

# San Juan County Financial Review 4Q 2020 and 1Q 2021

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San Juan County Auditor  
May 4, 2021



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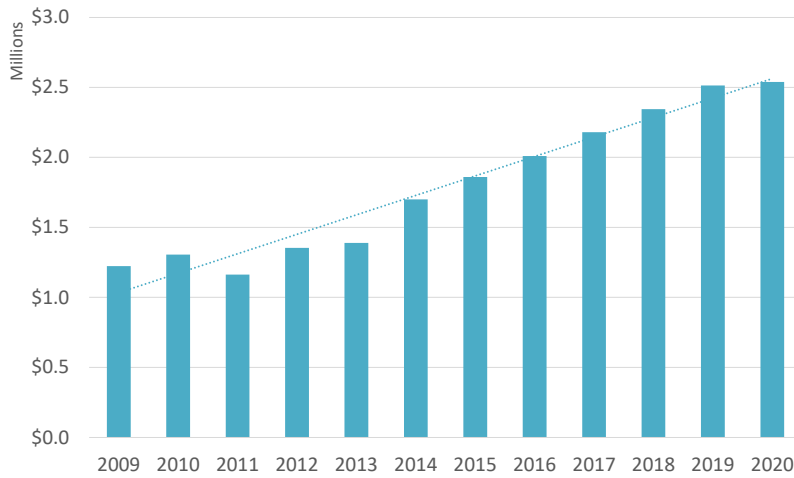
**2020**

...started as a year like any other.



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# County Sales Tax Revenue thru April



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**Then the world stopped.**

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## 2020 Recap

- Usually, recessions creep us on us
- This one slammed into us
  - March 11 – Large events cancelled
  - March 13 – Statewide schools closed
  - March 15 – Restaurants & bars closed
  - March 23 – Stay-at-Home Order



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## 2020 Recap

- Based on recent experience, the County anticipated
  - For the economy: Unemployment, business closures, a stagnant real estate market
  - For the County: loss of sales tax revenue, reduced permit applications, reductions in other economy-driven revenues
- Already seeing sales tax reductions and the closure of accommodations, the County started cutting costs



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## 2020 Recap

- But... Federal and State funding stepped in to help
  - Aid to businesses kept some people employed.
  - Enhanced unemployment benefits stabilized laid-off individuals
  - Aid to governments paid for unbudgeted crisis response
- Then... city folk started moving to the country
  - Real estate sales took off
  - Permitting revenue increased rather than declining



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## 2020 Recap

- The world adapted
  - Accommodations re-opened in June
  - People discovered they could vacation, in a socially-distant way, in the islands
  - Amazon replaced other sales tax revenue sources
- Bottom line: the anticipated recession did not happen – at least, it was much milder than anticipated



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## A selective recession



- Important: Although the recession was less bad than anticipated, it was brutal to certain industries, including restaurants and entertainment



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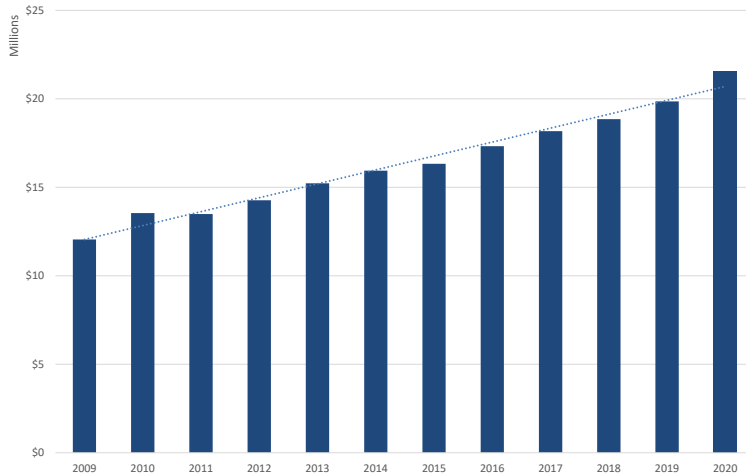
**2020**

...ended not so different from other years, for the County.



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# 2020 Overview

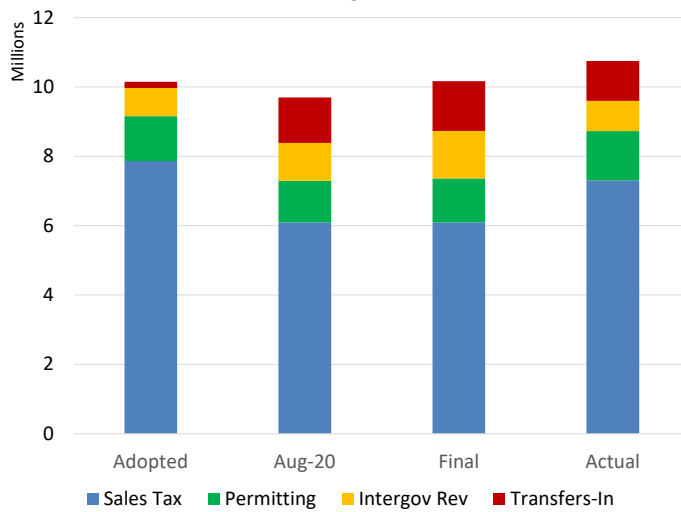


**Total Current Expense revenues for 2020 ended higher than budget and higher than the previous year...**



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## Current Expense Budget Changes during 2020

