

## Outline

- *Department & Fund Reviews*
- *Cash Status*
- *Industry Trends*
- *Focus On... Internal Controls*

## Revenues & Expenditures – Current Expense



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## CE Revenue by Dept (excluding cash)

Department	Budget	Revs thru 2Q16	% Rcvd
General	11,873,298	6,100,740	51.38%
County Administration	2,300	1,724	74.94%
Assessor	950	361	38.02%
Auditor	253,131	135,879	53.68%
Facilities	136,400	97,107	71.19%
Clerk	116,878	55,793	47.74%
County Council	0	0	-
Dispatch / E911	744,154	342,573	46.04%
Community Development	1,168,250	701,423	60.04%
County Agent	0	0	-
District Court/Probation	243,925	88,579	36.31%

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## CE Revenue by Dept (excluding cash)

Department	Budget	Revs thru 2Q16	% Rcvd
Election Reserve	127,000	82,306	64.81%
General Administration	120,872	66,284	54.84%
Health & Community Services	398,000	272,514	68.47%
Jail	15,800	5,167	32.70%
Juvenile Court	32,908	12,908	39.22%
Law Library	0	0	-
Operating Transfers	0	0	-
Prosecuting Attorney/Coroner	90,730	45,770	50.45%
Sheriff	523,619	218,209	41.67%
Superior Court	6,700	1,925	28.73%
Treasurer	704,650	410,320	58.23%
<b>County Current - General</b>	<b>16,559,565</b>	<b>8,639,583</b>	<b>52.17%</b>

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## CE Revenue by Type

Revenue Type	Budget	Revs thru 2Q16	% Rcvd	Projection for Year-End
Cash	811,717	0	0.00	
<i>General Property Taxes</i>	<i>6,437,784</i>	<i>3,783,774</i>	<i>58.77%</i>	<i>1% above budget</i>
<i>Retail Sales &amp; Use Taxes</i>	<i>5,603,057</i>	<i>2,398,016</i>	<i>42.80%</i>	<i>5% above budget</i>
<i>Excise Taxes</i>	<i>17,971</i>	<i>8,455</i>	<i>47.05%</i>	<i>3% above budget</i>
Taxes	12,058,812	6,190,245	51.33%	
Licenses and Permits	1,122,300	731,231	65.15%	13% above budget
Intergovernmental Rev	826,361	379,111	45.88%	5-20% below budget
Charges for Goods/Srvcs	1,705,884	909,012	53.29%	14% above budget
Fines and Forfeits	268,113	156,797	58.48%	25% above budget
Miscellaneous Revenues	433,701	246,104	56.75%	20% above budget
Other Financing Sources	144,394	27,082	18.76%	60% below budget
<b>Grand Total</b>	<b>17,371,282</b>	<b>8,639,583</b>	<b>49.73%</b>	
<b>Grand Total excl. cash</b>	<b>16,559,565</b>	<b>8,639,583</b>	<b>52.17%</b>	<b>1.5% above budget</b>

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## CE Exps by Dept (excluding cash)

Department	Budget	Exps thru 2Q16	% Used
County Administration	638,711	292,837	45.85%
Assessor	1,058,709	483,052	45.63%
Auditor	873,283	411,678	47.14%
Board of Equalization	7,406	652	8.81%
Facilities	721,020	364,969	50.62%
Civil Service	19,602	7,446	37.98%
Clerk	367,940	180,825	49.15%
County Council	538,363	271,784	50.48%
Dispatch / E911	1,184,955	563,422	47.55%
Community Development	1,840,125	773,478	42.03%
County Agent	210,118	95,915	45.65%
District Court/Probation	703,074	344,623	49.02%

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## CE Exps by Dept (excluding cash)

