

2011 BUDGET

REVENUES

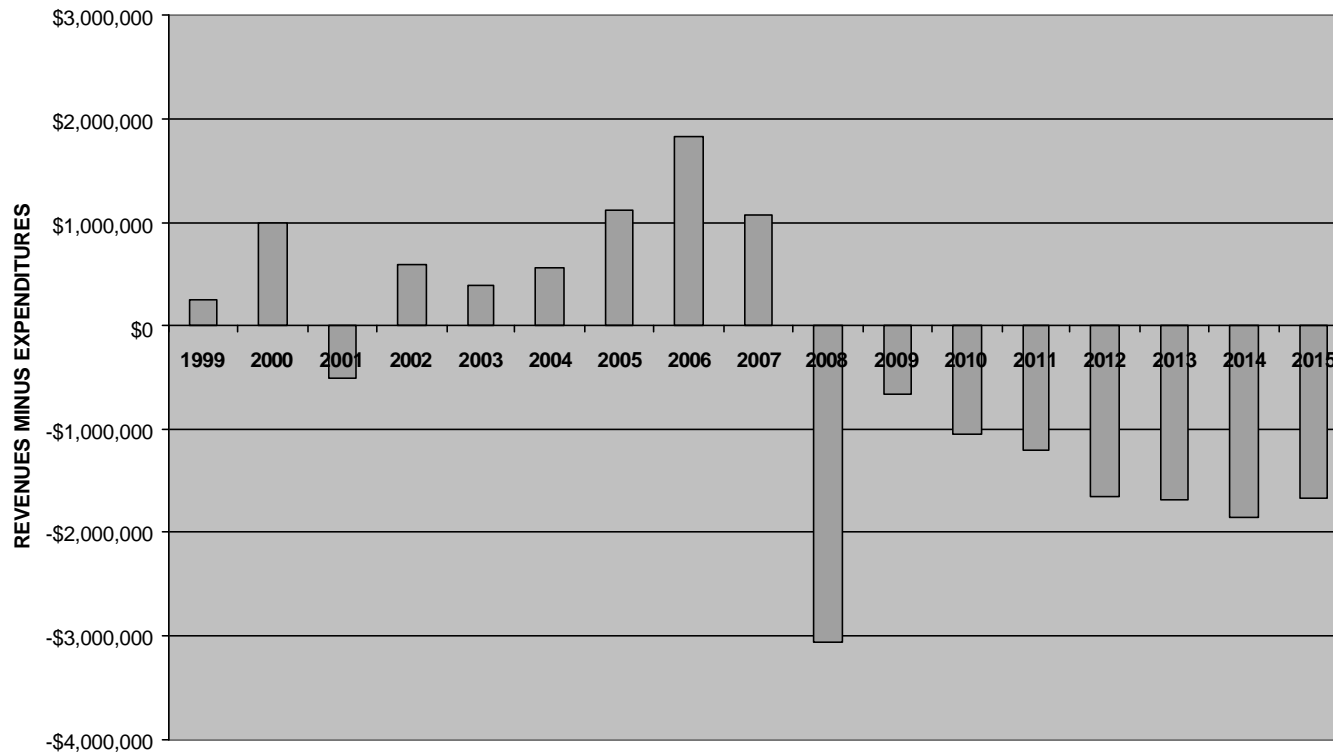
May 12, 2010

CURRENT EXPENSE FUND 2011 - 2015 OUTLOOK

- Existing revenue streams not sufficient to adequately support current service levels
- Preliminary estimate for 2011
 - \$1.0 - \$1.2 million deficit
 - Deficits will continue for next 5 years
 - Cash flow problems begin in 2012
 - Contingency fund gone by 2014

5 YEAR TREND REVENUES - EXPENDITURES

ISLAND COUNTY
CURRENT EXPENSE FUND
REVENUES MINUS EXPENDITURES



BUDGET OPTIONS

- Expenditure reductions
- Revenue enhancements
- Combination of both

EXPENDITURES

- Since 2008 over \$4.2 million in cost reductions
 - 50+ less FTEs
 - No COLAs in 2009 & 2010 for most employees
 - Changed medical plans to offset cost increases
 - Reduced working hours
 - Shorten hours available to public

REVENUE OPTIONS

- Structure fees to recoup cost of providing services
 - Limited opportunities
 - Many fees established by State
- Additional revenue options
 - Criminal Justice Sales Tax
 - Property Tax Levy Lid Lift
 - County Road Tax Levy Shift

