



## San Juan County Auditor

4<sup>th</sup> Quarter Report 2016

# 4<sup>th</sup> Quarter 2016 Financial Review

F. Milene Henley, County Auditor  
February 7, 2017



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### How is the County doing?

- Where we've been
- What we've done
- Where we are now
- Where we're going



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### WHERE WE'VE BEEN



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### The “Great Recession”

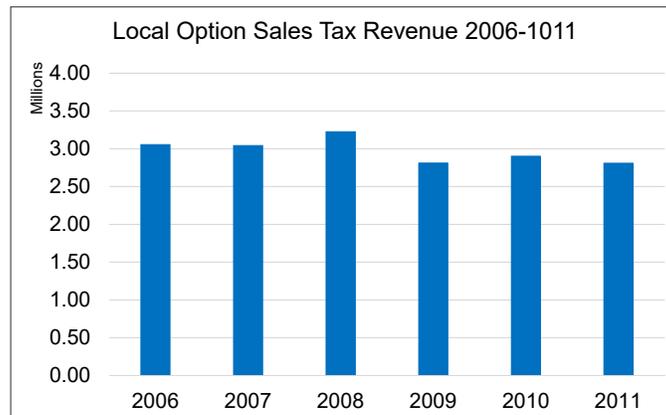
- Revenue sources dried up
  - First, the smaller ones (permits, licenses, good & services, interest)
  - Later in the year sales tax would drop off, as well
- Council committed to eliminating \$1 million out of the \$14 million Current Expense budget
- Layoffs began
- Cash was depleted



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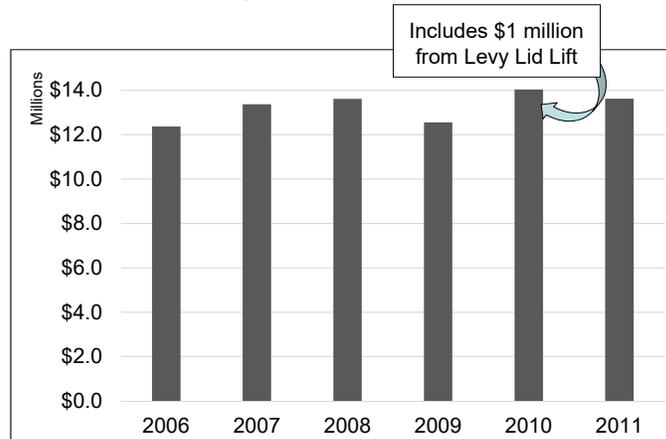
### Sales Tax Revenue



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### Total Current Expense Revenue, 2006-2011

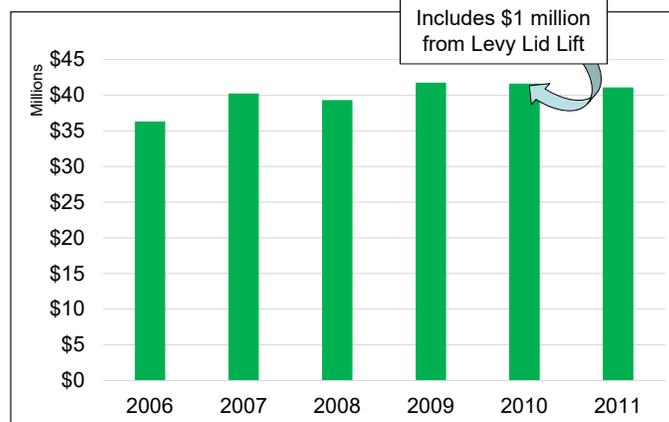




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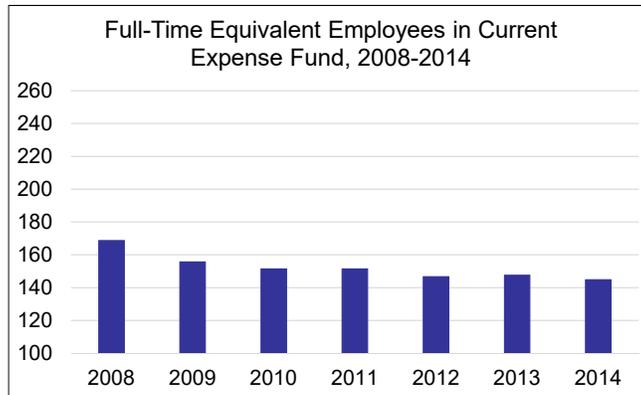
### Total County Revenue, 2006-2011