Department	Budget	Exps thru 2Q16	% Used
Election Reserve	334,474	142,144	42.50%
General Administration	1,080,992	254,156	23.51%
Health & Community Services	1,608,679	730,600	45.42%
Jail	400,595	199,201	49.73%
Juvenile Court	445,570	208,937	46.89%
Law Library	24,302	11,327	46.61%
Operating Transfers	614,079	494,153	80.47%
Prosecuting Attorney/Coroner	1,158,372	569,937	49.20%
Sheriff	2,864,403	1,426,293	49.79%
Superior Court	229,972	111,784	48.61%
Treasurer	446,538	205,750	46.08%
<b>County Current – General</b>	<b>17,371,282</b>	<b>8,144,962</b>	<b>46.89%</b>

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## CE Exps by Object Code (excl cash)

Object Code	Expenditure Type	Budget	% of Total	Exps thru 2Q16	% Used
00	Transfers	1,180,414	6.80%	577,266	48.90%
10	Salaries and Wages	9,089,245	52.32%	4,394,139	48.34%
20	Personnel Benefits	3,584,145	20.63%	1,652,463	46.10%
30	Supplies	286,140	1.65%	145,501	50.85%
40	Charges for Services	3,012,838	17.34%	1,268,470	42.10%
50	Intergovernmental	151,000	0.87%	65,201	43.18%
60	Capital Outlays	45,000	0.26%	34,831	77.40%
80	Debt Service: Interest	22,500	0.13%	7,092	31.52%
<b>County Current - General</b>		<b>17,371,282</b>	<b>100.00%</b>	<b>8,144,962</b>	<b>46.89%</b>

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## Revenues & Expenditures – County



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## Grants Revenue by Dept (excluding cash)

Department	Budget	Revs thru 2Q16	% Rcvd
Planning Grants	625,574	280,039	44.77%
Health & Comm'ty Srvc Grants	1,907,309	926,990	48.60%
Juvenile Court Grants	93,128	19,584	21.03%
Emergency Management Grants	36,044	18,182	50.44%
Prosecutor Grants	263,377	106,921	40.60%
Sheriff Grants	241,150	85,797	35.58%
<b>Current Expense Grants</b>	<b>3,166,582</b>	<b>1,437,513</b>	<b>45.40%</b>

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## Grants Exps by Dept (excluding cash)

Department	Budget	Revs thru 2Q16	% Rcvd
Planning Grants	628,363	265,471	42.25%
Health & Community Srvc Grants	1,872,726	924,959	49.39%
Juvenile Court Grants	106,050	47,495	44.79%
Emergency Management Grants	36,044	30,262	83.96%
Prosecutor Grants	263,377	118,904	45.15%
Sheriff Grants	242,533	121,241	49.99%
<b>Current Expense Grants</b>	<b>3,149,093</b>	<b>1,508,332</b>	<b>47.90%</b>

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## Revenues by Fund (excluding cash)

Fund #	Fund Name	Budget	Revs thru 2Q16	% Rcvd
0003	Budget Stabilization Fund	180,500	1,816	1.01%
0004	Veterans' Assistance Fund	77,153	77,153	100.00%
0005	Insurance Cumulative Reserve	80,150	80,233	100.10%
0007	Emergency Management	110,263	85,000	77.09%
1021	SJC Conservation Area Fund	3,367,860	1,388,726	41.23%
1031	Land Bank Stewardship & Mgt	1,085,793	331,168	30.50%
1041	SJC Noxious Weed Control	170,000	101,833	59.90%
1091	San Juan County Parks	2,001,094	903,253	45.14%
1101	Treasurer's Operation & Maint	21,100	6,459	30.61%
1111	Dog License	18,900	14,499	76.71%

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## Revenues by Fund (excluding cash)

Fund #	Fund Name	Budget	Revs thru 2Q16	% Rcvd
1121	County Roads	10,853,606	4,260,077	39.25%
1221	Lodging Tax Fund	1,400,000	371,201	26.51%
1241	Eastsound Parking Fund	10,000	0	0.00%
1251	Auditor Document Preservation	57,380	7,610	13.26%
1271	Crime Victims	8,720	2,677	30.70%
1281	Mental Health Tax Fund	430,000	202,309	47.05%
1691	Orcas Senior Services Building	87,000	31,168	35.83%
1921	Septic Housing & Loans	305,425	95,398	31.23%
1951	Public Facilities Improvement	420,800	184,597	43.87%
1961	Affordable Housing Fund	136,140	78,191	57.43%

