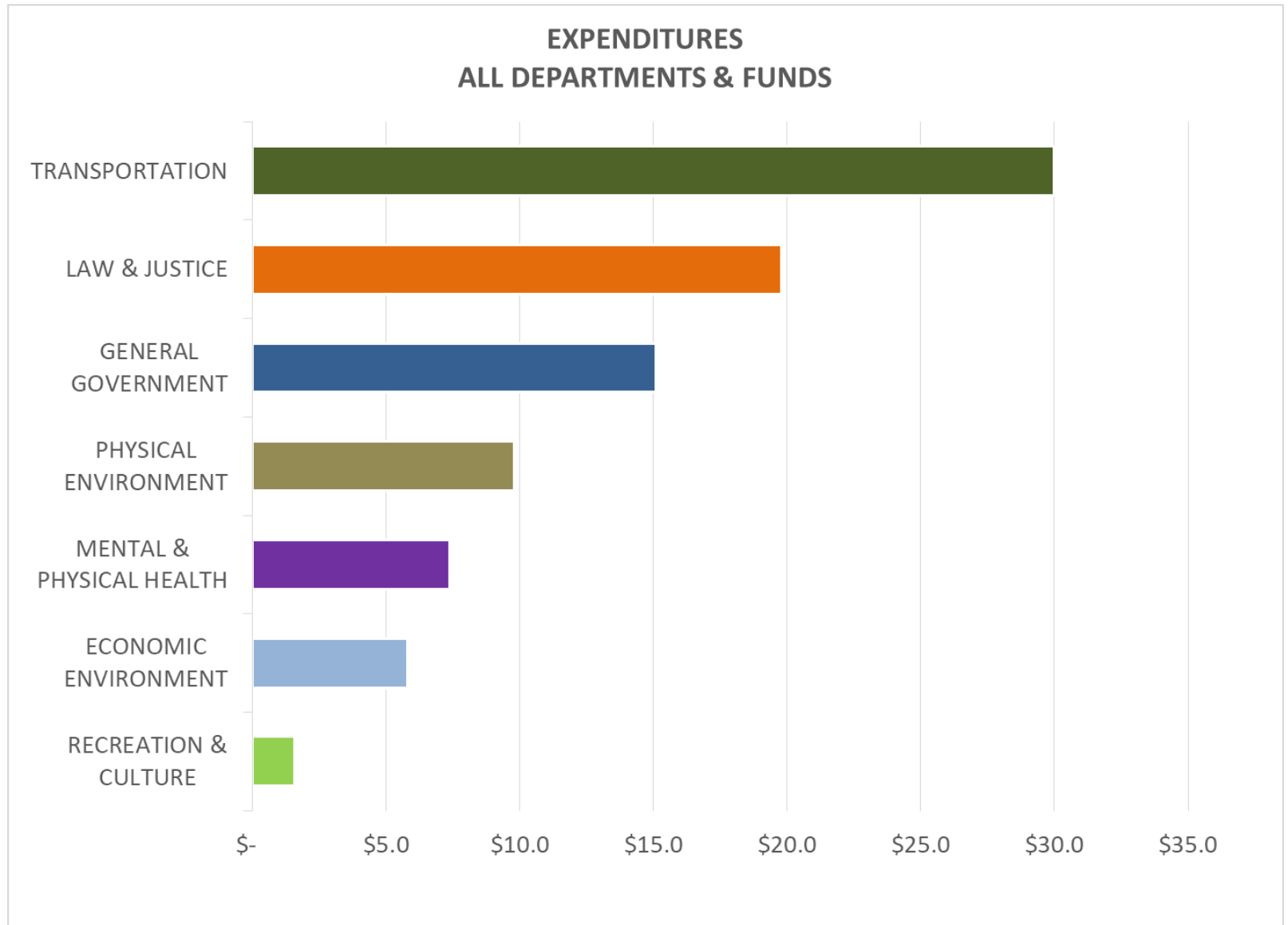
REVENUES *(all funds & departments)*

- Sales tax revenue continues to increase
 - 2018 increase 12% estimate
 - “One-time” revenue resulting from large construction projects used to fund “one-time” expenditures
- Property tax levies