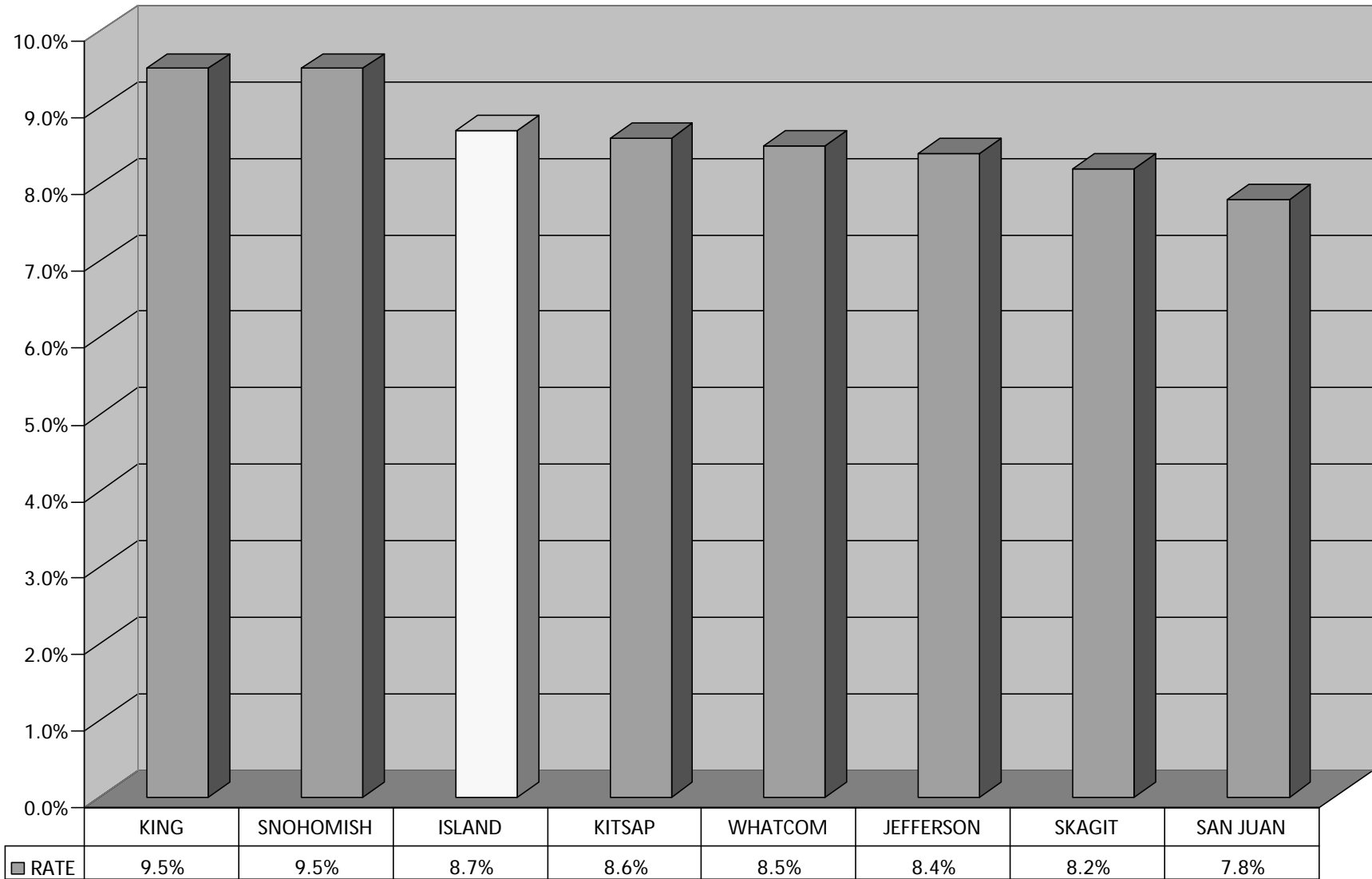
CRIMINAL JUSTICE SALES TAX

Up to 3/10^{ths} of 1% increase

- Voter approval to increase tax rate
 - Simple majority required for approval
- At least 1/3rd used solely for criminal justice purposes
- Split with Cities & Town
 - 40% Cities & Town
 - 60% County
- Can use to prevent further reduction of services
- August Primary or November General Elections

LOCAL & STATE SALES TAX RATE		
Island County		
	%	
State sales tax	6.50	
Local sales taxes		
Basic County (non-voted)	0.50	if city levies 85% goes to city
Optional County (voter approved)	0.50	if city levies 85% goes to city
Criminal Justice	0.10	shared with cities
Juvenile Detention	0.10	funds JDC
Mental Health/Therapeutic	0.10	funds Human Services and Therapeutic Courts
PTBA	0.90	
Total Local sales taxes	2.20	
Total State & Local	8.70	