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## Revenues by Fund (excluding cash)

Fund #	Fund Name	Budget	Revs thru 2Q16	% Rcvd
1971	Criminal Justice Receiving Fund	197,720	91,744	46.40%
2001	Bond Redemption Fund	1,317,168	224,628	17.05%
3061	Capital Improvement Fund	1,974,018	559,298	28.33%
4011	Solid Waste Fund	273,500	171,925	62.86%
4017	Solid Waste Projects Fund	176,500	133,374	75.57%
4151	Stormwater Utility Fund	504,500	357,482	70.86%
4157	Stormwater Utility Capital	607,885	42,221	6.95%
5011	Equipment Rental & Revolving	2,047,138	385,047	18.81%
5021	Information Technology	1,208,004	560,776	46.42%
	<b>Grand Total All Funds</b>	<b>48,854,464</b>	<b>20,826,960</b>	<b>42.63%</b>

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## County Revenue by Type

Revenue Type	Budget	Revs thru 2Q16	% Rcvd
Cash	16,893,446	0	0.00%
<i>General Property Taxes</i>	<i>10,594,364</i>	<i>6,218,649</i>	<i>58.70%</i>
<i>Retail Sales &amp; Use Taxes</i>	<i>7,853,057</i>	<i>3,154,628</i>	<i>40.17%</i>
<i>Excise Taxes</i>	<i>28,131</i>	<i>13,361</i>	<i>47.50%</i>
<i>Other Taxes</i>	<i>3,684,500</i>	<i>1,991,778</i>	<i>54.06%</i>
Taxes	22,160,052	11,378,416	51.35%
Licenses and Permits	1,202,200	792,144	65.89%
Intergovernmental Rev	11,632,700	3,773,537	32.44%
Charges for Goods/Srvcs	4,243,037	1,951,175	45.99%
Fines and Forfeits	271,583	157,860	58.13%
Miscellaneous Revenues	3,309,616	1,321,828	39.94%
Capital Contributions	16,000	0	0.00%
Nonrevenues	120,000	51,288	42.74%
Other Financing Sources	5,899,276	1,400,712	23.74%
<b>Grand Total</b>	<b>65,747,910</b>	<b>20,826,960</b>	<b>31.68%</b>
<b>Grand Total excl. cash</b>	<b>48,854,464</b>	<b>20,826,960</b>	<b>42.63%</b>

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## Expenditures by Fund (excluding cash)

Fund #	Fund Name	Budget	Exps thru 2Q16	% Used
0004	Veterans' Assistance Fund	85,000	18,456	21.71%
0005	Insurance Cumulative Reserve	295,477	169,888	57.50%
0007	Emergency Management	113,549	66,916	58.93%
1021	SJC Conservation Area Fund	4,294,339	1,476,515	34.38%
1031	Land Bank Stewardship & Mgt	767,694	353,109	46.00%
1041	SJC Noxious Weed Control	179,951	49,095	27.28%
1091	San Juan County Parks	2,152,056	714,584	33.20%
1101	Treasurer's Operation & Maint	23,128	2,538	10.97%
1111	Dog License	19,469	12,281	63.08%

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## Expenditures by Fund (excluding cash)

Fund #	Fund Name	Budget	Exps thru 2Q16	% Used
1121	County Roads	12,033,361	3,499,895	29.08%
1221	Lodging Tax Fund	1,036,145	513,815	49.59%
1251	Auditor Document Preservation	54,576	43,977	80.58%
1271	Crime Victims	14,000	0	0.00%
1281	Mental Health Tax Fund	674,423	231,073	34.26%
1691	Orcas Senior Services Building	63,180	21,003	33.24%
1921	Septic Housing & Loans	214,800	17,366	8.08%
1951	Public Facilities Improvement	695,353	178,439	25.66%
1961	Affordable Housing Fund	160,592	99,596	62.02%

