



## **F. Milene Henley, Auditor San Juan County**

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### **How Are We Doing?**

#### **A quarterly review of County finances by County Auditor F. Milene Henley Third quarter 2013**

Third quarter is the neglected stepchild of quarterly financial reporting. During the time when I should be reporting on the County's third quarter results, I am instead immersed in preparation of the next year's budget. With all eyes on next year, third quarter gets short shrifted, and unless there is something dramatic going on, we don't make much of it.

Fortunately, the only news in the third quarter of 2013 was good. Sales tax revenue, which had lagged through the first half of the year, finally took off. An extraordinary July – caused by use tax reporting of some large purchases – followed by an excellent August put us back on track to finish the year on budget. Total revenues for both the general fund and all County funds are on track to finish the year just above budget.

Expenditures are also in good shape. In Washington State, expenditures are not allowed to exceed appropriations; that is, we can't spend more than budget. Because we budget at the fund level, we watch each fund individually. A couple of County funds will bear watching at year-end, but most, including the general fund, are comfortably within budget.

With little quarterly news to report on, we can look instead to next year. It took some judicious, and occasionally painful, trimming, but the adopted 2014 general fund budget came in virtually identical to the 2013 budget. County-wide, the adopted budget is almost 3% less than in 2013.

A better measure of whether operations are decreasing, increasing, or remaining stable is headcount: how many people does the County employ? We measure employees in full-time equivalents (FTEs). Since some employees are fractional – a person who works half-time, for example, is .5 FTE – we add all those fractions together to get total FTEs for the County.

For 2014, we have budgeted 219.735 FTEs. Yes, we get down to some pretty small fractions for our seasonal staff, such as in Parks and Fair. That represents a decrease of just over 6 FTEs from 2013. While there are minor changes here and there, the difference is primarily attributable to the closure of County Solid Waste operations. Fortunately, there were no layoffs: the former employees of our transfer stations either joined the Roads department (without an increase in Roads FTE, by the way), or joined the private entities that took over the transfer stations.

So we're really looking at a business-as-usual year in 2014. Unfortunately, because expenditures tend to increase faster than revenues, business as usual will not be sustainable for long. So once again, I encourage you to let your elected officials know which County services you value, and which ones you think we could do without. Because eventually, we're going to have to make some hard choices.

But for now, 2013 is closing, and 2014 is a new beginning. New years are always, for me, a time of hope and promise. So my hope for each of you is that you enjoy the holidays with your family and friends, and look forward to a new year full of hopes realized and promises fulfilled.