

2019 – 2020 Biennium
Midterm Budget
Public Hearing

October 7, 2019



THURSTON COUNTY
WASHINGTON
SINCE 1852

TODAY'S AGENDA

- **High level look at revenue and expenditure estimates**
- **Highlights of Board of County Commissioners proposed mid-term budget**
- **What's next in the process**

THE COUNTY BUDGET

- **Over 80 separate funds**
- **20 distinct offices and departments**
 - 11 offices headed by independently elected officials
 - 8 departments under the direction of the County Manager on behalf of the Board
 - 1 department led by a joint executive committee
- **Biennial Operating Budget**
- **Capital Budget includes full project costs, balances to the Capital Facilities Plan, and provides flexibility between years**

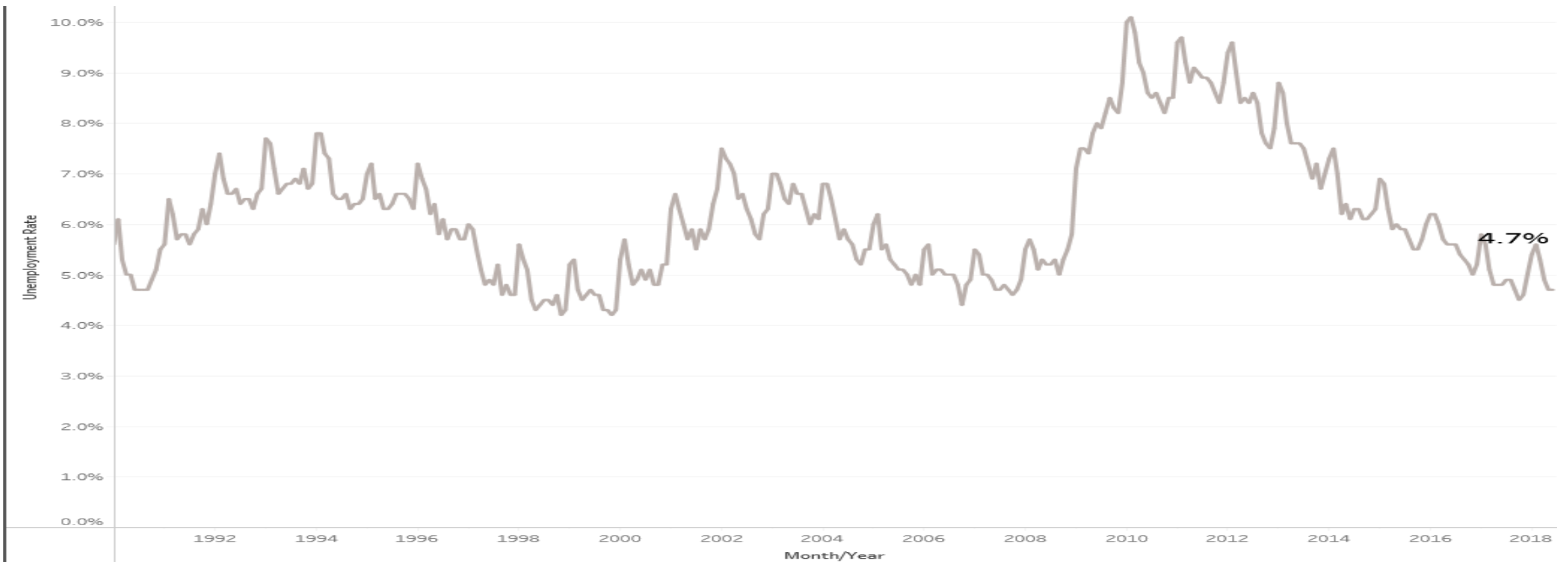


ECONOMIC AND BUDGET OUTLOOK

ECONOMIC AND BUDGET OUTLOOK

- Property tax increase limited to one percent growth.
- The Assessor estimates new construction this year at \$656.6 million, growth of 15%.
- Growth in sales tax revenues in Thurston County is continuing – 8.7% growth year-to-date comparing September 2019 to September 2018.
- At the state level, the Economic and Revenue Forecast Council anticipates a weakening in the real estate market, primarily due to sales of large commercial properties. In Thurston County, the County Auditor reports that REET filings are down about 10% compared to last year, however, REET revenue appears to be relatively flat.
- The unemployment rate in Thurston County is creeping up, at 5.3% in August 2019 compared to 4.5% in August 2018.
- Population growth county-wide is 1.4%, unincorporated county 1.55%
- Fewer opportunities for state and federal grants and more competition for those dollars.
- Cost of doing business outpaces revenues.