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## Expends by Fund (excluding cash)

Fund #	Fund Name	Budget	Exps thru 2Q16	% Used
1971	Criminal Justice Receiving Fund	175,000	0	0.00%
2001	Bond Redemption Fund	1,317,168	225,891	17.15%
3061	Capital Improvement Fund	2,104,175	107,465	5.11%
4011	Solid Waste Fund	312,732	110,802	35.43%
4017	Solid Waste Projects Fund	189,050	84,676	44.79%
4151	Stormwater Utility Fund	560,102	179,226	32.00%
4157	Stormwater Utility Capital	849,607	0	0.00%
5011	Equipment Rental & Revolving	2,529,124	793,827	31.39%
5021	Information Technology	1,230,775	612,547	49.77%
<b>Grand Total All Funds</b>		<b>52,665,201</b>	<b>19,236,275</b>	<b>36.53%</b>

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## County Exps by Object Code (excl cash)

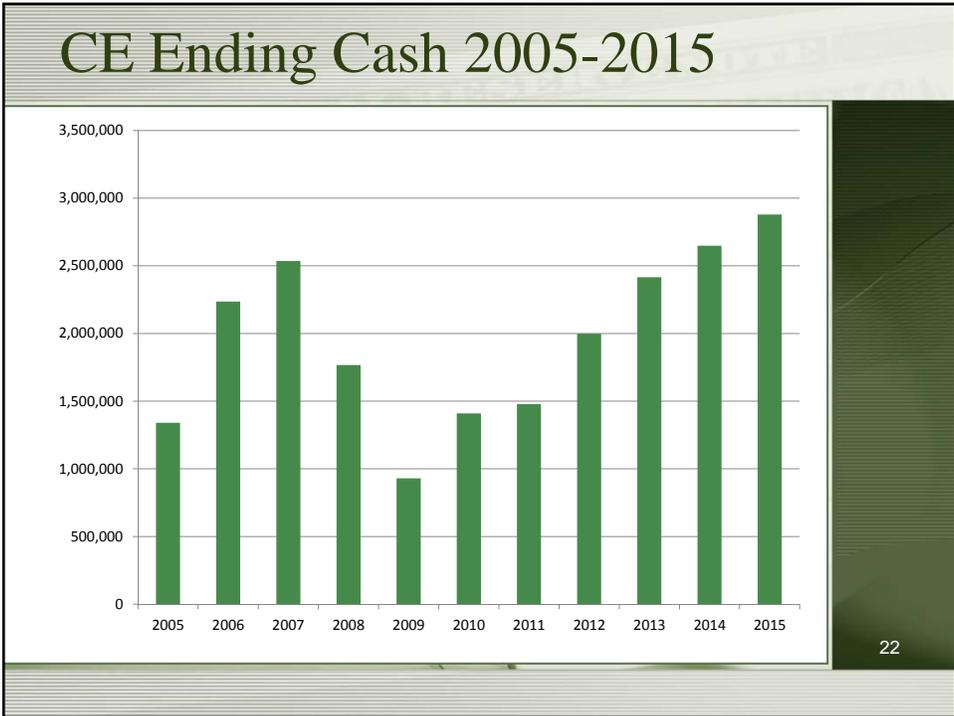
Object Code	Expenditure Type	Budget	% of Total	Exps thru 2Q16	% Used
00	Cash and Transfers	5,947,471	11.29%	1,429,148	24.03%
10	Salaries and Wages	14,998,876	28.48%	7,440,018	49.60%
20	Personnel Benefits	6,662,457	12.65%	2,997,951	45.00%
30	Supplies	2,423,220	4.60%	1,044,318	43.10%
40	Charges for Services	12,024,901	22.83%	4,358,580	36.25%
50	Intergovernmental	637,756	1.21%	183,216	28.73%
60	Capital Outlays	8,477,201	16.10%	1,538,115	18.14%
70	Debt Service: Principal	1,027,755	1.95%	13,623	1.33%
80	Debt Service: Interest	465,564	0.88%	231,306	49.68%
<b>Grand Total</b>		<b>52,665,201</b>	<b>100.00%</b>	<b>19,236,275</b>	<b>36.53%</b>