SALES TAX RATE COMPARISION



PROPERTY TAX LEVY LID LIFTS

- Voter approval to increase levy rate
 - Simple majority required for approval
- Current levy rate must be less than statutory maximum rate
- Can permanent or specified length of time

LEVY LID LIFTS

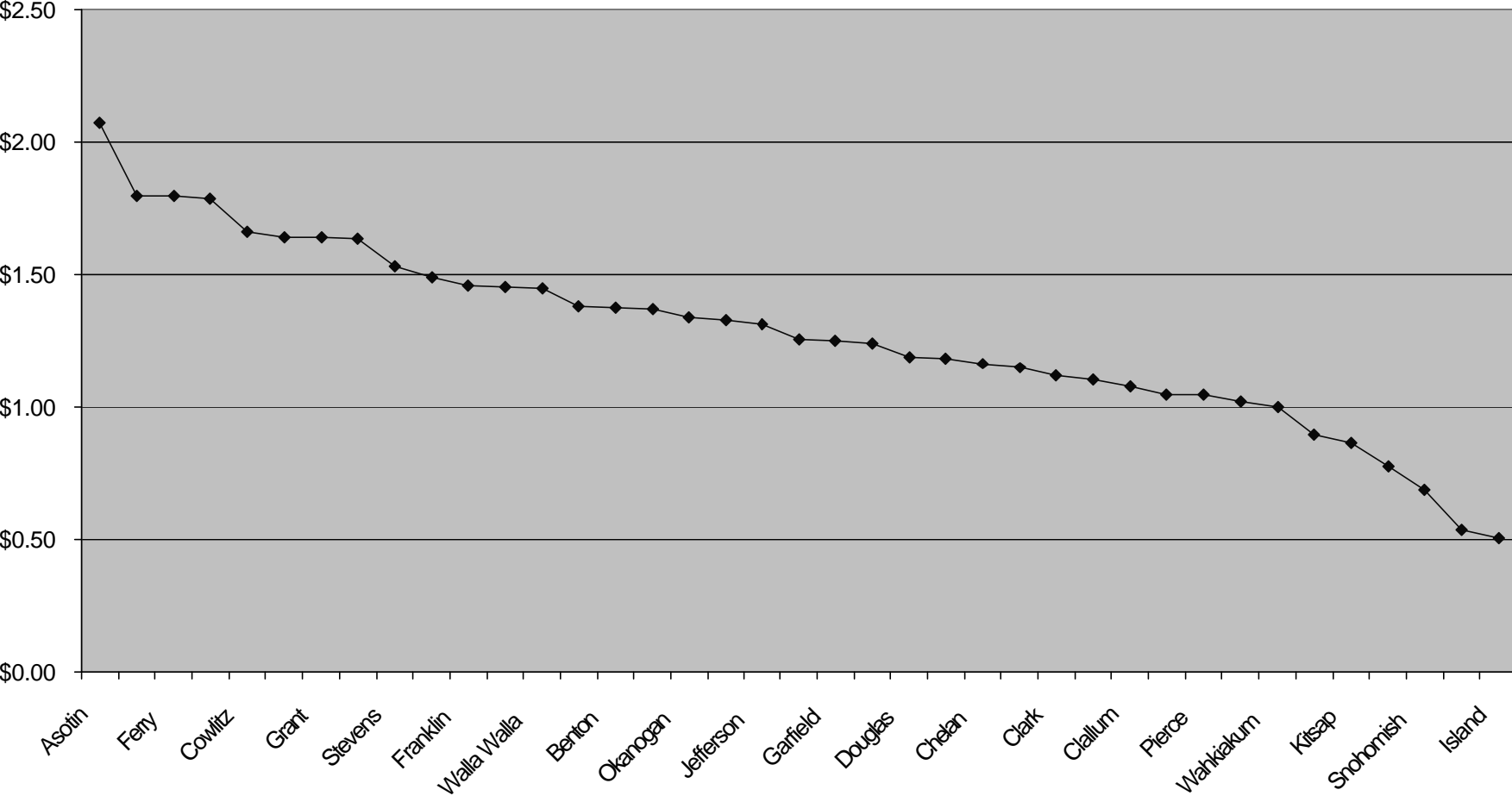
2 DIFFERENT OPTIONS

- “Original” aka “Basic”
 - Any purpose
 - Any amount of time
 - Can be Permanent
 - Annual 1% Increase
 - Special, Primary & General Elections
- “Multi-Year”
 - Any purpose
 - Up to 6 Years
 - Can be Permanent
 - Specify Annual Increase
 - August Primary or November General