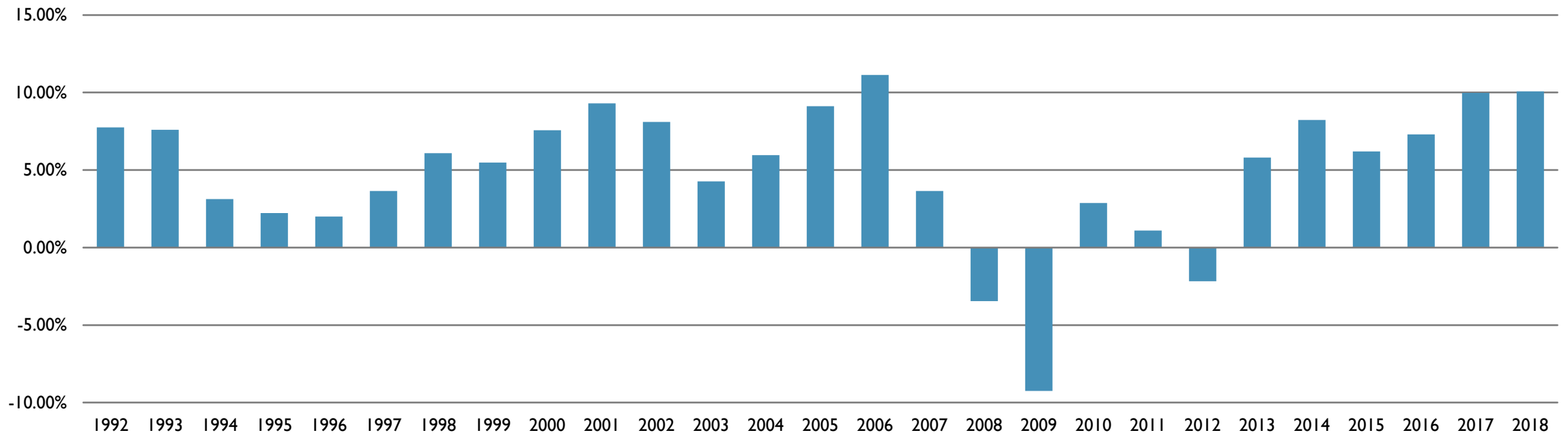
COUNTY UNEMPLOYMENT RATE 1990 TO PRESENT



Source: Employment Security Department/WITS; U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, Not Seasonally Adjusted