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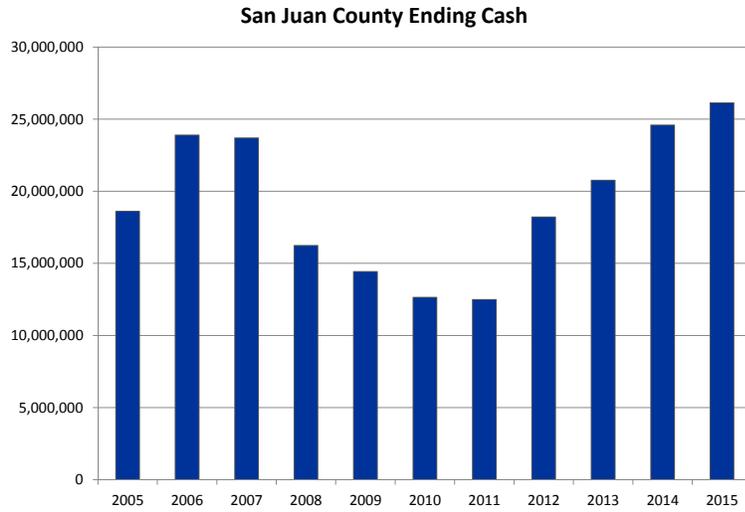
# Cash Status



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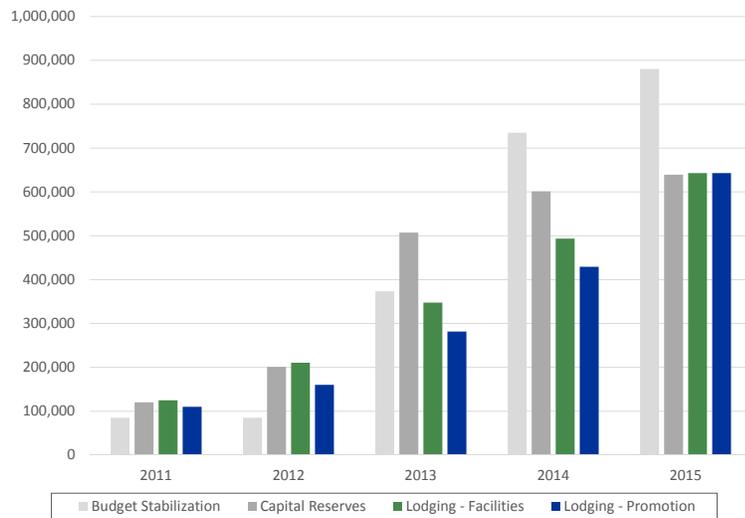


## County Ending Cash 2005-2015



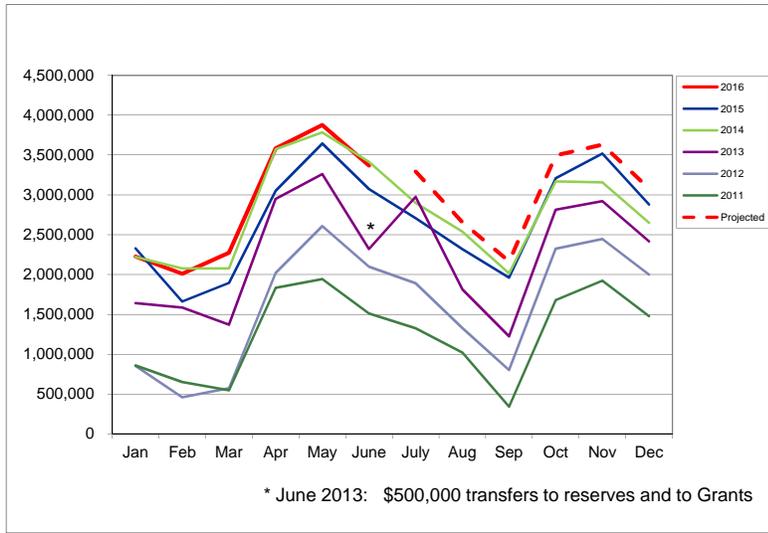
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## Major Cash Reserves 2011-2015