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### FTEs

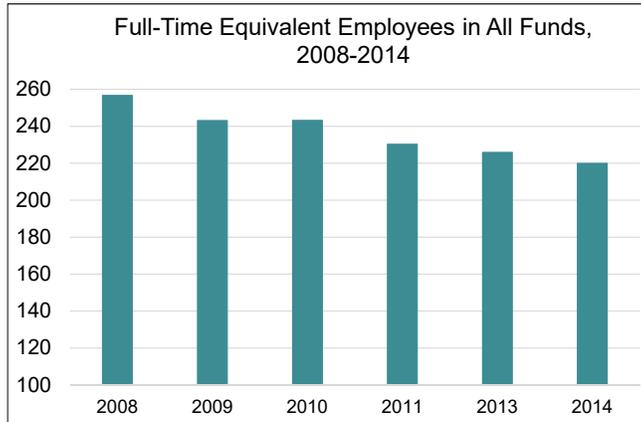




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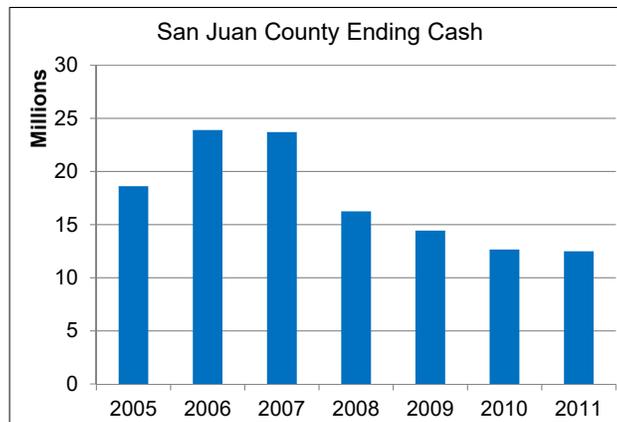
### FTEs



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### Cash





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### WHAT WE'VE DONE



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### Crisis Response

- Layoffs 2009, 2010 – We still have not returned to former level of employment
- Levy lid lift to voters 2009, renewed 2014
- Adopted “2<sup>nd</sup> 1/4%” Real Estate Excise Tax 2011



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### Policy Changes

- Reserve Policy adopted 2009, revised 2012
- Investment Policy adopted 2009
- Debt Policy adopted 2012
- Transitioned to annual assessment program 2012
- Stopped shifting funds from the Road levy in 2013
- Outsourced Solid Waste operations 2013 and 2014



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### Debt Management

- 2012 revision to Reserves Policy added reserves for capital debt
- A 15-year loan to pay off Solid Waste debt was incurred in 2012; paid off early, in 2015
- Refunded general obligation debt in 2016, saving \$1M