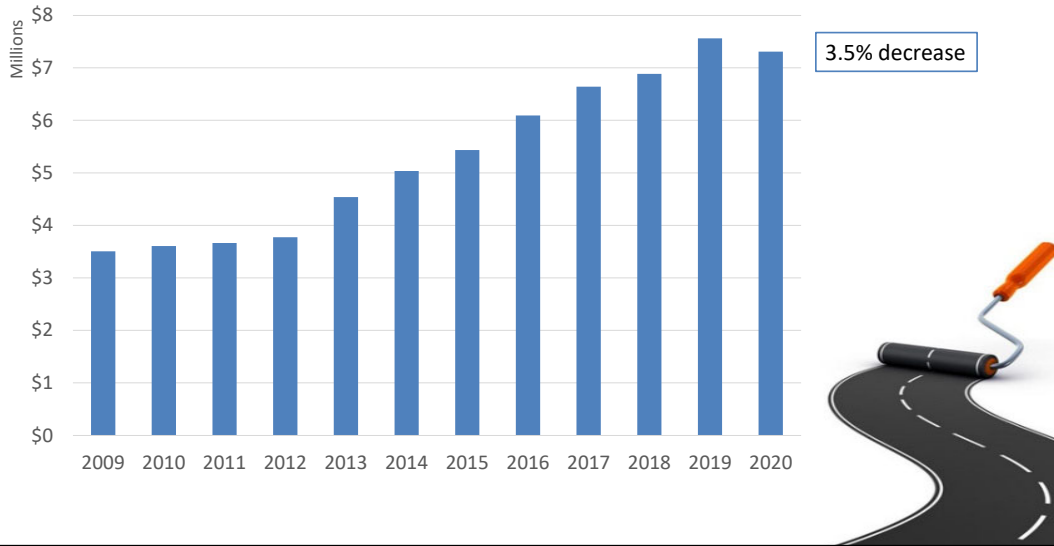


**...but with a very different composition.**



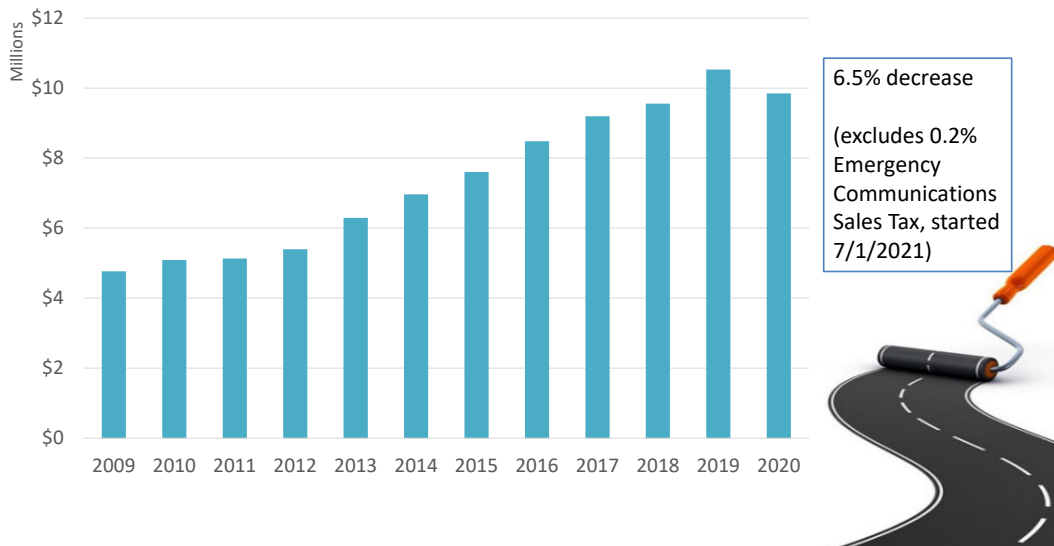
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# Current Expense Sales Tax



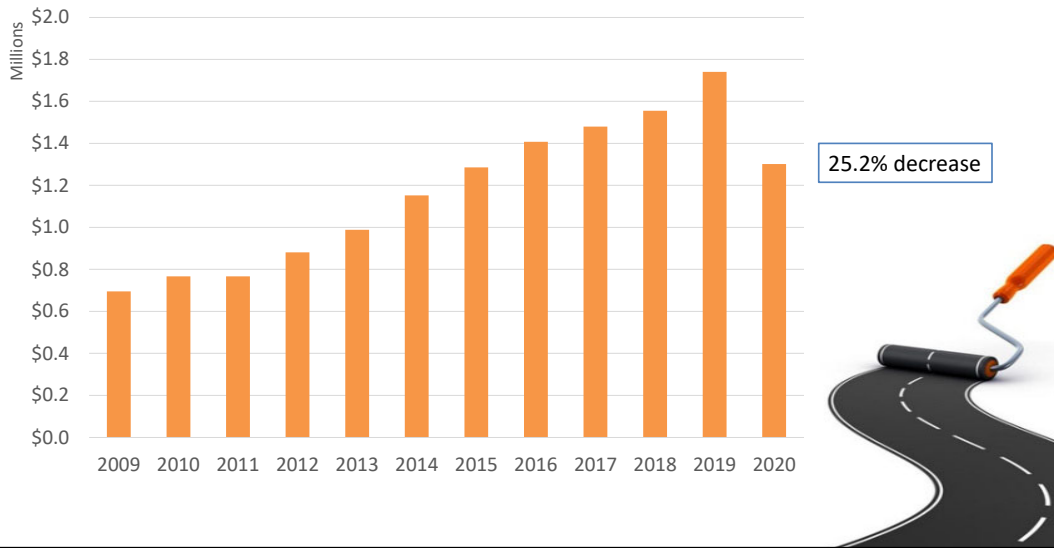
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# County Sales Tax



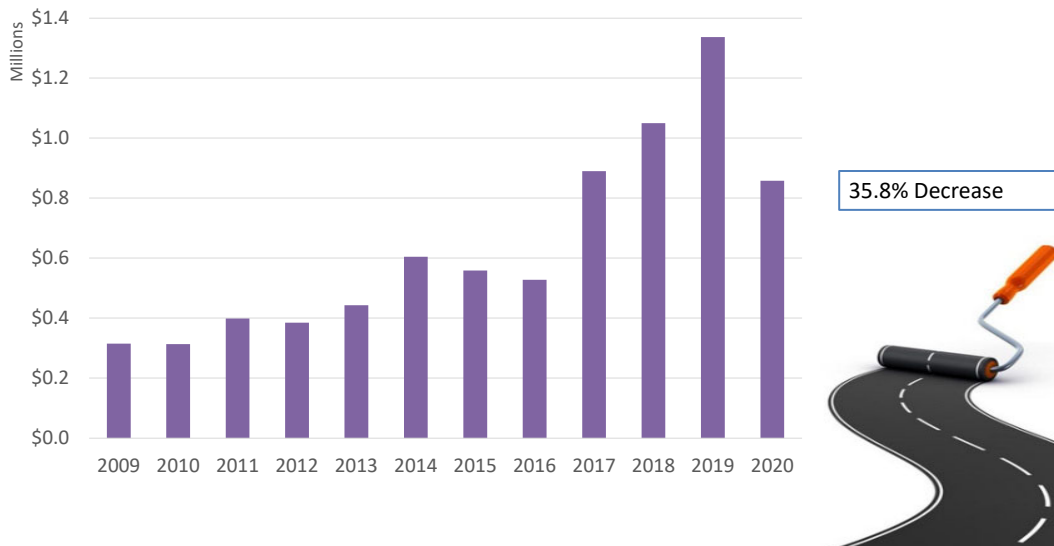
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# Lodging Tax