Levy	Increase
▫ County Current Expense	1.0%
▫ County Road	0.0%
▫ Conservation Futures	0.0%
- Building permits and fees
 - Based on current activity levels
- Real Estate Excise Taxes \$3.4 million
 - Funds maintenance for parks, buildings and facilities

2018 BUDGET

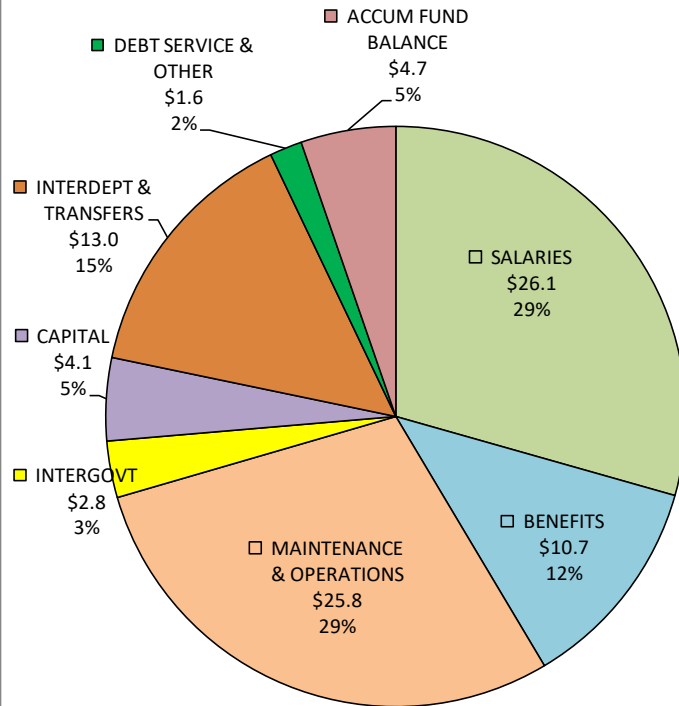
\$\$ *ROUNDED MILLIONS*



2018 BUDGET

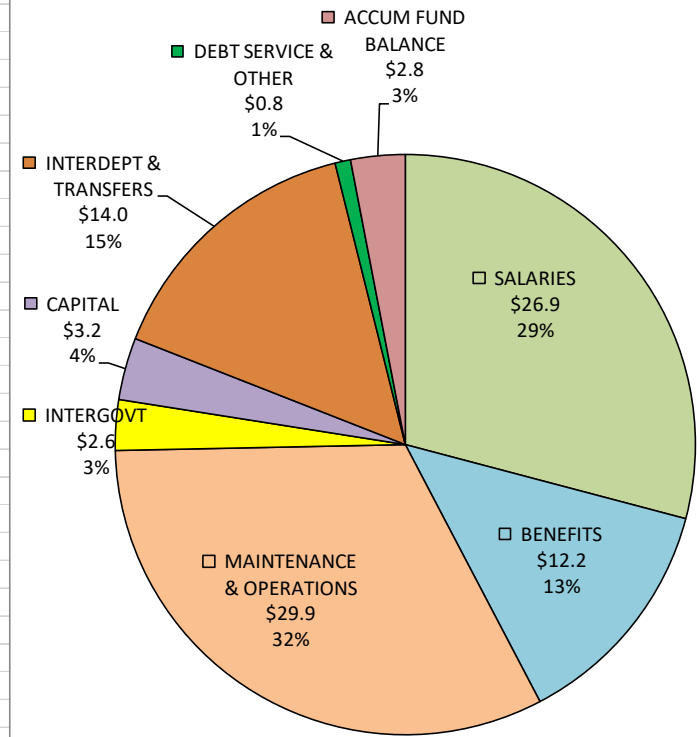
EXPENDITURES BY CATEGORY - ALL FUNDS & DEPARTMENTS

2017 BUDGET
TOTAL EXPENDITURES \$88.7 million



ROUNDED \$\$ MILLIONS

2018 BUDGET
TOTAL EXPENDITURES \$92.3 million



ROUNDED \$\$ MILLIONS

EXPENDITURES *(all funds & departments)*

- **SALARIES & BENEFITS**
- Approximately 430 FTEs are budgeted for 2018, which is a 9 FTE increase over the 2017 FTE budget.
 - Increase Veteran's Assistance program coordinator to full
 - New Fleet Services position for Motor Pool
 - Additional Control Room Operator in Jail
 - Additional personnel in Planning Dept.
 - Continued funding for Paralegal in Prosecutor's Office
 - Additional grant funded positions Human Services
- Contingency 2% wage increases for Non-represented employees are included.
- Contingency amounts have been included for labor negotiations

EXPENDITURES *(all funds & departments)*

- SALARIES & BENEFITS
 - Retirement benefits increase approx. \$400,000 overall
 - PERS rate to 12% for entire year
 - Medical insurance projected to increase \$800,000
 - Final WCIF rates include a 4% reduction due to participation in Wellness Program offered by WCIF
 - Group Health plans for lower premiums
 - HRAs accounts

EXPENDITURES *(all funds & departments)*

- M&O and CAPITAL EXPENDITURES total \$29.8 million which is a \$4.0 million increase from the current year.
 - County road projects and deferred maintenance in county facilities
 - Begin construction New Road connecting Houston Road to Race Road, alternative to SR 525
 - Design for new Camano Annex Facility
- Funding used to finance county road projects is a combination of local funds and state and federal grants.
- Parks and Facilities maintenance projects are funded by Real Estate Excise taxes.

2018 BUDGET

USE OF RESERVES & FUND BALANCE

- Use of fund balance is budgeted to decrease -16% to approximately \$8.5 million.
 - County Road's budget includes \$6.2 million for road projects
 - Current Expense \$1 million of reserves for computer technology, additional personnel, accrued leave liability payouts and GMA