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### WHERE WE ARE NOW



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### 2016 Financial Results

- Revenue
- Expenditures
- Cash Position
- Debt



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### CE Revenue 2016

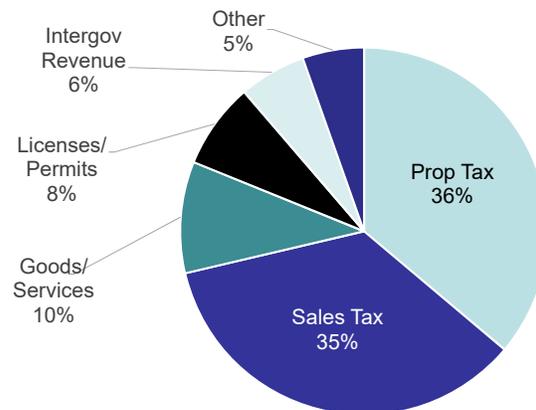
Revenue Type	Adjusted Budget	Actual Revenues	% Rcvd	% of Total
General Property Taxes	6,437,784	6,261,295	97.26	36.15%
Sales and Use Taxes	5,603,057	6,091,359	108.71	35.17%
Excise Taxes	17,971	20,444	113.76	0.12%
Taxes	12,058,812	12,373,099	102.61	71.44%
Licenses and Permits	1,172,300	1,308,134	111.59	7.55%
Intergovernmental Revenue	926,361	1,021,750	110.30	5.90%
Chgs for Goods & Services	1,754,548	1,700,764	96.93	9.82%
Fines and Forfeits	268,113	296,965	110.76	1.71%
Miscellaneous Revenues	434,701	470,725	108.29	2.72%
Nonrevenues	0	5,810	-	0.03%
Other Financing Sources	144,394	142,431	98.64	0.82%
<b>Grand Total</b>	<b>16,759,229</b>	<b>17,319,679</b>	<b>103.34</b>	<b>100.00%</b>



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### CE Revenue 2016





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# County Revenue 2016

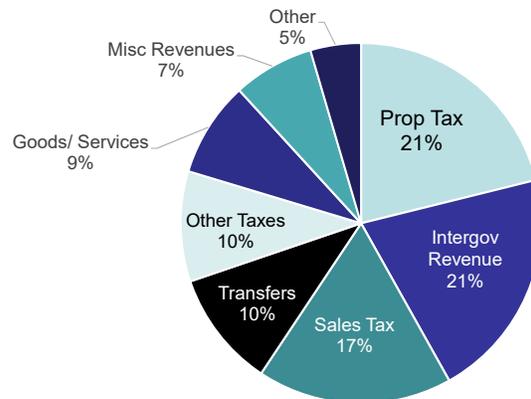
Revenue Type	Adjusted Budget	Actual Revenues	% Rcvd	% of Total
General Property Taxes	10,594,364	10,262,685	96.87%	21.13%
Sales and Use Taxes	7,853,057	8,481,281	108.00%	17.46%
Excise Taxes	28,131	32,521	115.61%	0.07%
Other Taxes	3,882,500	4,799,991	123.63%	9.88%
<b>Taxes</b>	<b>22,358,052</b>	<b>23,576,478</b>	<b>105.45%</b>	<b>48.55%</b>
Licenses and Permits	1,252,200	1,403,015	112.04%	2.89%
Intergovernmental Revenue	11,906,291	10,073,560	84.61%	20.74%
Chgs for Goods & Services	4,261,037	4,143,632	97.24%	8.53%
Fines and Forfeits	271,583	299,345	110.22%	0.62%
Miscellaneous Revenues	3,343,692	3,530,792	105.60%	7.27%
Capital Contributions	16,000	13,983	87.39%	0.03%
Nonrevenues	120,000	451,116	375.93%	0.93%
Other Financing Sources	7,058,886	5,071,340	71.84%	10.44%
<b>Grand Total</b>	<b>50,587,741</b>	<b>48,563,261</b>	<b>96.00%</b>	<b>100.00%</b>



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# County Revenue 2016





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### CE Expenditures 2016

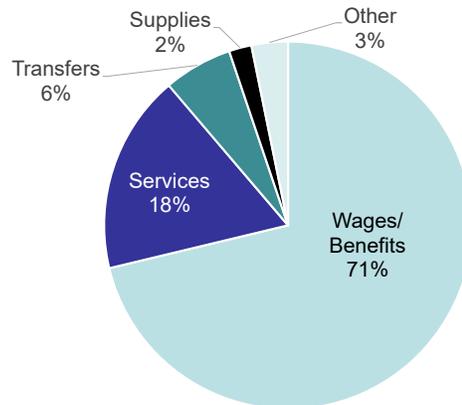
Expenditure Type	Adjusted Budget	Actual Expend	% Used	% of Total
Transfers	1,211,270	1,039,879	85.85	6.16%
Salaries and Wages	9,167,037	8,920,117	97.31	52.87%
Personnel Benefits	3,595,381	3,342,384	92.96	19.81%
Supplies	290,140	340,392	117.32	2.02%
Charges for Services	3,116,646	3,016,395	96.78	17.88%
Intergovernmental	159,000	140,321	88.25	0.83%
Capital Outlays	45,000	60,598	134.66	0.36%
Debt Service	22,500	10,461	46.49	0.06%
<b>County Current - General</b>	<b>17,606,974</b>	<b>16,870,548</b>	<b>95.82</b>	<b>100.00%</b>



