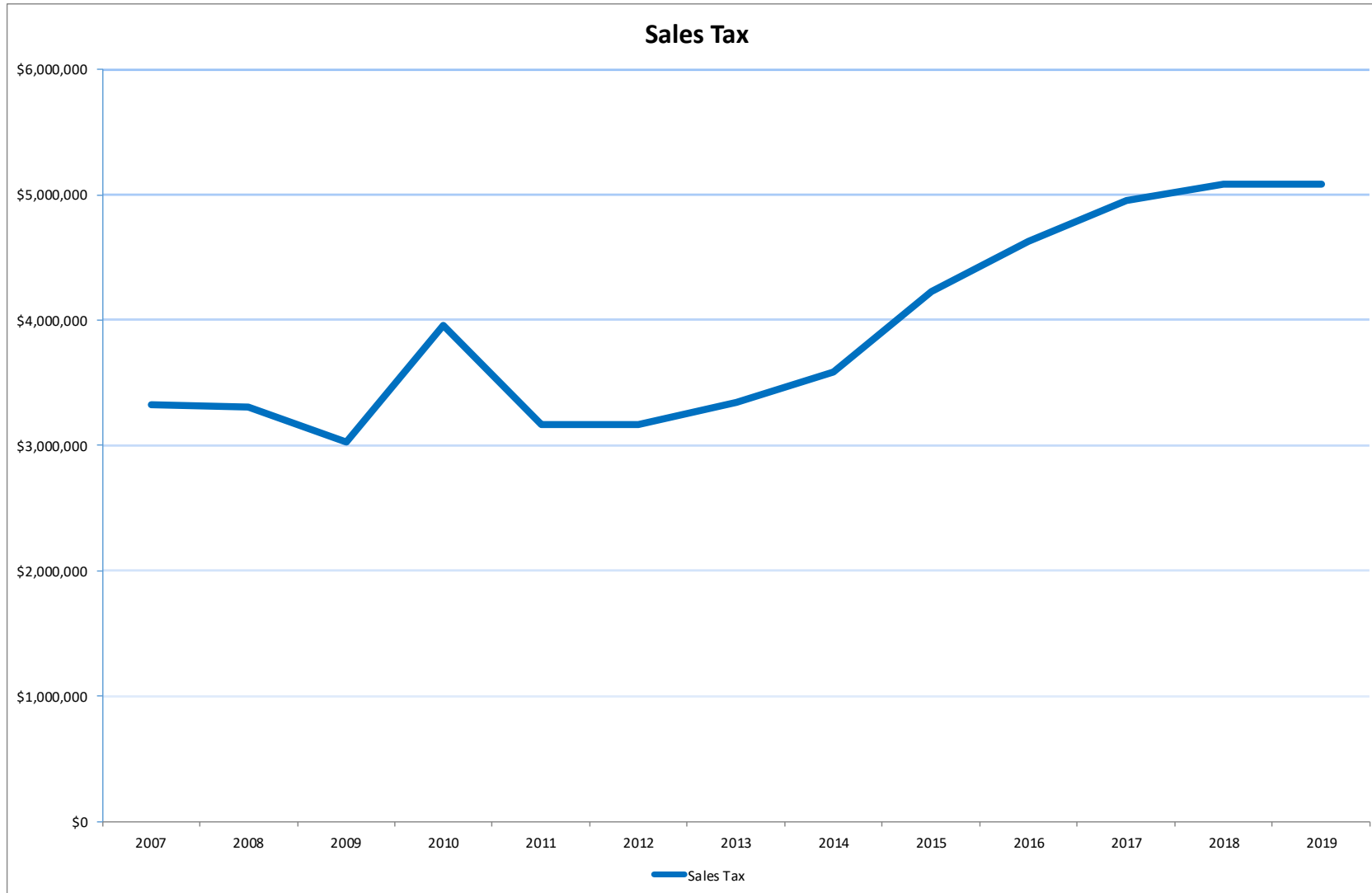


Significant Trends

Impact on Budget Decisions

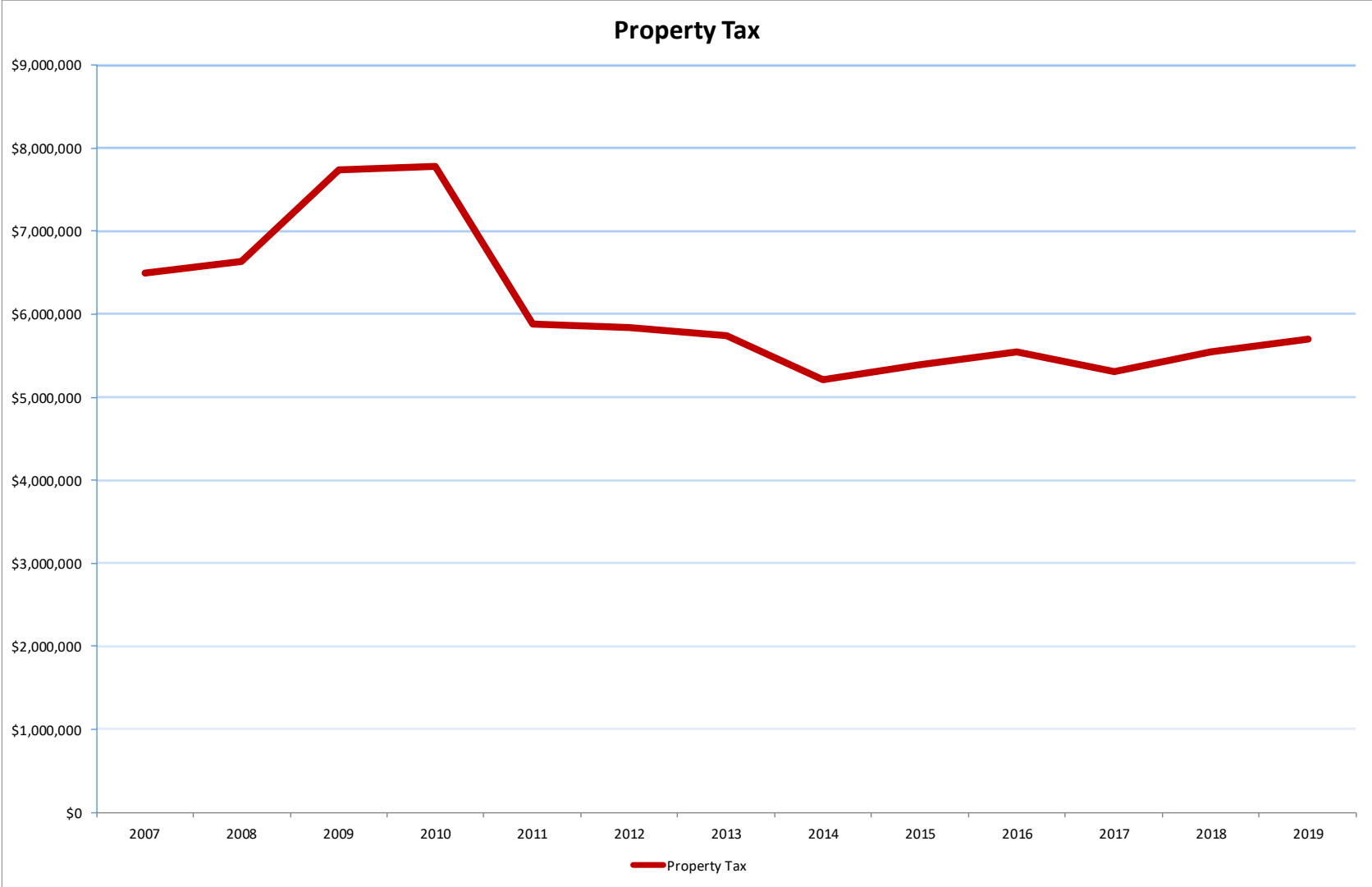
Sales Tax – 2007 to 2019



Sales Tax – 2007 to 2019 (Continued)

- 2010 included a 1 million dollar special payment from the State, as an audit of their past records indicated they missed certain disbursements to the County.
- Between 2014-2018, very significant growth, based on:
 - 2014 – Retail Marijuana (Partial Year)
 - 2015 – Retail Marijuana (Full Year); Supercenter (Partial Year)
 - 2016 – Retail Marijuana and Supercenter (Both Full Year)
 - 2017 – Both Full Year, but Rate of Growth Slowing
- 2018 – Rate of Growth Slowing Dramatically
- 2019 – Sales Tax Projected to be Flat