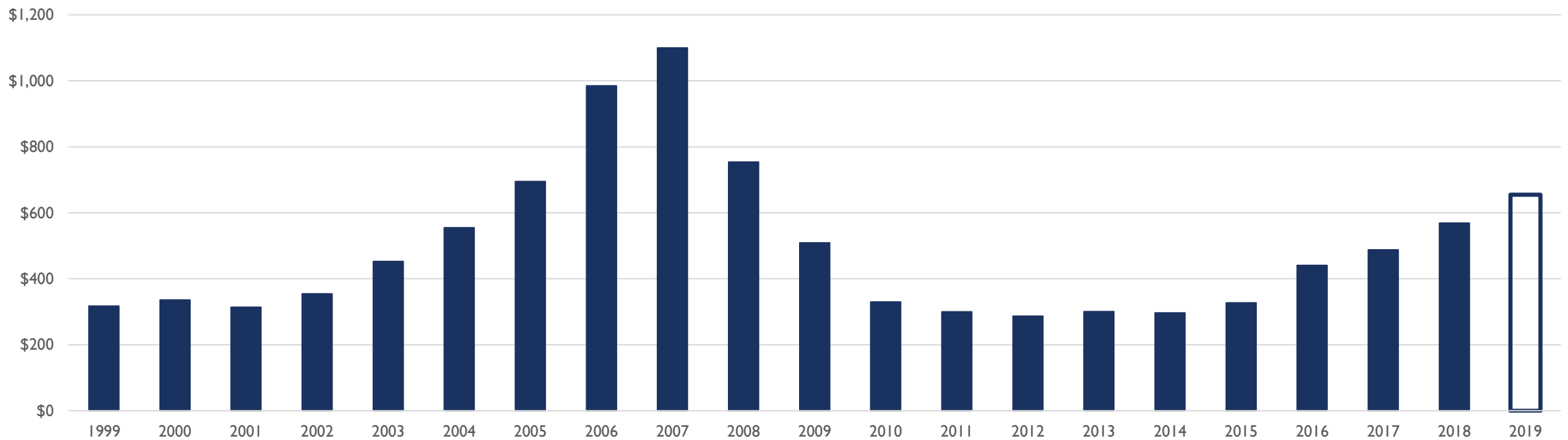
COUNTY SALES TAX GROWTH RATES 1992 TO 2018

Thurston County Sales Tax Revenue
Percent of Annual Year-over-Year Change



COUNTY NEW CONSTRUCTION VALUES 1999 TO 2019

Thurston County New Construction Values
dollars in millions

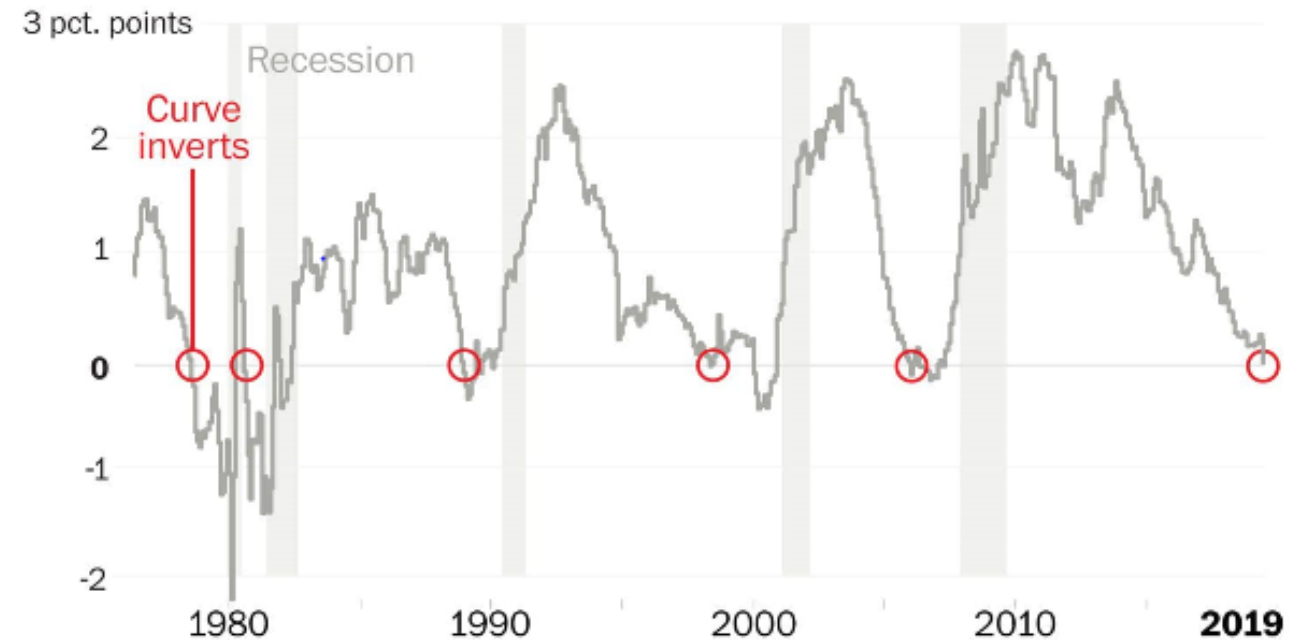


INVERTED YIELD CURVE

- The yield curve has inverted before every US recession since 1955.
- Yields have typically inverted an average of 18 months before the start of a recession.

An inverted yield curve usually signals trouble

Historically, when the yield on 10-year Treasury bonds dips below the yield for 2-year bonds, a recession has followed.



Note: Only the first inversion preceding a recession is marked.