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## Cash Flow by Month, CE



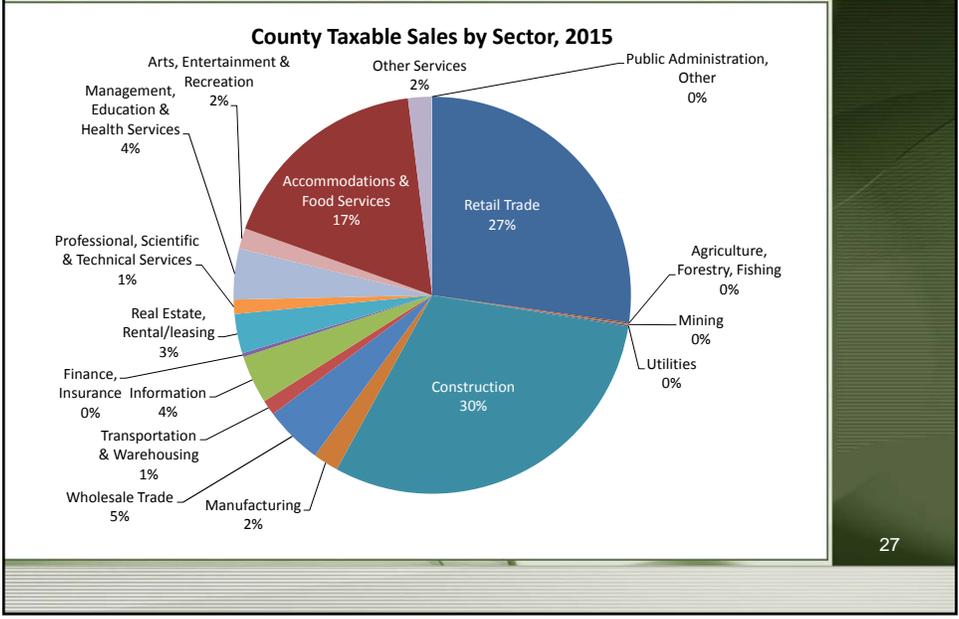
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## Industry Trends