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# County Interest Income

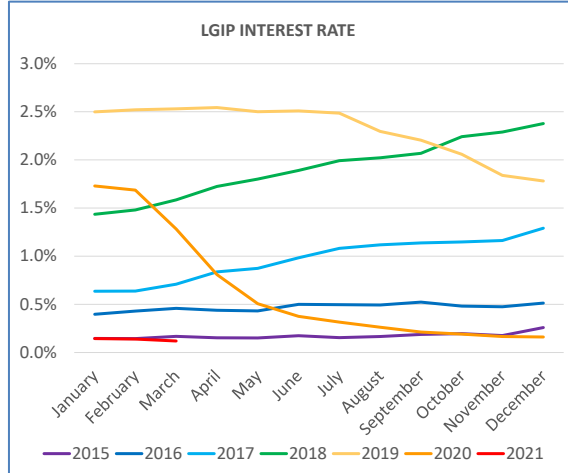


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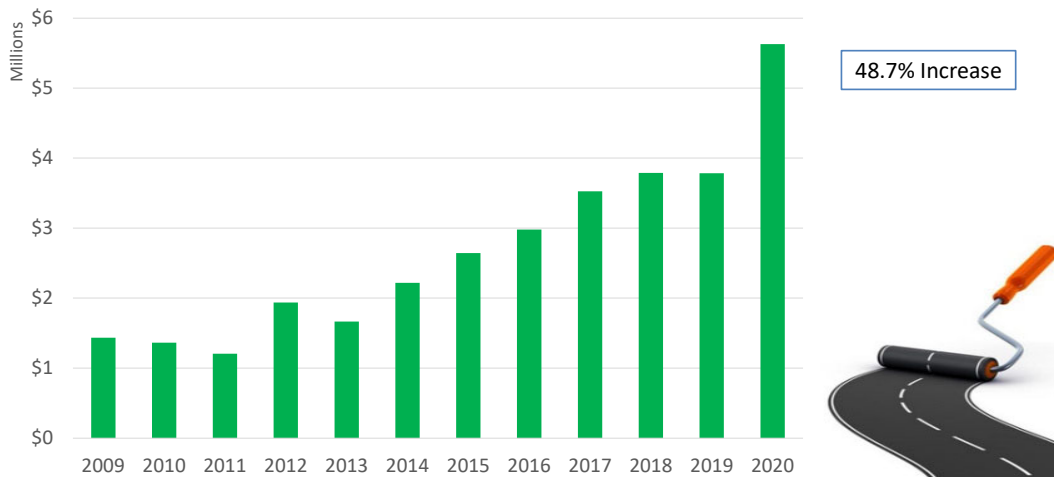
# LGIP Interest Rates 2015-2021

Month	2015	2016	2017	2018	2019	2020	2021
Jan	0.146%	0.397%	0.637%	1.436%	2.498%	1.731%	0.145%
Feb	0.145%	0.430%	0.638%	1.481%	2.521%	1.686%	0.139%
Mar	0.168%	0.458%	0.709%	1.585%	2.531%	1.283%	0.119%
April	0.153%	0.438%	0.838%	1.724%	2.545%	0.809%	
May	0.151%	0.432%	0.874%	1.801%	2.500%	0.507%	
June	0.175%	0.500%	0.984%	1.891%	2.508%	0.375%	
July	0.154%	0.497%	1.081%	1.993%	2.485%	0.316%	
Aug	0.166%	0.494%	1.118%	2.022%	2.296%	0.262%	
Sept	0.187%	0.524%	1.137%	2.069%	2.205%	0.212%	
Oct	0.195%	0.482%	1.148%	2.240%	2.058%	0.191%	
Nov	0.176%	0.475%	1.162%	2.289%	1.838%	0.167%	
Dec	0.260%	0.513%	1.291%	2.378%	1.782%	0.162%	



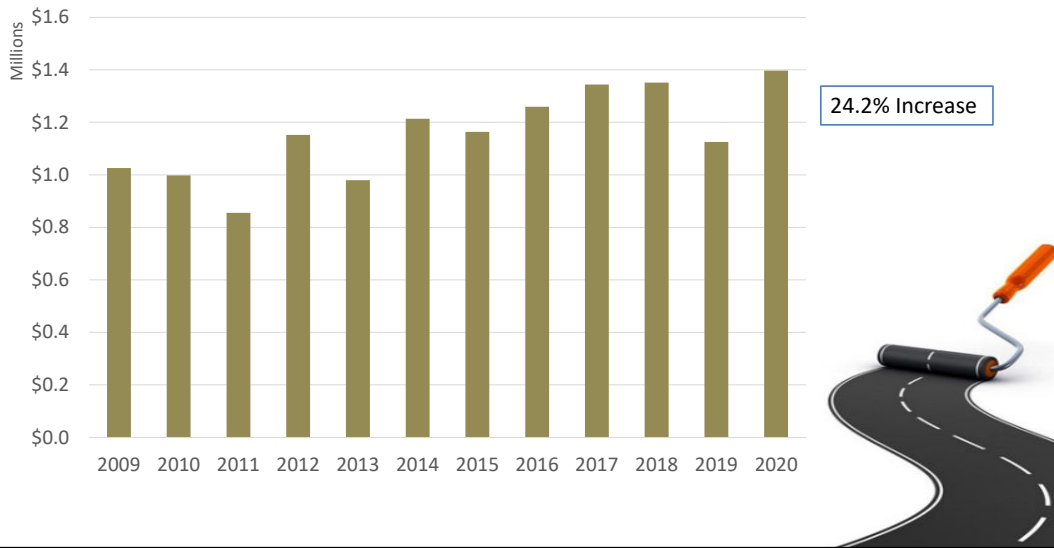
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# Land Bank REET