Source: St. Louis Federal Reserve, Wells Fargo Investment Institute

THE WASHINGTON POST

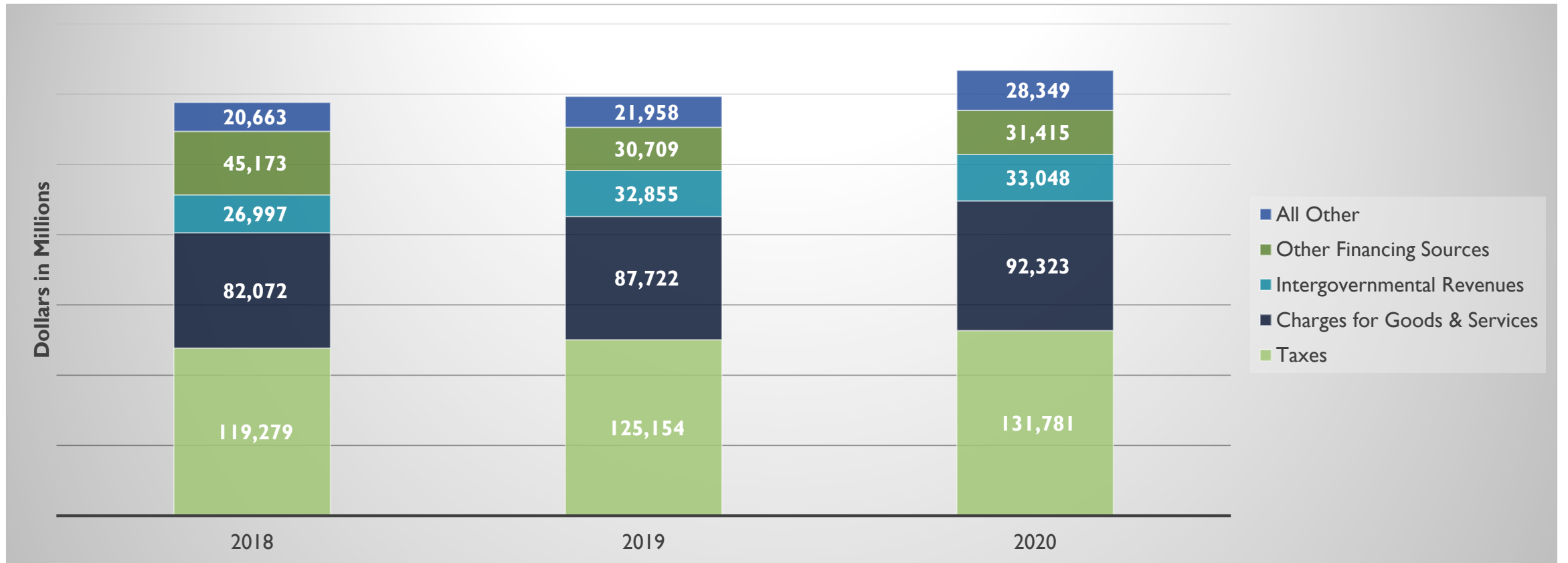


BUDGET OVERVIEW

SOURCES OF OPERATING REVENUE – ALL FUNDS

	2018 In Millions	2019 In Millions	2020 In Millions
Taxes	\$ 119.3	\$ 125.1	\$ 131.7
Charges for Services	\$ 82.1	\$ 87.7	\$ 92.3
Other Financing	\$ 45.2	\$ 30.7	\$ 31.4
Intergovernmental	\$ 27.0	\$ 32.9	\$ 33.0
All Other	\$ 20.6	\$ 21.9	\$ 28.5
Total	\$ 294.2	\$ 298.3	\$ 316.9