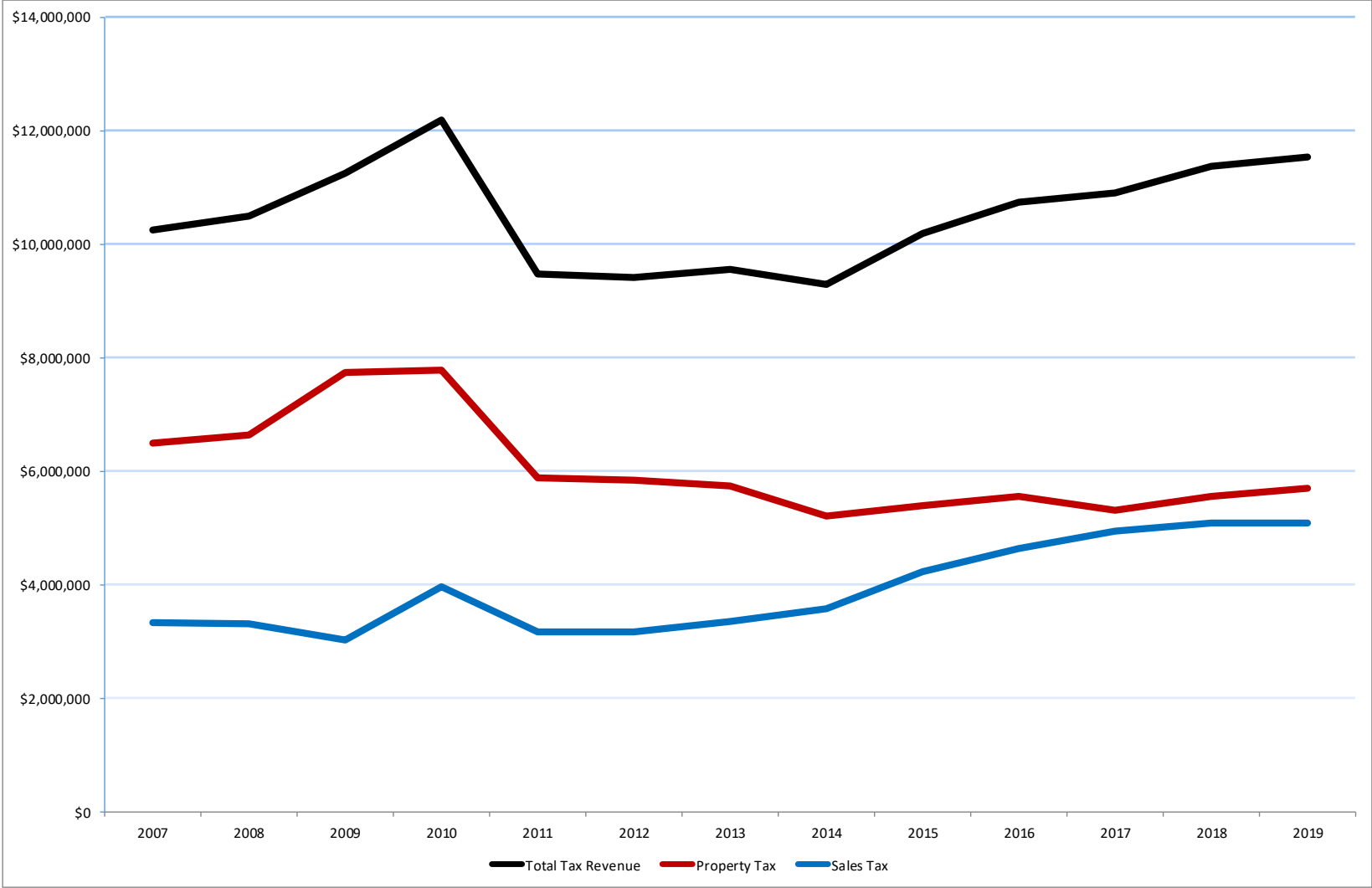
Property Tax – 2007 to 2019



Property Tax – 2007 to 2019 (Continued)

- Based on the 2 year “re-assessment” period, there is a delay between effects of the economy and this tax revenue.
- The graph shows both the boom and the bust (of the last recession).
- No significant growth out of the last recession.