CURRENT EXPENSE FUND

\$29.6 MILLION

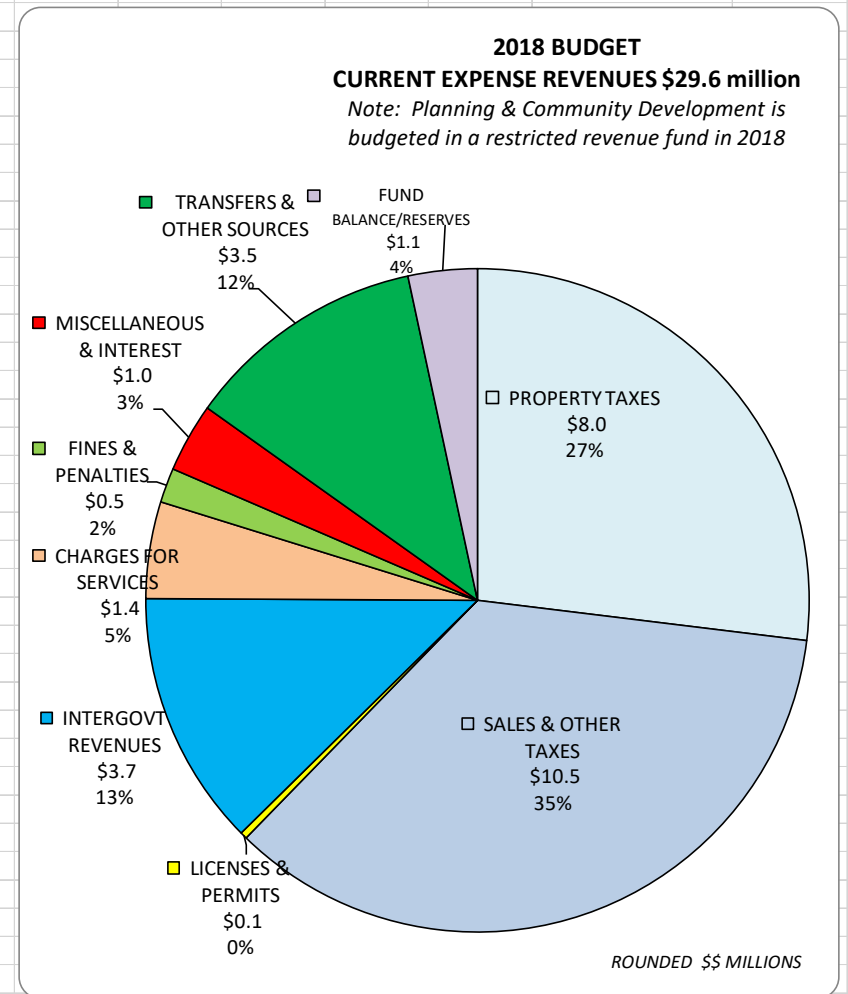
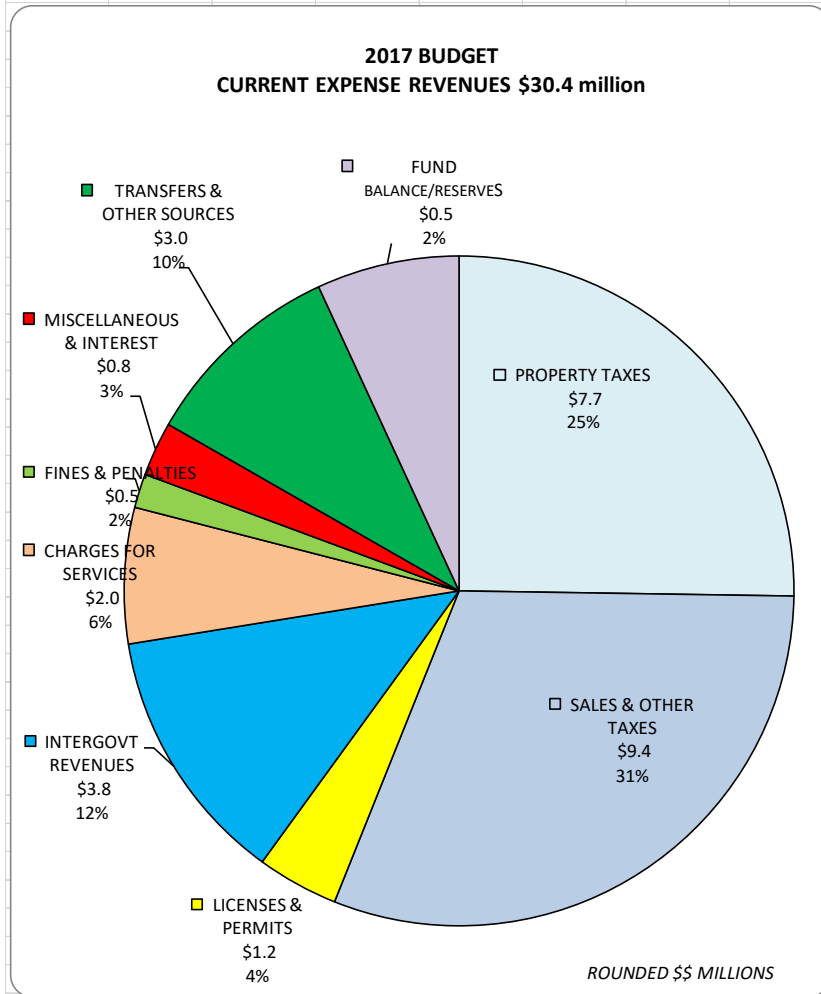
- ASSESSOR
- AUDITOR
- BUDGET/GSA
- CLERK (SUPERIOR COURT)
- COMMISSIONERS
- CORONER
- DISTRICT COURT
- EMERGENCY MGT.
- FACILITIES MANAGEMENT
- INFORMATION TECHNOLOGY
- PARKS
- PROSECUTING ATTORNEY
- SHERIFF & JAIL
- SUPERIOR, JUVENILE & FAMILY COURTS
- TREASURER
- OPERATING TRANSFERS TO
 - PUBLIC HEALTH
 - WSU EXTENSION SERVICES
 - LONG RANGE PLANNING