SOURCES OF OPERATING REVENUE - ALL FUNDS



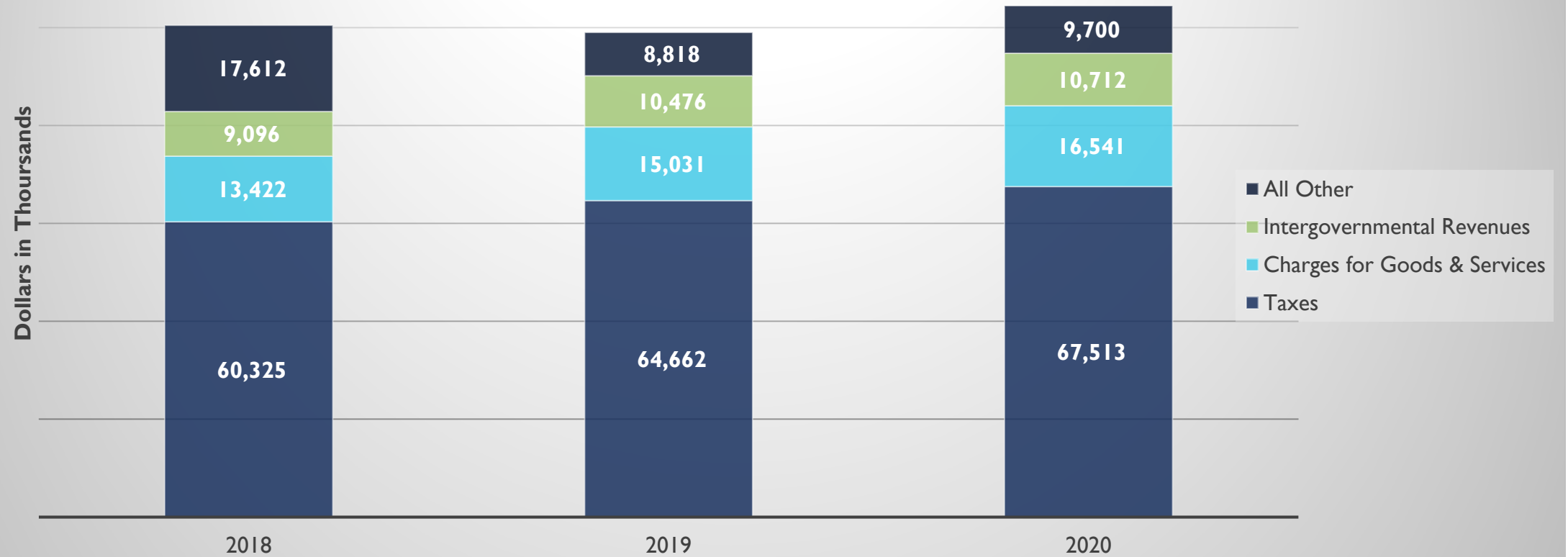
EXAMPLES OF REVENUE

- **Taxes**
 - Property Tax
 - Sales & Use Tax
 - Special Revenue Taxes, such as Treatment Sales Tax
- **Charges for Services**
 - Garbage disposal fees at the WARC
 - Internal service charges, such as Financial Services
- **Intergovernmental Revenues**
 - Federal and State grants for services such as roads and housing
 - State revenue sharing, such as Liquor Profits
- **Licenses and Permits; Fines and Forfeits**
 - Marriage and vehicle licenses
 - Construction Permits
 - Court fines, such as speeding tickets
- **Miscellaneous Revenue**
 - Investment Interest
- **Transfers (Other Finance Sources)**
 - Transfer from Roads Account to Road Construction to account for projects

SOURCES OF GENERAL FUND REVENUE

	2018 In millions	2019 In millions	2020 In millions
Taxes	\$ 60.3	\$ 64.7	\$ 67.5
Charges for Services	\$ 13.4	\$ 15.0	\$ 16.5
Intergovernmental	\$ 9.1	\$ 10.5	\$ 10.7
Other	\$ 17.7	\$ 8.8	\$ 9.7
Total	\$ 100.5	\$ 99.0	\$ 104.4