Core Taxes – Combined and Totalled



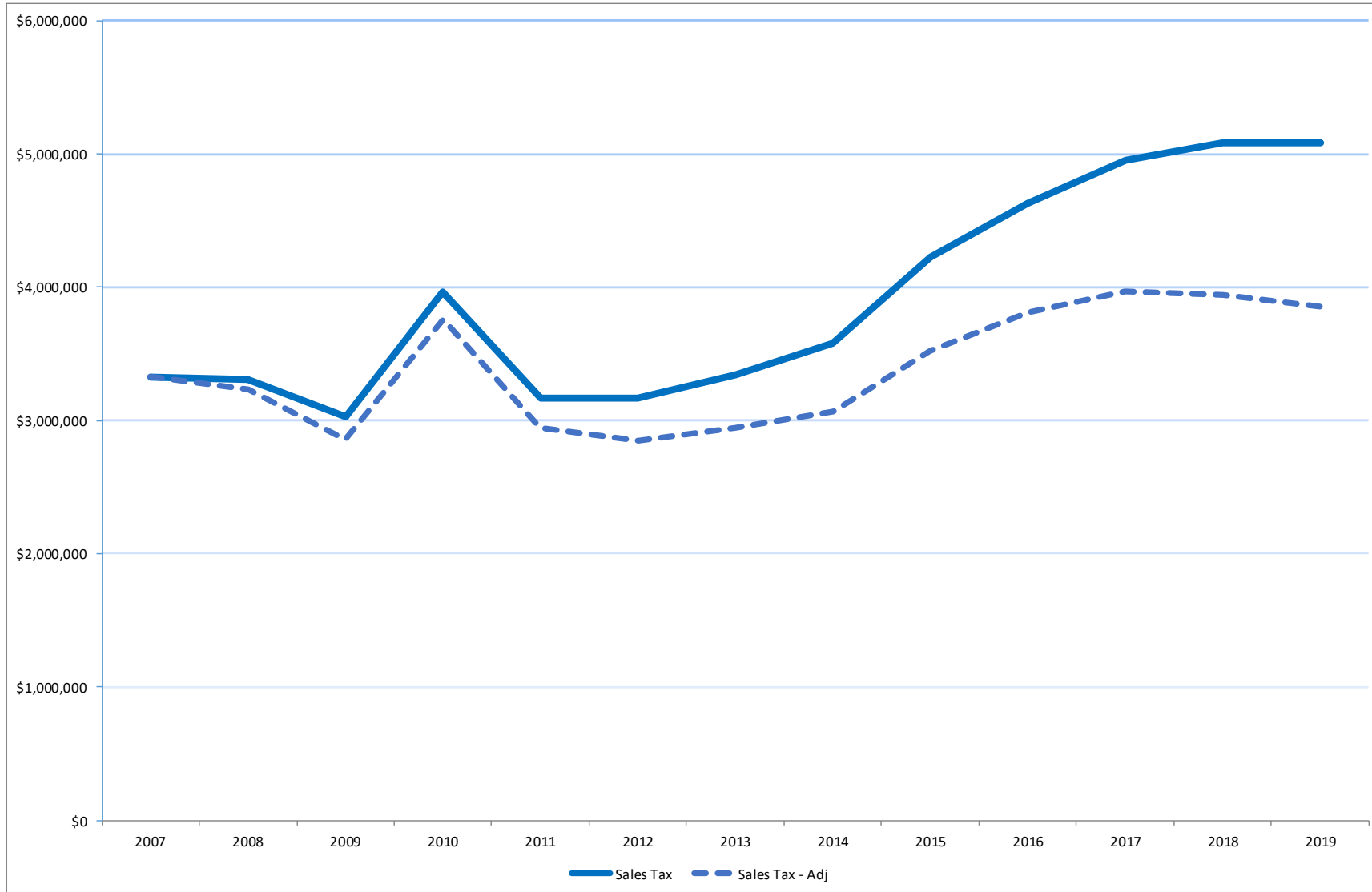
Core Taxes – Continued

- Poor Property Tax Revenue has been offset by very strong Sales Tax growth.
- However, Sales Tax is leveling off, and there is nothing on the horizon to suggest another surge in the next few years.
- Total Revenue growth looks “okay” over the period 2007-2019:
 - 2007 Revenue: \$10.2 million
 - 2019 Revenue: \$11.5 million
 - 12.5% growth over 12 years
 - 1.04% growth per year over 12 years, through a boom and bust of the economy.