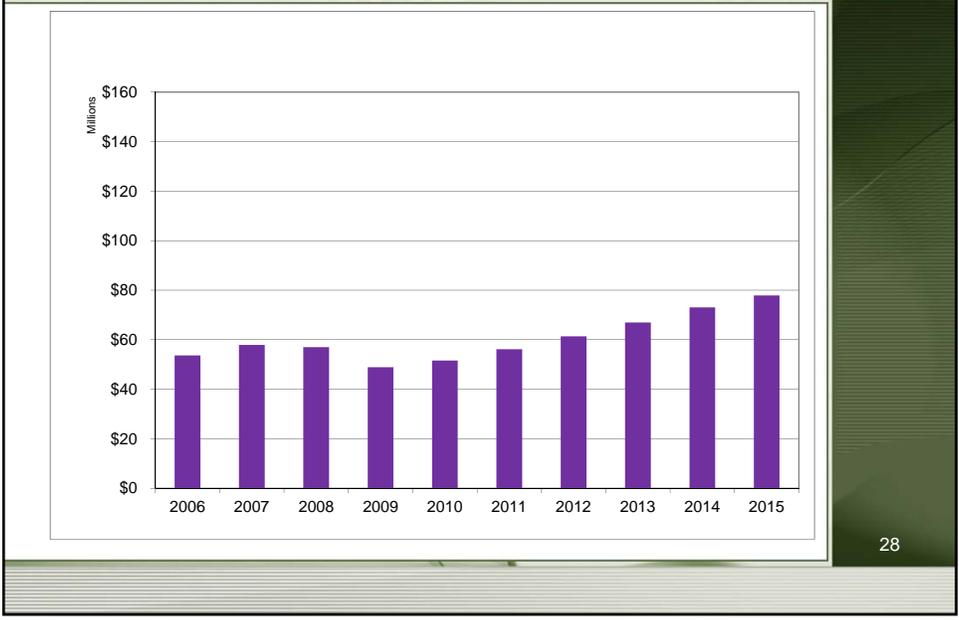


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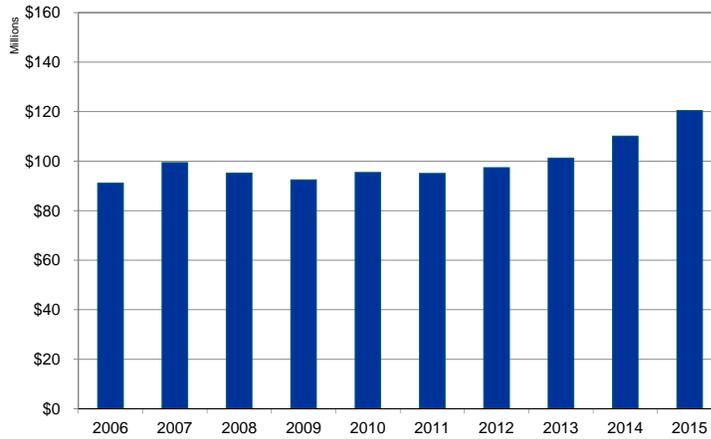
# Taxable Sales in San Juan County



# Lodging & Food, 2006-2015

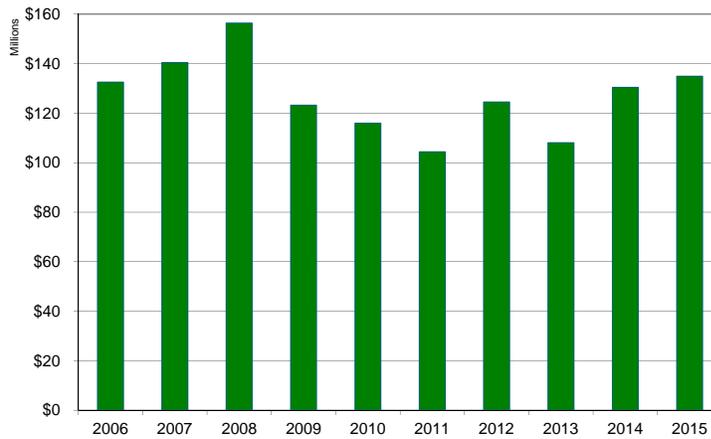


## Retail Trade, 2006-2015



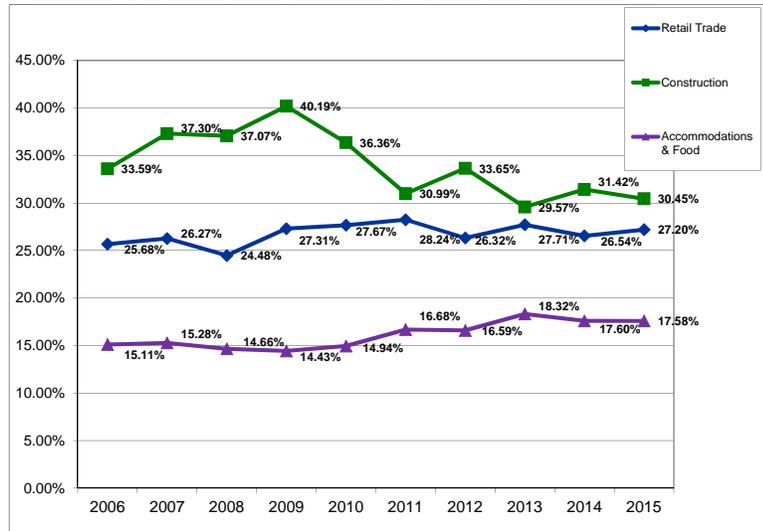
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## Construction, 2006-2015



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## Major Sectors as % of Total



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**Focus on...**  
**Internal Control**



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## What is Internal Control?