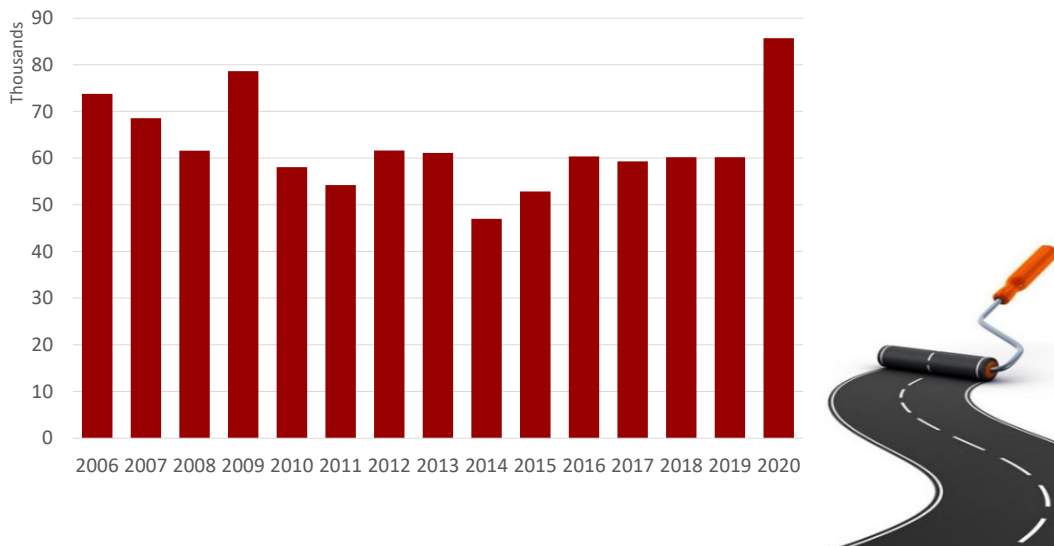
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# Planning & Permitting Revenues



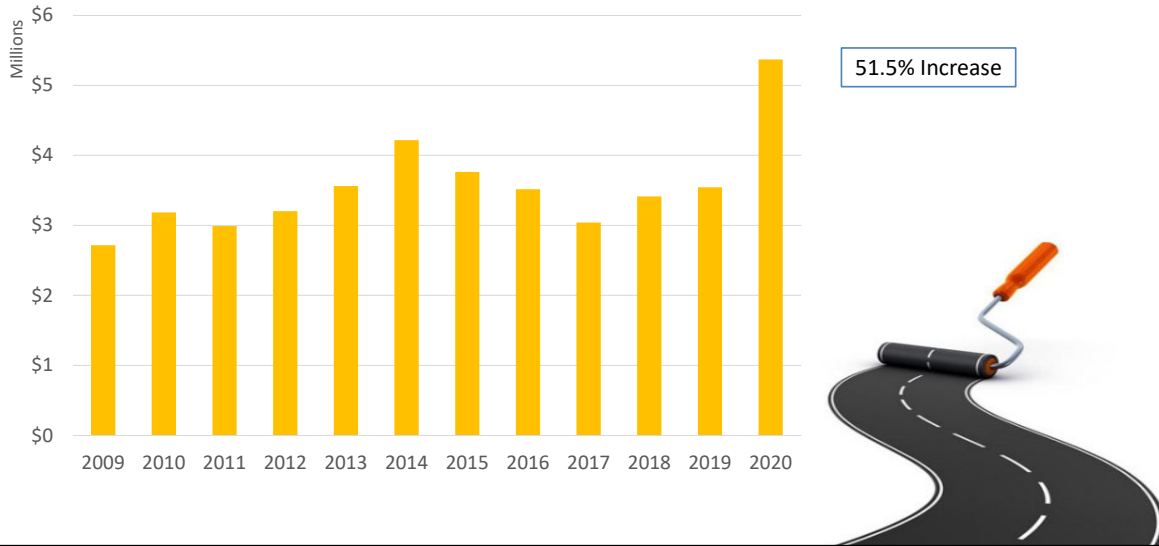
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# Auditor Recording Fees



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# General Fund Intergov Revenues



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# CE Revenues vs Budget

Revenue Type	Adopted Budget	Final Budget	Final Revenues	% of Adopted Budget Rcvd	% of Final Budget Rcvd
Cash	555,091	386,665	0	0.00%	0.00%
<i>Prop Taxes</i>	7,496,274	7,496,274	7,511,049	100.20%	100.20%
<i>Sales Taxes</i>	7,862,697	6,094,154	7,307,533	92.94%	119.91%
<i>Excise Taxes</i>	23,500	23,500	28,294	120.40%	120.40%
<b>Total Taxes</b>	<b>15,382,471</b>	<b>13,613,928</b>	<b>14,846,876</b>	<b>96.52%</b>	<b>109.06%</b>
Licenses/Permits	1,286,659	1,266,649	1,444,653	112.28%	114.05%
Intergov Revenue	811,083	1,371,196	874,824	107.86%	63.80%
Chgs for Gd/Srvcs	2,051,147	2,033,418	2,092,888	102.04%	102.92%
Fines & Forfeits	274,312	276,312	342,685	124.93%	124.02%
Misc Revenues	868,860	688,479	791,355	91.08%	114.94%
Nonrevenues	0	0	1,128	-	-
Other Sources	182,112	1,435,599	1,147,034	629.85%	79.90%
<b>Grand Total</b>	<b>21,411,735</b>	<b>21,072,246</b>	<b>21,541,444</b>	<b>100.61%</b>	<b>102.23%</b>
<b>Total excl Cash</b>	<b>20,856,644</b>	<b>20,685,581</b>	<b>21,541,444</b>	<b>103.28%</b>	<b>104.14%</b>