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### CE Expenditures 2016





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### County Expenditures 2016

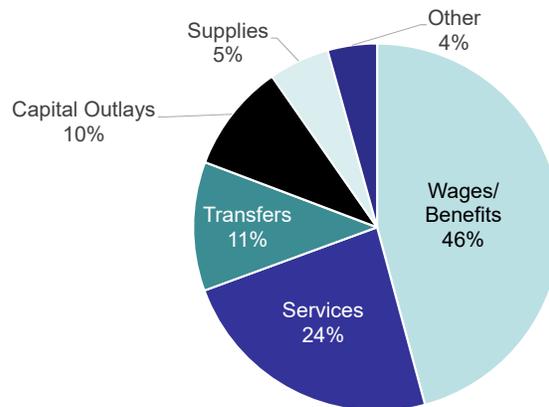
Expenditure Type	Adjusted Budget	Actual Expend	% Used	% of Total
Transfers	7,220,906	5,217,306	72.25	11.35%
Salaries and Wages	15,082,382	15,019,804	99.59	32.68%
Personnel Benefits	6,676,390	6,029,106	90.30	13.12%
Supplies	2,450,076	2,459,983	100.40	5.35%
Charges for Services	12,359,445	10,847,024	87.76	23.60%
Intergovernmental	754,156	511,131	67.78	1.11%
Capital Outlays	7,780,201	4,392,048	56.45	9.56%
Debt Service: Principal	1,527,755	1,027,755	67.27	2.24%
Debt Service: Interest	465,564	451,110	96.90	0.98%
<b>Grand Total</b>	<b>54,316,875</b>	<b>45,955,267</b>	<b>84.61</b>	<b>100.00%</b>



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### County Expenditures 2016

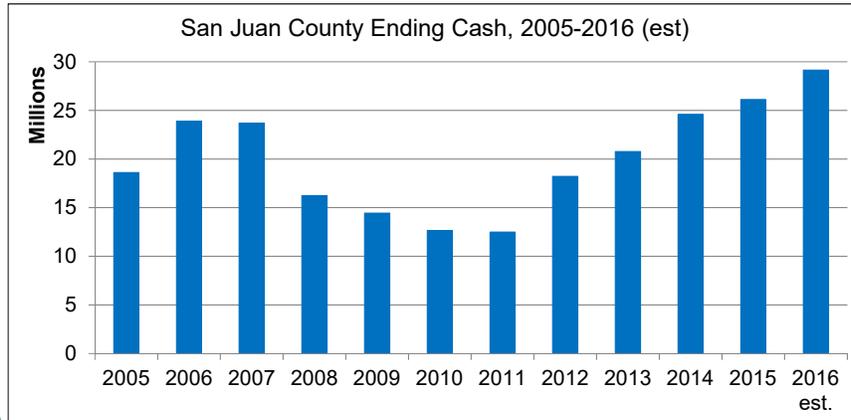




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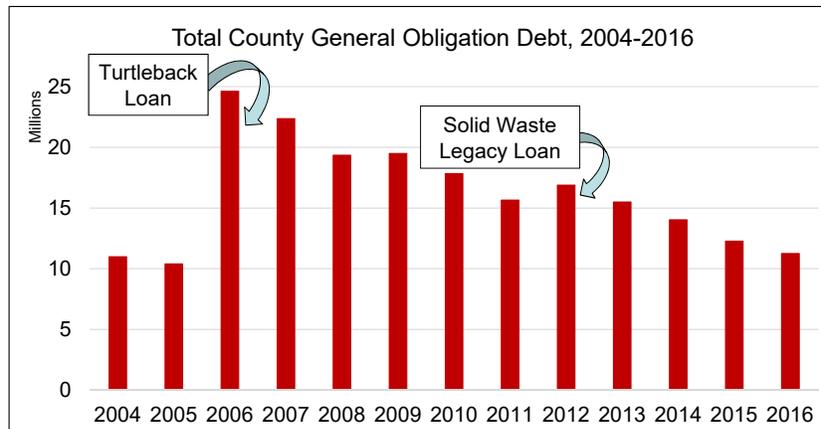
## Cash