- In accounting and auditing, internal control is defined as a process effected by an organization's structure, work and authority flows, people and management information systems, designed to help the organization accomplish specific goals and objectives. ~Committee of Sponsoring Organizations of the Treadway Commission (COSO)

- **HUH?**



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## What is “Internal Control”

- *A Concept*
- *A Requirement*
- *A Process*
- *A Choice*

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## The Concept

- *Effective internal controls:*
  - *Safeguard public assets*
  - *Assist in fraud prevention and detection*
  - *Protect employees*

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## The Requirement

- *Washington State requires internal control from its local jurisdictions.*
- *Taxpayers expect it (even if they can't define it)*
- *It is management's responsibility:*
  - *to design effective internal controls*
  - *to ensure internal controls are operating as designed*

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## The Process

- *Internal Control is a **process** (not a single act or rule), effected by **people**, which in the **context** of agreed-to values and objectives, provides reasonable assurance of achieving those objectives.*

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## The Choice

- *There is no “one size fits all”*
  - *Where does our risk lie? (not all organizations are the same)*
  - *How much risk are we willing to live with?*
  - *Are we able to monitor the controls we put in place?*
  - *How much resources are we willing to devote to mitigate risk?*

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## Components of Internal Control

- ***Control Environment***
  - *Foster an environment committed to ethical behavior*
  - *Adopt an “attitude of control”*
  
- ***Examples:***
  - *Management training in ethics*
  - *Giving the state audit team the County’s only conference room*

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## Components of Internal Control

- ***Risk Assessment***
  - *What assets are most at risk, where, and when?*
  - *How much risk are we willing to live with?*
  
- ***Example:***
  - *Cash handling procedures*
  - *Treasurer request for dedicated computers*

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## Components of Internal Control

- ***Control Activities***
  - *Develop policies and procedures that mitigate risk*
  
- ***Examples:***
  - *Multiple approval levels*
  - *Segregation of duties*
  - *Unprinted check stock*

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## Components of Internal Control

- ***Information & Communication***
  - *Develop information systems which allow internal controls to function*
  - *Communicate commitment both internally and externally*
  
- ***Examples:***
  - *Electronic approvals in Eden*
  - *Management training*

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## Components of Internal Control

- ***Monitoring Activities***
  - *Monitor the effectiveness of controls*
  - *Communicate and take corrective action on ineffective controls*
  
- ***Examples:***
  - *Annual state audit*
  - *Electronic key system for courthouse*

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## Designing internal controls

- ***Beware the “trusted employee” syndrome:***
  - *Don't forget the top of the org chart*
  - *Who has the easiest access to the most money?*

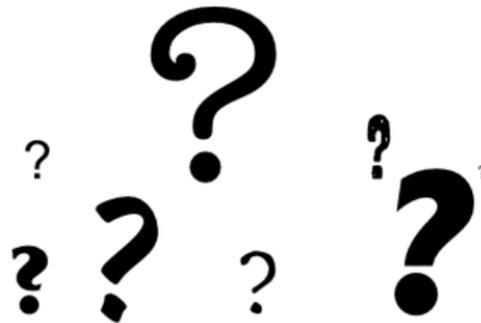
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## Tips

- *Look for unusual activity*
- *Investigate all shortages*
- *Understand your systems' weaknesses*
- *Review revenue and expenditures for unusual patterns*
- *Spot check! Accounts, cash drawers, inventories*
- *Don't take anything personally*

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## Questions



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