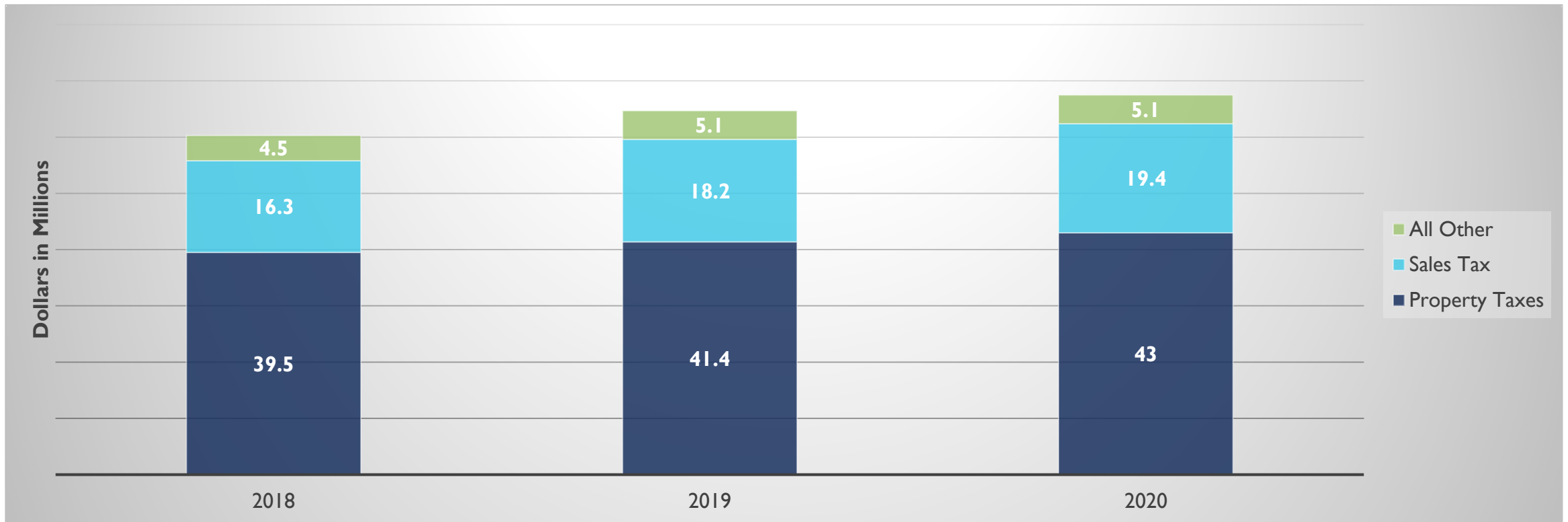
SOURCES OF GENERAL FUND REVENUE



GENERAL FUND TAX REVENUES

	2018 In Millions	2019 In Millions	2020 In Millions
Property Taxes	\$ 39.5	\$ 41.4	\$ 43.0
Sales Tax	\$ 16.3	\$ 18.2	\$ 19.4
All Other	\$ 4.5	\$ 5.1	\$ 5.1
Total	\$ 60.3	\$ 64.7	\$ 67.5

GENERAL FUND TAX REVENUES



2018 DISTRIBUTION OF PROPERTY TAX

Did you know that only **9.5 ¢** of each Property Tax Dollar goes to the Thurston County General Fund?