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## County Revenue vs Budget

Revenue Type	Adopted Budget	Final Budget	Final Revenues	% of Adopted Budget Rcvd	% of Final Budget Rcvd
Cash	32,779,071	35,749,264	0	0.00%	0.00%
<i>Prop Taxes</i>	12,241,974	12,336,266	12,408,575	101.36%	100.59%
<i>Sales Taxes</i>	11,672,597	8,343,951	10,380,806	88.93%	124.41%
<i>Excise Taxes</i>	36,036	36,036	39,792	110.42%	110.42%
<i>Other Taxes</i>	6,410,000	8,255,135	11,623,333	181.33%	140.80%
Total Taxes	30,360,607	28,971,388	34,452,507	113.48%	118.92%
Licenses/Permits	1,360,484	1,335,474	1,526,688	112.22%	114.32%
Intergov Revenue	9,070,430	13,593,444	11,267,702	124.22%	82.89%
Chgs for Gds/Svcs	4,795,715	4,209,985	4,508,391	94.01%	107.09%
Fines & Forfeits	277,112	279,112	343,839	124.08%	123.19%
Misc Revenues	4,672,811	6,102,654	6,043,661	129.34%	99.03%
Nonrevenues	854,664	856,992	1,022,595	119.65%	119.32%
Other Sources	8,810,564	14,281,214	10,874,170	123.42%	76.14%
<b>Grand Total</b>	<b>92,981,458</b>	<b>105,379,527</b>	<b>70,039,553</b>	<b>75.33%</b>	<b>66.46%</b>
<b>Total excl Cash</b>	<b>60,202,387</b>	<b>69,630,263</b>	<b>70,039,553</b>	<b>116.34%</b>	<b>100.59%</b>

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## CE Expend vs Budget, by Function

Expenditure Type	Adopted Budget	Final Budget	Final Expenditures	% of Adopted Budget Used	% of Final Budget Used
General Government	9,219,861	9,035,410	8,701,508	94.38%	96.30%
Public Safety	6,167,376	5,877,969	5,703,395	92.48%	97.03%
Economic Environment	2,488,183	2,343,110	2,254,192	90.60%	96.21%
Mental & Physical Health	1,969,090	2,438,733	2,319,092	117.77%	95.09%
Culture and Recreation	258,127	239,310	221,826	85.94%	92.69%
Debt Service and Other	1,309,098	1,137,714	1,134,247	86.64%	99.70%
<b>Grand Total</b>	<b>21,411,735</b>	<b>21,072,246</b>	<b>20,334,260</b>	<b>94.97%</b>	<b>96.50%</b>

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## County 2020 Revenue by Fund

Fund	Budget	Revenue	% Used
Current Expense	20,685,581	21,541,444	104.14%
Grants Fund	6,395,677	4,926,816	77.03%
Budget Stabilization	22,000	9,254	42.06%
Insurance Reserve	102,000	100,608	98.64%
Emergency Management	141,895	135,000	95.14%
Conservation Area Fund	9,623,301	9,795,110	101.79%
Land Bank Stewardship	2,121,792	2,118,194	99.83%
Noxious Weed Control	168,000	170,387	101.42%
Veterans' Assistance	94,692	95,072	100.40%
San Juan County Parks	2,532,754	1,853,035	73.16%



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## County 2020 Revenue by Fund

Fund	Budget	Revenue	% Used
Treasurer's Op & Maint	48,100	37,142	77.22%
Dog License	23,825	19,900	83.53%
County Roads	9,691,700	9,141,374	94.32%
Emergency Communication	3,685,900	3,868,333	104.95%
Lodging Tax	972,922	1,306,667	134.30%
Eastsound Parking	10,000	0	0.00%
Auditor Doc Preservation	64,950	69,939	107.68%
Crime Victims	7,000	10,279	146.84%
Mental Health Tax Fund	527,809	613,462	116.23%
Orcas Senior Services Bldg	79,223	58,894	74.34%
Septic & Housing Loans	240,548	54,986	22.86%



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## County 2020 Revenue by Fund

Fund	Budget	Revenue	% Used
Public Facilities Improvement	575,705	582,524	101.18%
Affordable Housing	2,562,000	3,285,803	128.25%
Criminal Justice	208,400	195,900	94.00%
Bond Redemption	1,037,073	1,036,173	99.91%
Capital Improvement	2,080,171	3,024,516	145.40%
Clean Water Utility	465,000	477,507	102.69%
Clean Water Utility Capital	798,456	631,330	79.07%
Solid Waste Fund	620,800	673,157	108.43%
ER&R	2,539,522	2,654,964	104.55%
Information Technology	1,503,467	1,551,783	103.21%
<b>Grand Total (excl cash)</b>	<b>69,630,263</b>	<b>70,039,553</b>	<b>100.59%</b>



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## County 2020 Exps by Fund

Fund	Budget	Revenue	% Used
Current Expense	21,072,246	20,334,260	96.50%
Grants Fund	6,454,493	4,802,286	74.40%
Budget Stabilization	411,000	411,000	100.00%
Insurance Reserve	325,061	41,067	12.63%
Emergency Management	141,895	123,028	86.70%
Conservation Area Fund	6,906,181	6,852,341	99.22%
Land Bank Stewardship	2,242,015	1,775,497	79.19%
Noxious Weed Control	177,468	149,360	84.16%
Veterans' Assistance	86,400	43,487	50.33%
San Juan County Parks	2,545,130	1,686,888	66.28%



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## County 2020 Exps by Fund

Fund	Budget	Revenue	% Used
Treasurer's Op & Maint	77,729	39,598	50.94%
Dog License	23,825	22,402	94.03%
County Roads	11,195,014	8,625,506	77.05%
Emergency Communication	3,445,768	437,376	12.69%
Lodging Tax	2,088,774	1,313,505	62.88%
Auditor Doc Preservation	87,409	52,983	60.62%
Crime Victims	5,444	0	0.00%
Mental Health Tax Fund	823,153	575,173	69.87%
Orcas Senior Services Bldg	79,223	55,804	70.44%
Septic & Housing Loans	254,189	112,599	44.30%