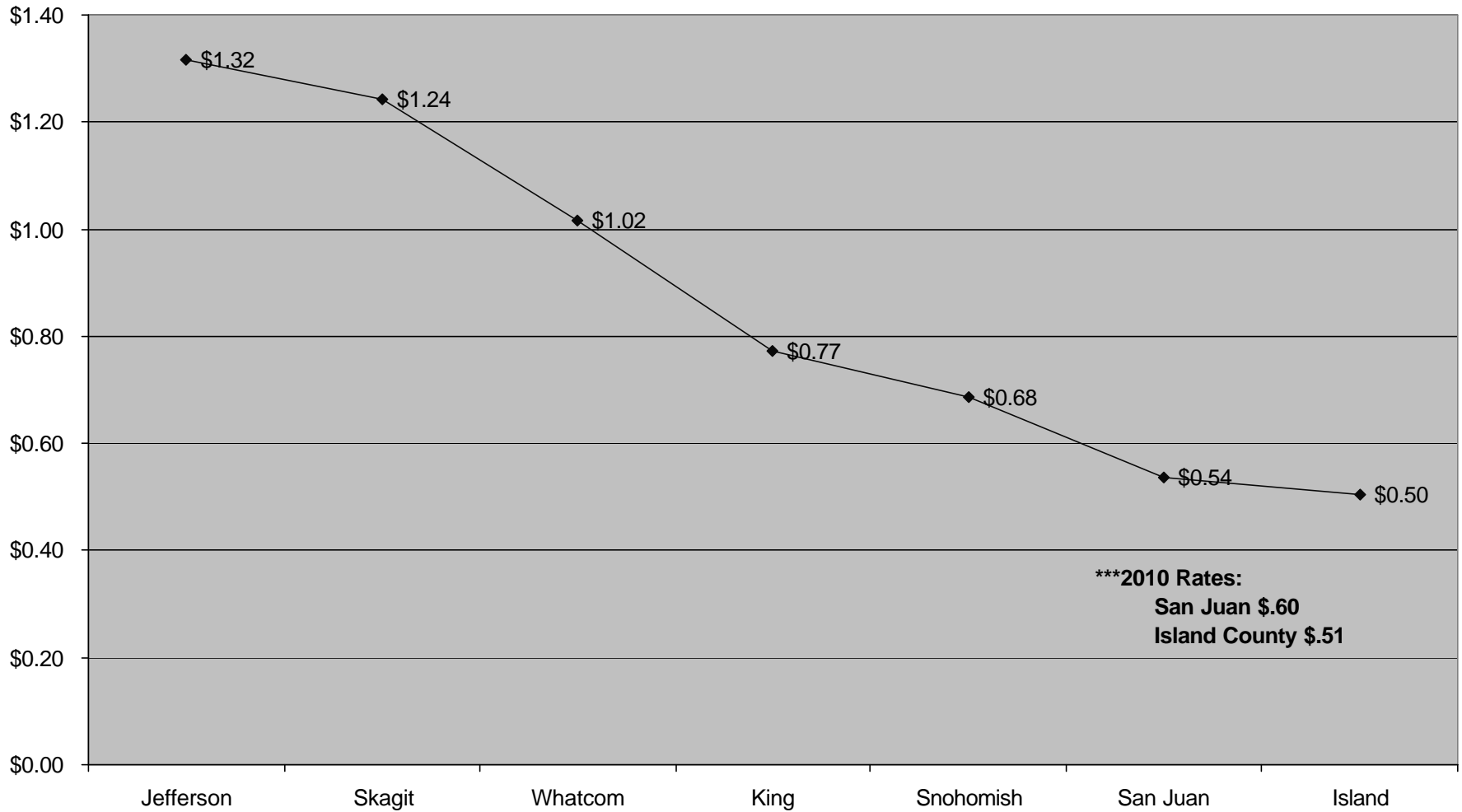
PROPERTY TAX LEVY RATES

- Lowest in Washington State
 - Current Expense Levy rate
51¢ per \$1,000 AV
- Second lowest
 - County Road Levy rate
64¢ per \$1,000 AV

**ISLAND COUNTY
CURRENT EXPENSE LEVY RATES
COMPARED TO OTHER COUNTIES
2009 Levy Rates**



**ISLAND COUNTY
CURRENT EXPENSE LEVY RATES
COMPARED WITH NEIGHBORING COUNTIES
2009 Levy Rates**



COUNTY ROAD LEVY SHIFT

- Transfers revenue capacity from County Road Levy to Current Expense Levy
- Increases County revenue overall
- Combination of Current Expense and Road levies cannot exceed \$4.05
 - No other tax district levy reduced due to this action
- Board of County Commissioner approval only

NEXT STEPS

- Agree on goals for additional funding support
 - Prioritize needs
- Develop \$\$ Amounts
 - Realistic estimates
- Determine Revenue option
- Establish timeframe