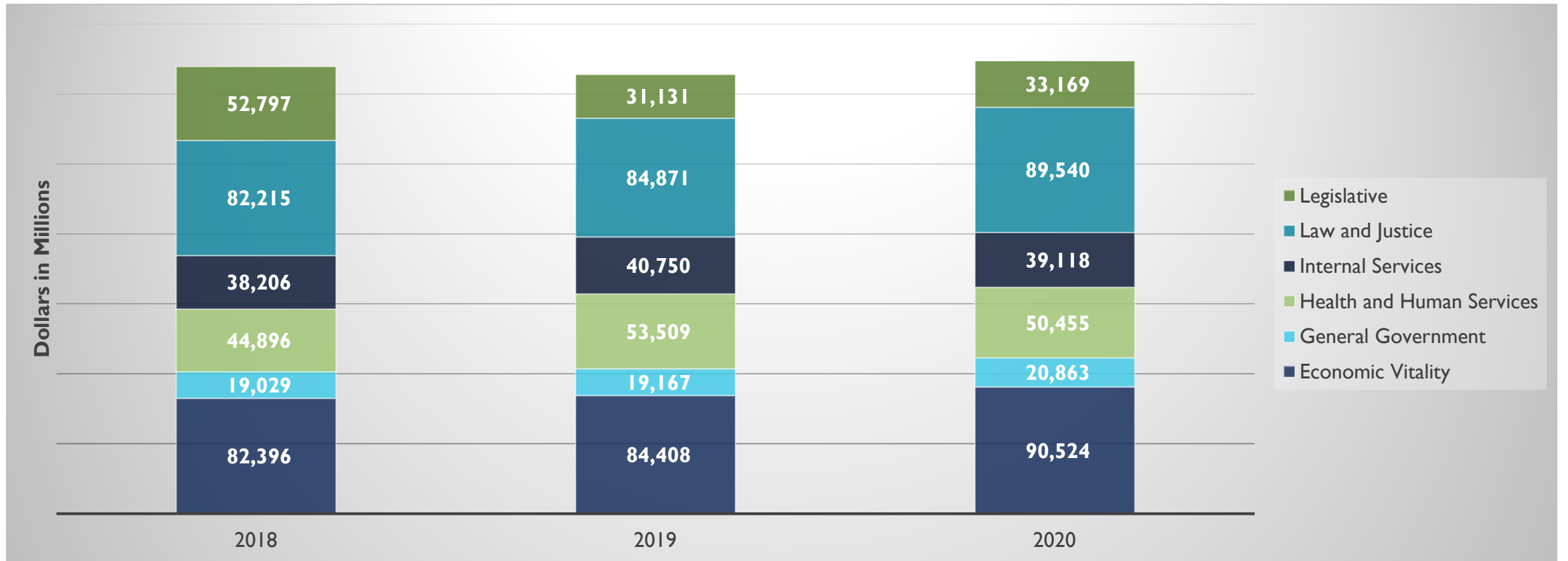


2019 – 2020 PROPOSED EXPENDITURES

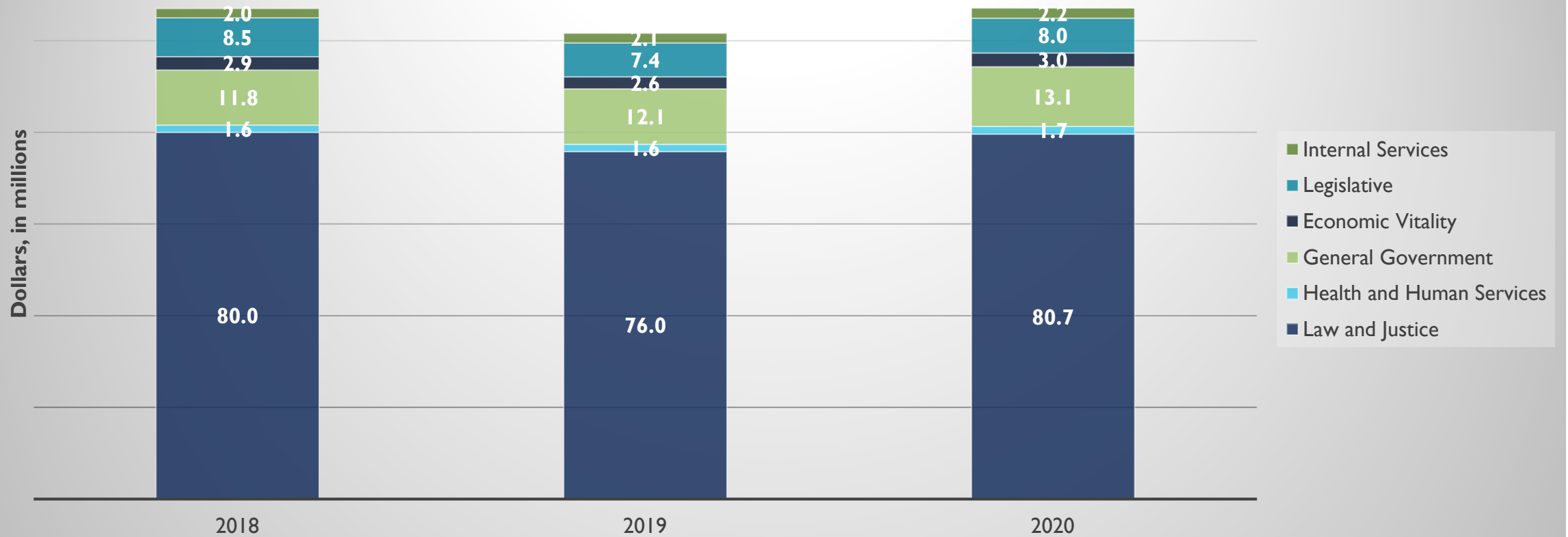
All Funds	2018	2019	2020
Operating	\$ 319.5	\$ 313.8	\$ 323.7
Capital	\$ 33.0	\$ 27.1	\$ 39.4
Total	\$ 352.5	\$ 340.9	\$ 363.1

General Fund	2018	2019	2020
Operating	\$ 107.0	\$ 101.9	\$ 108.8

PROPOSED OPERATING EXPENDITURES ALL FUNDS



PROPOSED GENERAL FUND EXPENDITURES





MID-TERM CHANGES AND REQUESTS

REVENUE CHANGES

- **General Fund, Non-Restricted**
 - Property Tax Estimate - **\$323,000**
 - Auditor's Office Licensing Fees - **\$600,000**
 - Juvenile Court Parent Pay Program - **<\$96,000>**
 - Increase in Road Levy Shift - **\$500,000**