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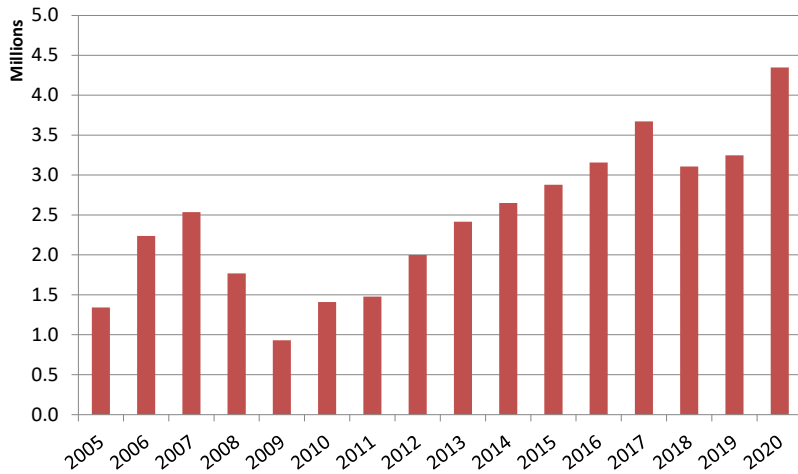
## County 2020 Exps by Fund

Fund	Budget	Revenue	% Used
Public Facilities Improvement	1,278,633	507,710	39.71%
Affordable Housing	2,779,952	2,446,117	87.99%
Criminal Justice	212,000	208,000	98.11%
Bond Redemption	1,037,063	1,037,063	100.00%
Capital Improvement	4,984,885	2,144,596	43.02%
Clean Water Utility	654,202	453,053	69.25%
Clean Water Utility Capital	1,170,913	276,927	23.65%
Solid Waste Fund	735,267	537,975	73.17%
ER&R	2,470,578	2,449,077	99.13%
Information Technology	1,686,926	1,682,179	99.72%
<b>Grand Total (excl cash)</b>	<b>75,452,836</b>	<b>59,196,861</b>	<b>78.46%</b>



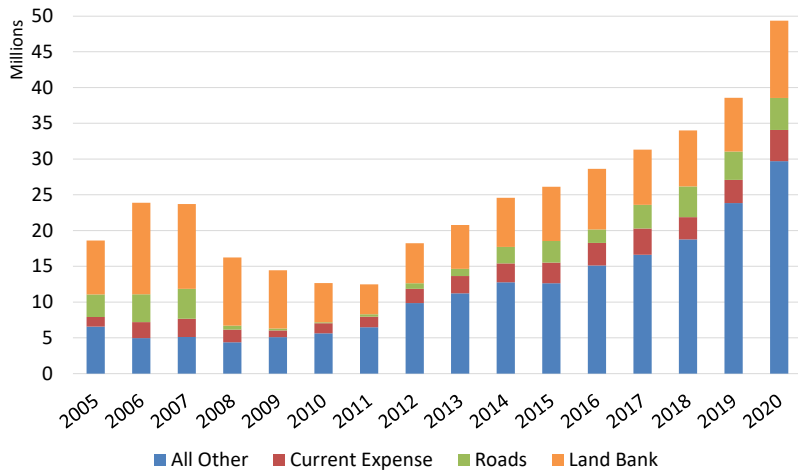
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# CE Ending Cash 2005-2020



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# County Ending Cash 2005-2020



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**2021**  
...holds promise, and concern.




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**2021**

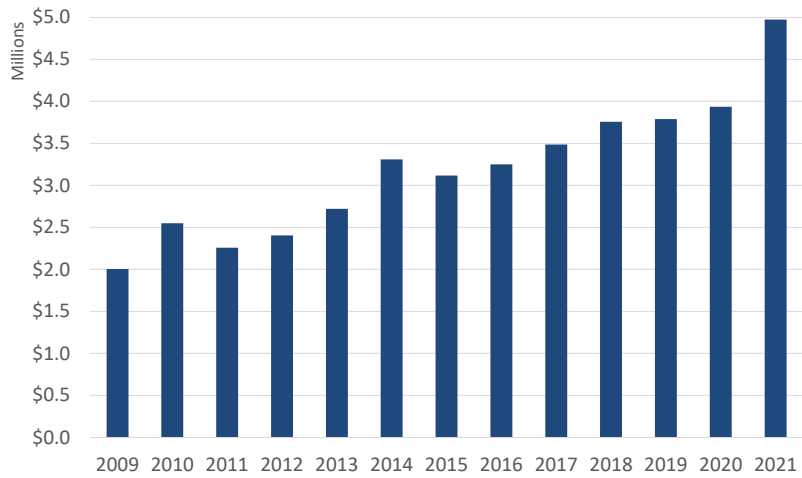


- County budgeted conservatively
- Beginning cash is higher than projected
- Sales tax finished 2020 strong and is starting 2021 strong
- Permitting continues strong
- Real estate market continues to flourish
- 2021 tourism is looking promising



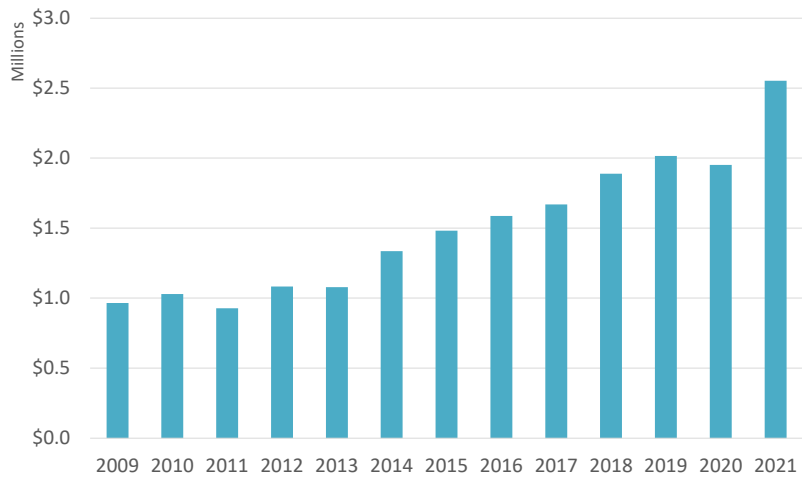
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# 1Q Total CE Revenues 2009-2021