2018 BUDGET
CURRENT EXPENSE FUND

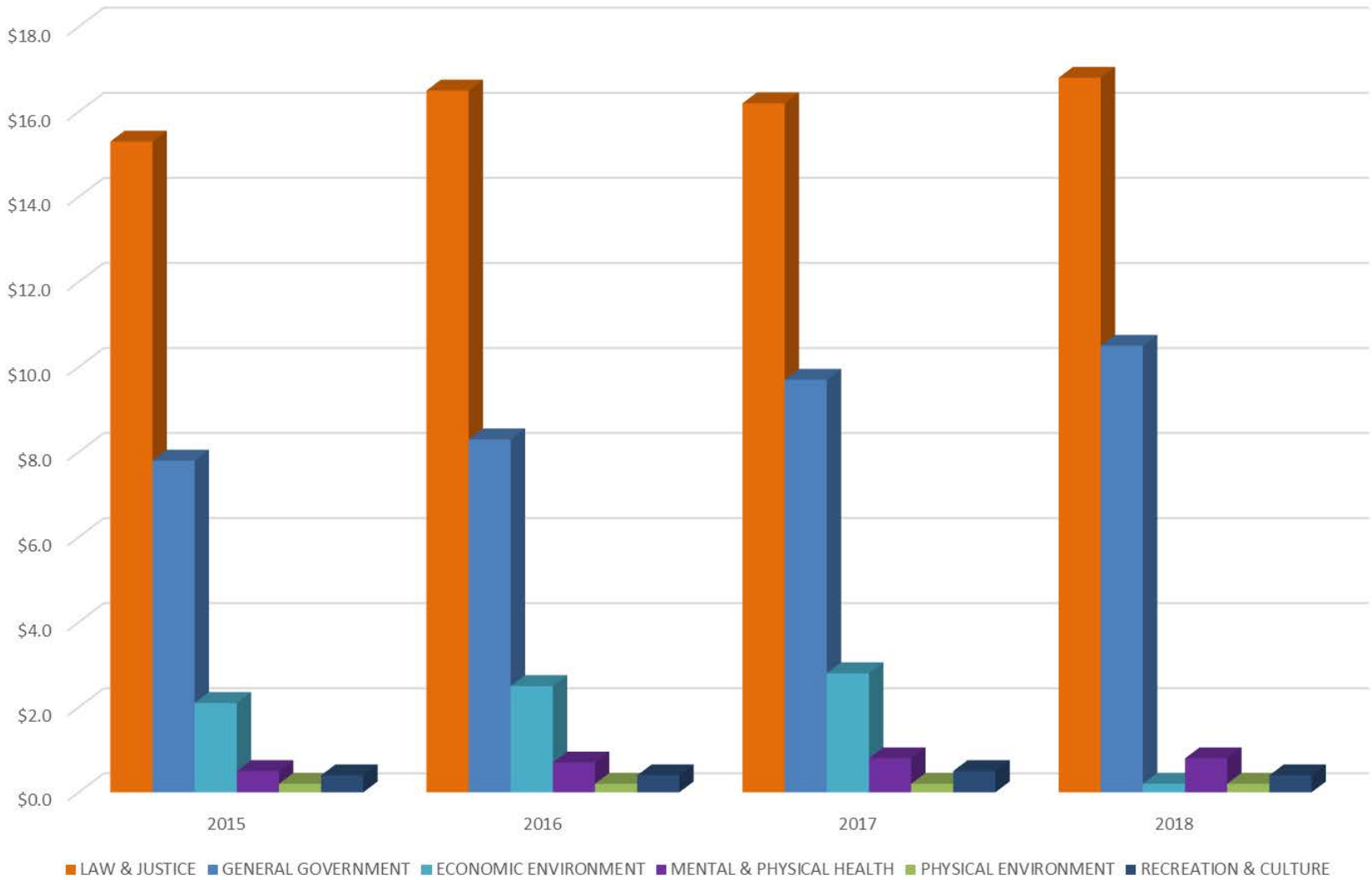
[DOLLARS \$\$ IN MILLIONS]