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## Debt





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### Current challenges

- Unreliable revenue sources
  - Property Tax
  - Sales Tax
  - Grants Revenue
- Challenging capital facilities (aging, spread out, poorly adapted to modern needs)
- Living environment



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### Property Tax Revenue

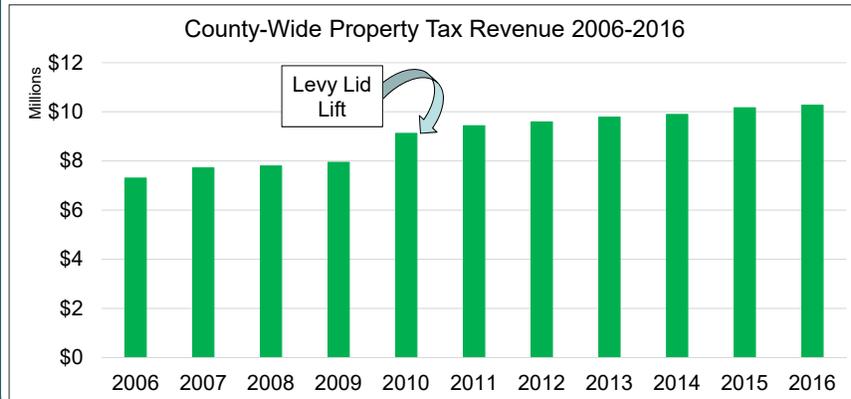
- 1/3 of Current Expense revenue
- Largest source of revenue County-wide
- Stable and predictable, but limited in growth
  - Recent growth has been 1-3% annually



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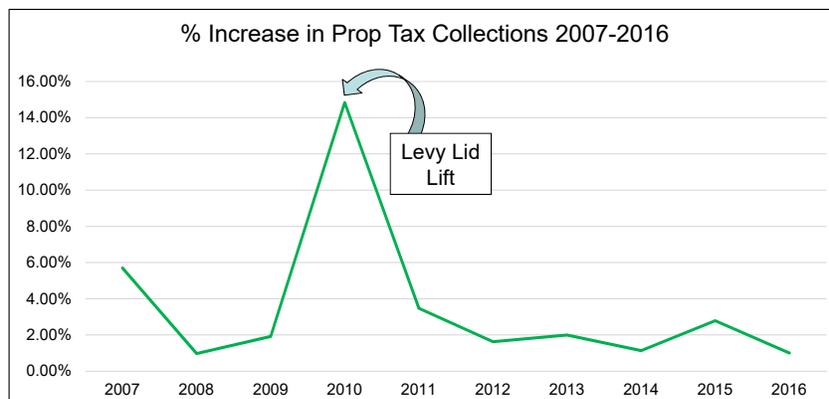
## Property Tax Revenue



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## Property Tax Revenue





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### Sales Tax Revenue

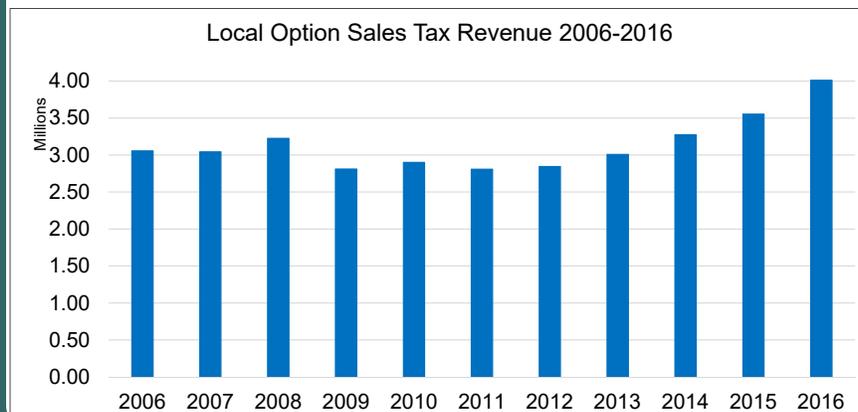
- 1/3 of Current Expense revenue
- 3<sup>rd</sup> largest source of revenue County-wide
- More significant to San Juan than to most counties, because we have only one town
- Weather-dependent
- Performs well in good times; crashes fast in poor times
  - Recent growth has averaged 8% annually