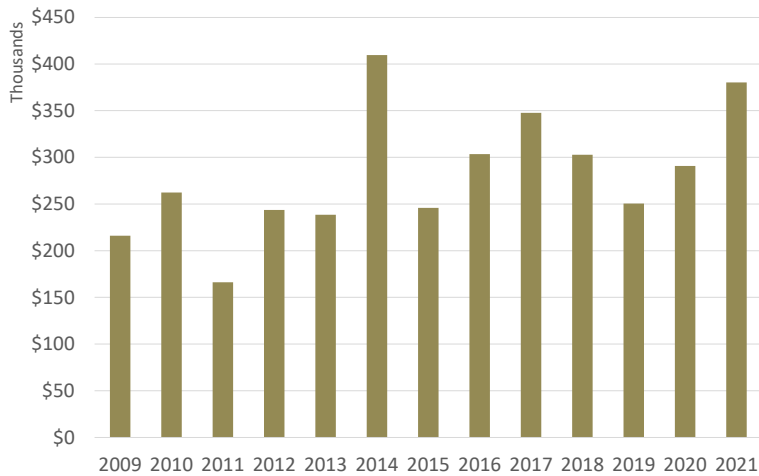
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# County Sales Tax Revenue thru 1Q



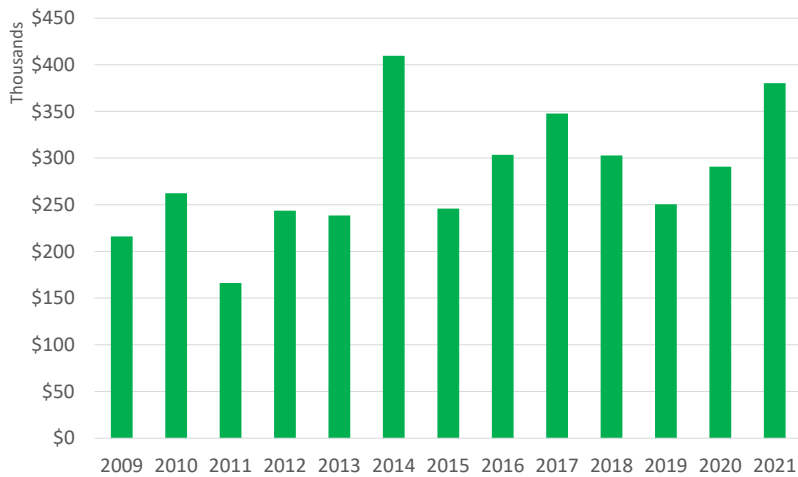
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# Planning & Permitting thru 1Q



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# Land Bank REET thru 1Q



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# Real Estate Sales 1Q

	1st Qtr 2020	1st Qtr 2021	% change
<b>San Juan County</b>			
# Sales	95	130	37%
\$ Sales	\$52,766,667	\$80,099,226	52%
<b>San Juan Island</b>			
# Sales	49	62	28%
\$ Sales	\$26,423,788	\$38,744,860	46%



Data courtesy of Merri Ann Simonson, Coldwell Banker

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# CE Revenue vs Budget, by Type

Revenue Type	Budget	Final Budget	% Rcvd
Cash	1,779,849	0	0.00%
<i>Property Taxes</i>	7,523,423	1,177,202	15.65%
<i>Sales Taxes</i>	6,808,169	1,926,561	28.30%
<i>Excise Taxes</i>	24,500	6,969	28.45%
<b>Taxes</b>	<b>14,356,092</b>	<b>3,110,733</b>	<b>21.67%</b>
<b>Licenses/Permits</b>	<b>1,440,594</b>	<b>419,174</b>	<b>29.10%</b>
<b>Intergov Revenue</b>	<b>895,186</b>	<b>731,444</b>	<b>81.71%</b>
<b>Chgs for Gd/Srvcs</b>	<b>1,870,215</b>	<b>398,217</b>	<b>21.29%</b>
<b>Fines &amp; Forfeits</b>	<b>275,000</b>	<b>56,304</b>	<b>20.47%</b>
<b>Misc Revenues</b>	<b>480,370</b>	<b>104,610</b>	<b>21.78%</b>
<b>Nonrevenues</b>	<b>0</b>	<b>48,533</b>	<b>-</b>
<b>Other Sources</b>	<b>187,266</b>	<b>105,000</b>	<b>56.07%</b>
<b>Grand Total</b>	<b>21,284,572</b>	<b>4,042,374</b>	<b>18.99%</b>
<b>Total excl Cash</b>	<b>19,504,723</b>	<b>4,042,374</b>	<b>20.73%</b>



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## County Revenue vs Budget, by Type

Revenue Type	Budget	1Q Revenues	% Rcvd
Cash	35,066,213	0	0.00%
<i>Prop Taxes</i>	12,350,862	2,031,357	16.45%
<i>Sales Taxes</i>	10,649,176	2,864,682	26.90%
<i>Excise Taxes</i>	37,036	8,407	22.70%
<i>Other Taxes</i>	6,422,900	2,315,662	36.05%
Total Taxes	29,459,974	7,220,108	24.51%
Licenses/Permits	1,509,419	455,018	30.15%
Intergov Revenue	10,271,726	3,026,485	29.46%
Chgs for Gds/Svcs	6,352,998	1,003,274	15.79%
Fines & Forfeits	277,800	56,347	20.28%
Misc Revenues	2,196,580	1,195,054	54.41%
Nonrevenues	561,428	239,972	42.74%
Other Sources	18,821,952	9,571,069	50.85%
<b>Grand Total</b>	<b>104,518,090</b>	<b>22,767,326</b>	<b>21.78%</b>
<b>Total excl Cash</b>	<b>69,451,877</b>	<b>22,767,326</b>	<b>32.78%</b>



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## CE Expend vs Budget, by Function