Description	Prior Years Actuals		2017	2018	\$	%
	2015	2016	Budget	Budget	Change	Change
REVENUES						
PROPERTY TAXES	\$7.8	\$7.7	\$7.7	\$8.0	\$0.3	4%
SALES & OTHER TAXES	\$8.0	\$8.6	\$9.4	\$10.5	\$1.1	12%
LICENSES & PERMITS	\$1.3	\$1.5	\$1.2	\$0.1	-\$1.1	-92%
INTERGOVT REVENUES	\$3.9	\$4.1	\$3.8	\$3.7	-\$0.1	-3%
CHARGES FOR SERVICES	\$2.1	\$2.2	\$2.0	\$1.4	-\$0.6	-30%
FINES & PENALTIES	\$0.5	\$0.5	\$0.5	\$0.5	\$0.0	0%
MISCELLANEOUS & INTEREST	\$0.8	\$0.5	\$0.8	\$1.0	\$0.2	25%
TRANSFERS & OTHER SOURCES	\$3.2	\$3.4	\$3.0	\$3.5	\$0.5	17%
FUND BALANCE/RESERVES			\$2.1	\$1.0	-\$1.1	-52%
TOTAL	\$27.5	\$28.5	\$30.4	\$29.6	-\$0.8	-3%
EXPENDITURES						
SALARIES	\$13.0	\$14.2	\$14.8	\$14.0	-\$0.9	-6%
BENEFITS	\$4.6	\$5.3	\$6.0	\$5.9	\$0.0	0%
MAINTENANCE & OPERATIONS	\$5.1	\$5.4	\$5.5	\$5.1	-\$0.4	-7%
INTERGOVT	\$0.9	\$0.5	\$0.8	\$0.7	\$0.0	0%
CAPITAL	\$0.4	\$0.9	\$0.8	\$0.3	-\$0.5	-63%
INTERDEPT & TRANSFERS	\$2.2	\$2.2	\$2.3	\$2.9	\$0.6	26%
DEBT SERVICE & OTHER	\$0.1	\$0.1	\$0.1	\$0.1	\$0.0	0%
ACCUMULATION OF FUND BALANCE	\$0.0	\$0.0	\$0.2	\$0.7	\$0.5	
TOTAL	\$26.3	\$28.6	\$30.4	\$29.6	-\$0.8	-3%
Revenues Over(Under) Expenditures	\$1.3	-\$0.1	\$0.0	\$0.0	\$0.0	

REVENUES - CURRENT EXPENSE FUND



CURRENT EXPENSE
EXPENDITURES BY ACTIVITY
\$\$ ROUNDED MILLIONS



CURRENT EXPENSE FUND

ESTIMATED FUND BALANCE & RESERVES

	DESCRIPTION	2018 ESTIMATED BALANCE JAN. 1	2018 INCREASES	2018 USES	2018 ESTIMATED BALANCE DEC. 31
RESTRICTED					
	COURT FACILITATOR FEES	\$0			\$0
	OTHER FEES ANIMAL CRUELTY	1,540			1,540
ASSIGNED					
	DRUG COURT	6,025			6,025
COMMITTED					
	DISASTER CONTINGENCY	2,200,000			2,200,000
	TECHNOLOGY FEES	2,017			2,017
	PARKS/BOAT LAUNCH FEES	0			0
	2 MONTHS OPERATING	4,000,000			4,000,000
	PCD GMA PROCESS	529,152		291,000	238,152
	LEAVE LIABILITY & OTHER ACCRUALS	576,187		280,000	296,187
	EQUIPMENT / TECHNOLOGY	218,247		132,400	85,847
	MOTOR POOL <i>(transferred into Motor Pool Fund)</i>	0			0
	PERMIT RESERVE <i>(PCD fund established)</i>	0			0
	TOTAL RESERVED + ASSIGNED + COMMITTED	\$7,533,168	\$0	\$703,400	\$6,829,768
UNASSIGNED					
USES					
	ASSESSOR			\$58,000	
	AUDITOR			5,000	
	COMMISSIONERS			35,000	
	PROSECUTOR			70,000	
	SHERIFF CORRECTIONS			55,000	
	TREASURER			42,000	
	SALES TAX SET ASIDE ONE-TIME PROJECTS		\$155,000		
	ESTIMATED CARRY FORWARD TO 2019		518,858		
	TOTAL UNASSIGNED	\$323,385	\$673,858	\$265,000	\$732,243
	TOTAL FUND BALANCE	\$7,856,553	\$673,858	\$968,400	\$7,562,011