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### Sales Tax Revenue





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### Grant Revenue

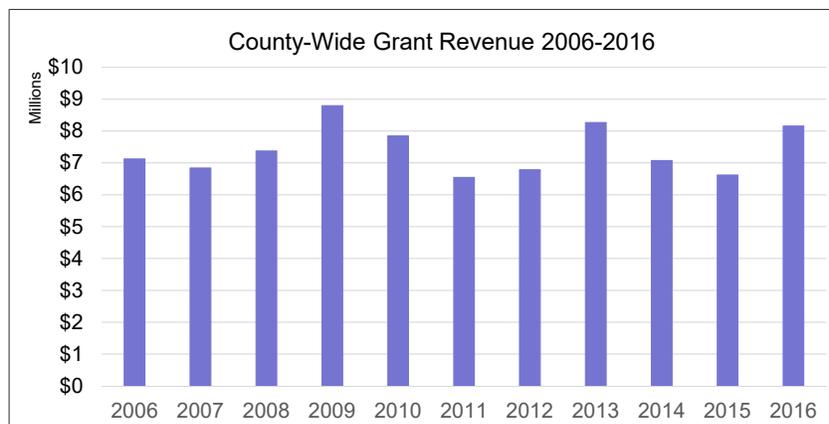
- 2<sup>nd</sup> largest source of revenue County-wide
- 82% of Grants Fund revenue
- Erratic even in the best of times
- Future uncertain



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### Grant Revenue





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### Capital Facilities

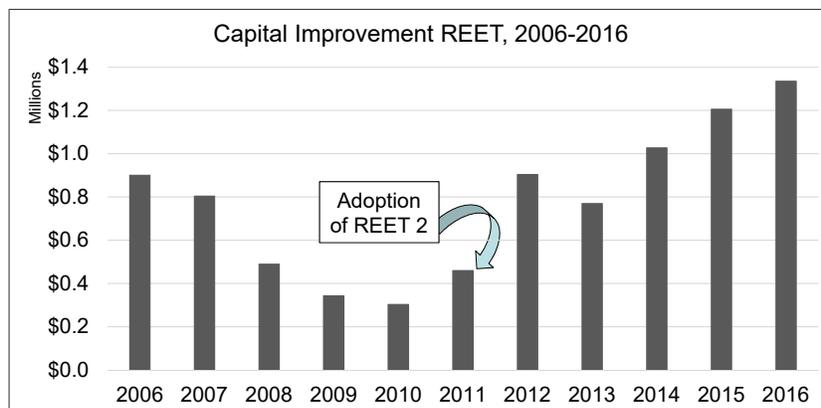
- Capital facilities were:
  - Neglected during prior “good times”
  - Deferred during recent “bad times”
- Recent surge in Real Estate Excise Tax (REET) has provided new source of funding for maintenance & improvements
- Capital planning effort is underway



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### Capital Facilities





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### Living Environment

- Great place to live, but:
  - Cost of living
  - Availability of housing
  - Isolation
  - Combined with not-always-competitive wages
  - ➔ Difficulty in recruiting and hiring



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**WHERE WE'RE GOING**



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### Expenditures

- Medical costs will continue to rise
- Housing & other economic environment costs will rise
- Wages needs to keep up



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### Revenues

- Grants will suffer
- Efforts in Olympia to strengthen property taxes are unlikely to succeed
- If the economy retracts, sales tax will shrink first
- Another housing crisis will follow



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### Stay the course...

- Continue to maintain reserves
- Nurture financial flexibility
- Develop a long-term strategic plan
- Don't overcommit



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