Expenditure Type	Budget	1Q Expend	% Used
General Government	9,072,264	1,960,615	21.61%
Public Safety	6,149,735	1,379,605	22.43%
Economic Environment	2,329,388	476,540	20.46%
Mental & Physical Health	2,340,038	684,548	29.25%
Culture and Recreation	252,624	2,931	1.16%
Nonexpenditures	200,000	0	0.00%
Debt Service and Other	940,523	110,609	11.76%
<b>Grand Total</b>	<b>21,284,572</b>	<b>4,614,847</b>	<b>21.68%</b>



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# County Exps vs Budget, by Function

Expenditure Type	Budget	1Q Expendis	% Used
General Government	11,417,206	2,623,585	22.98%
Public Safety	6,794,861	1,481,579	21.80%
Utilities	1,222,314	196,702	16.09%
Transportation	8,301,035	1,217,481	14.67%
Economic Environment	6,365,647	1,075,156	16.89%
Mental & Physical Health	5,825,884	1,341,222	23.02%
Culture and Recreation	3,385,963	560,396	16.55%
Nonexpenditures	619,321	252,173	40.72%
Debt Service and Other	31,336,221	3,717,519	11.86%
<b>Grand Total</b>	<b>52,259,045</b>	<b>6,232,907</b>	<b>11.93%</b>



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# CE Expendis vs Budget, by Type

Expenditure Type	Budget	1Q Expendis	% Used
Transfers	1,120,765	108,545	9.68%
Salaries and Wages	11,334,503	2,812,376	24.81%
Personnel Benefits	4,009,970	1,067,278	26.62%
Supplies	334,837	60,777	18.15%
Charges for Services	4,464,739	563,737	12.63%
Capital Outlays	9,358	2,064	22.05%
Debt Service: Interest	10,400	0	0.00%
<b>Grand Total</b>	<b>21,284,572</b>	<b>4,614,847</b>	<b>21.68%</b>



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# County Expends vs Budget, by Type

Expenditure Type	Budget	1Q Expends	% Used
Transfers	10,175,336	769,066	7.56%
Salaries and Wages	19,083,566	4,477,139	23.46%
Personnel Benefits	7,089,060	1,806,181	25.48%
Supplies	2,476,480	291,887	11.79%
Charges for Services	15,206,159	2,139,059	14.07%
Capital Outlays	18,413,140	2,598,876	14.11%
Debt Service: Principal	2,014,754	100,000	4.96%
Debt Service: Interest	809,957	158,002	19.51%
<b>Grand Total</b>	<b>75,268,452</b>	<b>12,340,210</b>	<b>16.39%</b>



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# 2020 – What the County did right

- Started a Budget Stabilization Fund in 2009
  - Used it for the first time in 2020
- Took action to
  - Respond to the health crisis
    - Included closing accommodations for about 3 months
  - Reduce the budget
  - Manage the grants well
  - Share CARES grants with County businesses and non-profits



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## 2020 – What the County did wrong

- We projected a larger recession than happened
  - Economic models are statistical abstractions based on history
  - Not designed to take into account an event such as a global pandemic, which has not happened before
    - Behavioral and epidemiological assumptions are required



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## 2020 – Where we got lucky

- Unemployment helped individuals
- PPP and other Federal, state, and private programs helped businesses
- Tourism recovered, after accommodations re-opened
- New interest in living remotely fueled real estate market
- Most important, COVID has been well contained locally



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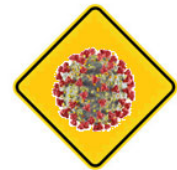
**2021**

Where do we go from here?



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## Forecasts



- Sales tax analysis for the County forecasts
  - 4.0% growth in sales tax revenue from 2020 to 2021
  - 6.9% growth in sales tax revenue from 2021 to 2022
  - 7.6% growth in sales tax revenue from 2022 to 2023
- ERFC forecasts, for Washington State
  - Rapid growth in 2021, slower thereafter
- COVID remains the big question mark



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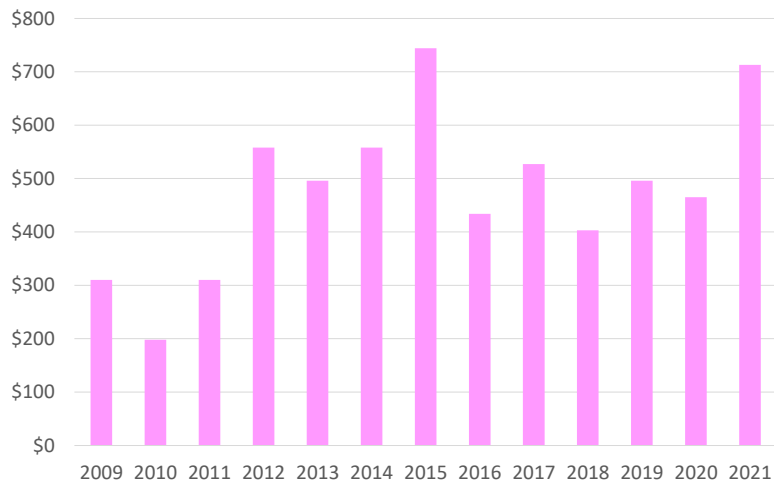
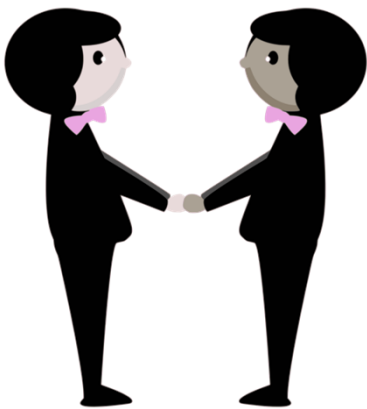
# Recommendations

- Restore some of the cuts made in 2020
  - 5 additional furlough days for non-represented employees
  - Transfers to Capital Reserves & Budget Stabilization Funds
    - Return \$411,000 transferred from Budget Stabilization in 2020
- Fund immediate capital needs from REET 1
  - HCS front office realignment
  - Facilities optimization planning
- Stay flexible
  - Support ongoing health response
  - County still being buoyed up by external money
  - Still unclear how new federal \$\$ can be used



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# Marriage License Revenue 1Q



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