CURRENT EXPENSE 6-YEAR FORECAST

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
REVENUES	\$27.5	\$28.5	\$28.4	\$28.7	\$30.7	\$31.6	\$32.3	\$33.0	\$33.7	\$34.4
EXPENDITURES	\$26.3	\$28.6	\$30.2	\$29.0	\$30.4	\$30.9	\$31.6	\$32.3	\$32.9	\$33.6
SURPLUS/DEFICIT	\$1.2	-\$0.1	-\$1.8	-\$0.3	\$0.3	\$0.7	\$0.7	\$0.7	\$0.8	\$0.8

**DEFICITS FUNDED
USE OF UNRESERVED
& RESERVED FUND BALANCE**

DIKING DISTRICT 4

DESCRIPTION	Prior Years Actuals		Year to	2017	2018	\$	%
	2015	2016	Date @	Budget	Budget	Change	Change
USE OF FUND BALANCE				4,000	4,000		
LID TAX		45,973	358			0	
TOTAL REVENUES	0	45,973	358	4,000	4,000	0	0%
INTERFUND SERVICES		21,983	1,822	4,000	4,000	0	0%
DEBT SERVICE						0	
ACCUM OF ENDING FUND BALANCE						0	
TOTAL EXPENDITURES	0	21,983	1,822	4,000	4,000	0	0%

REAL ESTATE EXCISE TAXES

RCW 82.46.015 & 82.46.037

- Additional reporting requirement if using REET revenue to fund maintenance of capital projects
- For the purposes of RCW 82.46
 - “...maintenance means the use of funds for labor and materials that will preserve, prevent the decline of, or extend the useful life of a capital project. Maintenance does not include labor or material costs for routine operations of a capital project.”
- Greater of \$100,000 or 25% of available funds, but not to exceed \$1 million annually for each
 - REET1 and REET2

REAL ESTATE EXCISE TAXES

- Demonstrate adequate funding for capital projects
 - Adopted CIP 2018-2023
 - Available revenues \$103,488,700
 - (Less) Project expenditures (\$101,472,500)
 - Carryforward \$ 2,016,200
- Identify how REET revenues past 2 years & future
 - More \$\$ expended to maintain existing facilities and parks, as opposed to new capital projects

	2015	2016	2017	2018	2019	
	ACTUAL	ACTUAL	C I P	C I P	C I P	TOTAL
Debt Service LTGO Bonds	2,073,088	294,900	317,800	756,800	769,200	5,112,896
Project Mgt./Supv.	113,000	68,000	69,000	77,000	77,000	551,000
Maintenance Projects						
Facilities Maintenance	202,495	907,000	1,208,000	125,400	120,000	2,699,413
Parks Maintenance	411,550	291,000	401,500	223,900	223,900	1,885,985
<i>Total Maintenance</i>	<i>614,045</i>	<i>1,198,000</i>	<i>1,609,500</i>	<i>349,300</i>	<i>343,900</i>	<i>4,585,398</i>
Capital Projects						
Facilities Capital Projects	190,245	475,000	0	792,000	4,946,000	6,410,811
Parks Capital Projects	34,575	170,000	60,000	130,000	100,000	494,575
Drainage Capital Projects	407,800	35,000	35,000	30,000	30,000	722,855
<i>Total Capital</i>	<i>632,620</i>	<i>680,000</i>	<i>95,000</i>	<i>952,000</i>	<i>5,076,000</i>	<i>7,628,241</i>
Total REET	3,432,753	2,240,900	2,091,300	2,135,100	6,266,100	17,877,535

- Identify % REET capital project funding compared to all other capital project funding 7% REET vs. 93% all other

What's on the horizon

- State legislature capital budget still not passed
- Impact of Investment earnings
- Inflation

THANK YOU FOR YOUR PARTICIPATION

For information on Island County's Budget contact:

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