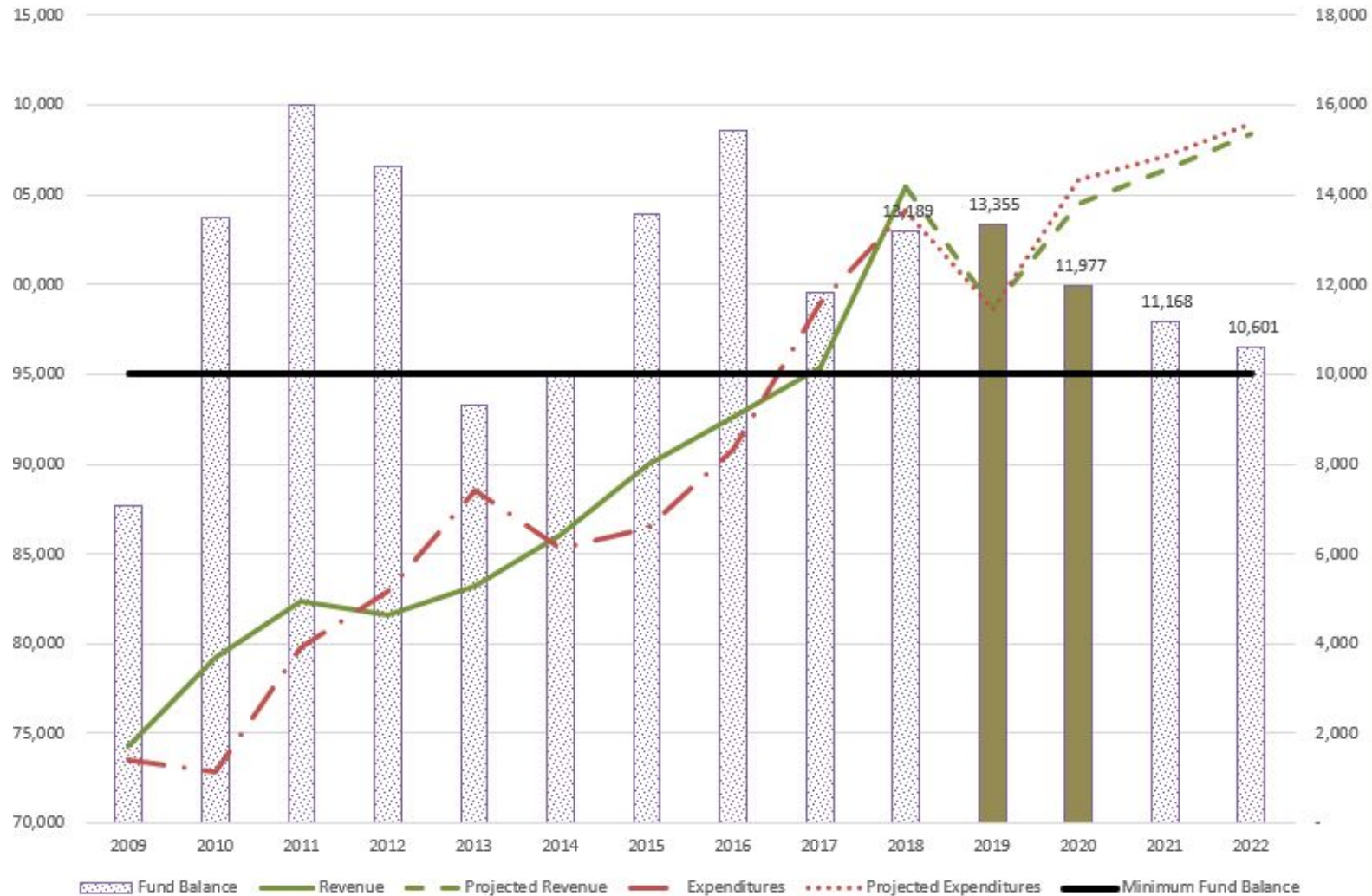
GENERAL FUND EXPENDITURE CHANGES

- **General Fund, without Revenue**
 - Clerk's Office LFO Fund FTE - **\$33,000**
 - Superior Court Law Clerks - **\$205,000**
 - Sheriff's Office Crime Analyst - **\$100,000**
 - Sheriff's Office One Patrol Deputy - **\$197,270**
 - Non-Departmental LEOFF Medical Payments - **\$100,000**
 - Non-Departmental Funding of Parks - **\$500,000**
 - CPED Planning Extend Positions - **\$205,000**

OTHER FUND EXPENDITURE CHANGES

- **Other Items**
 - Adjustments in Treatment Sales Tax
 - Cost of Living Adjustment 2.4% increase **-\$1.3m GF, \$1m All Funds**
 - Courtroom Audio and Video Replacement Project
 - Auditor's Office Election Costs - **\$410,000**
 - Sheriff's Office TNT Detective - **\$130,000 TNT Fund**
 - Change Benefit Cost Share - **\$88,000 GF, \$179,000 All Funds**
 - County Risk Pool Contributions - **\$404,000 Risk Fund**
 - ERP Backfill - **\$504,000 Large System Replacement Fund**
 - Information Technology Dept Support Staff - **\$301,000 IT Fund**

Projected Fund Balance - 2019-2020 Budget Mid-Term Adjustment
 Thurston County General Fund



**GENERAL
 FUND
 FORECAST**



WHAT TO EXPECT IN THE COMING WEEKS

BUDGET WORK SESSIONS AND ADOPTION SCHEDULE

Date	Activity/Action
September 23	Publish BoCC Preliminary Midterm Budget
October 7	Public Hearing
October 9 - 10	Board Final Deliberations
October 29	Midterm Budget Adoption
November 26	Public Hearing Property Tax Revenue Changes & Board Adoption of Revenue Changes



FOR MORE INFORMATION:

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