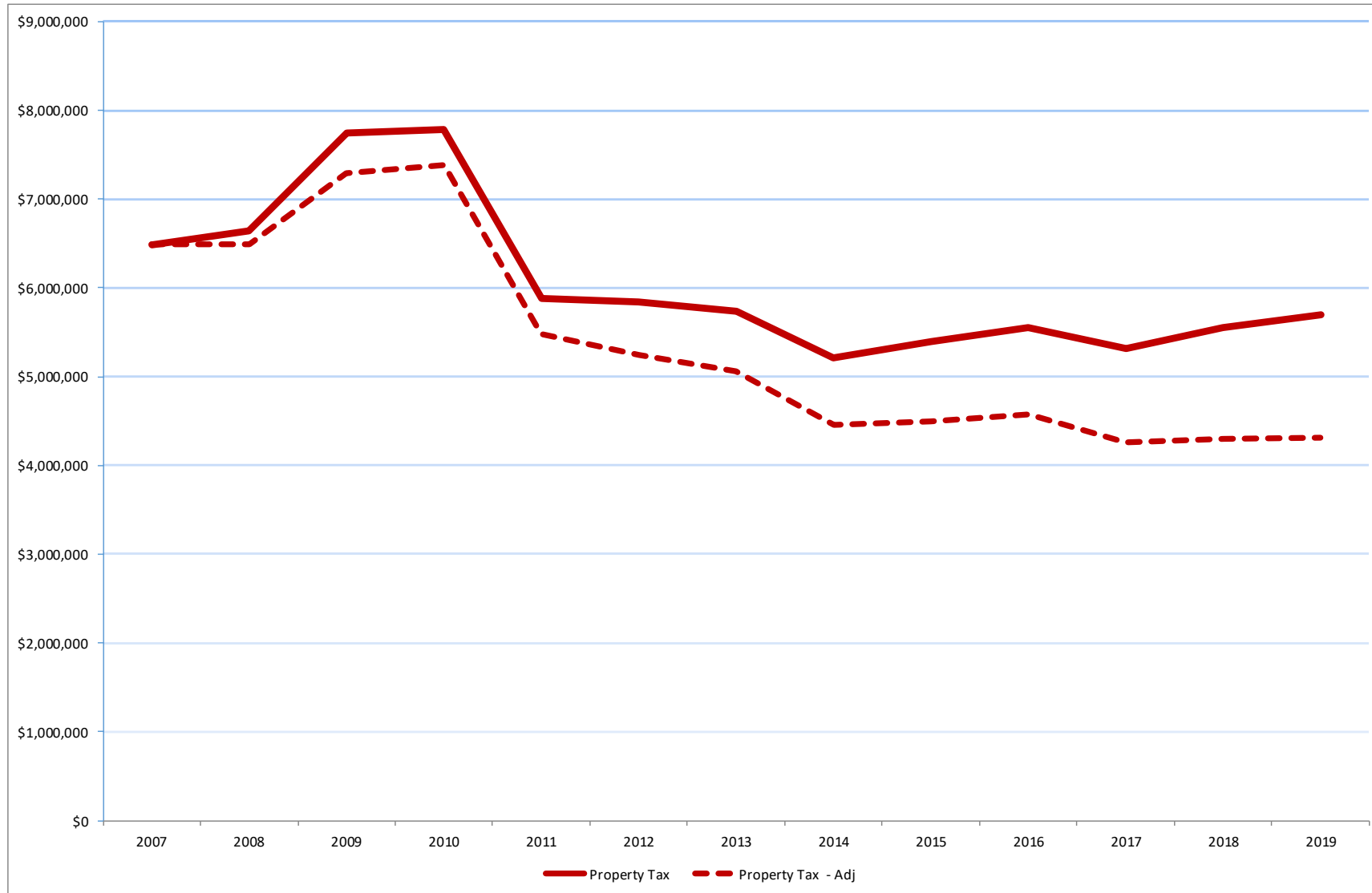
Purchasing Power of the Dollar – 2006-2019

- The Consumer Price Index has changed significantly in the last 13 years:
 - 2006 = 197.70 Index
 - 2019 = 260.79 Index (projected)
 - 24% increase in index (= decline in purchasing power)
 - 2% per year (decline in purchasing power)
- This means that the “purchasing power” of \$1 dollar has declined 24 cents between 2006 to 2019.
- On the next few slides, we contrast changes in “dollars” with “purchasing power”, to understand what has happened.

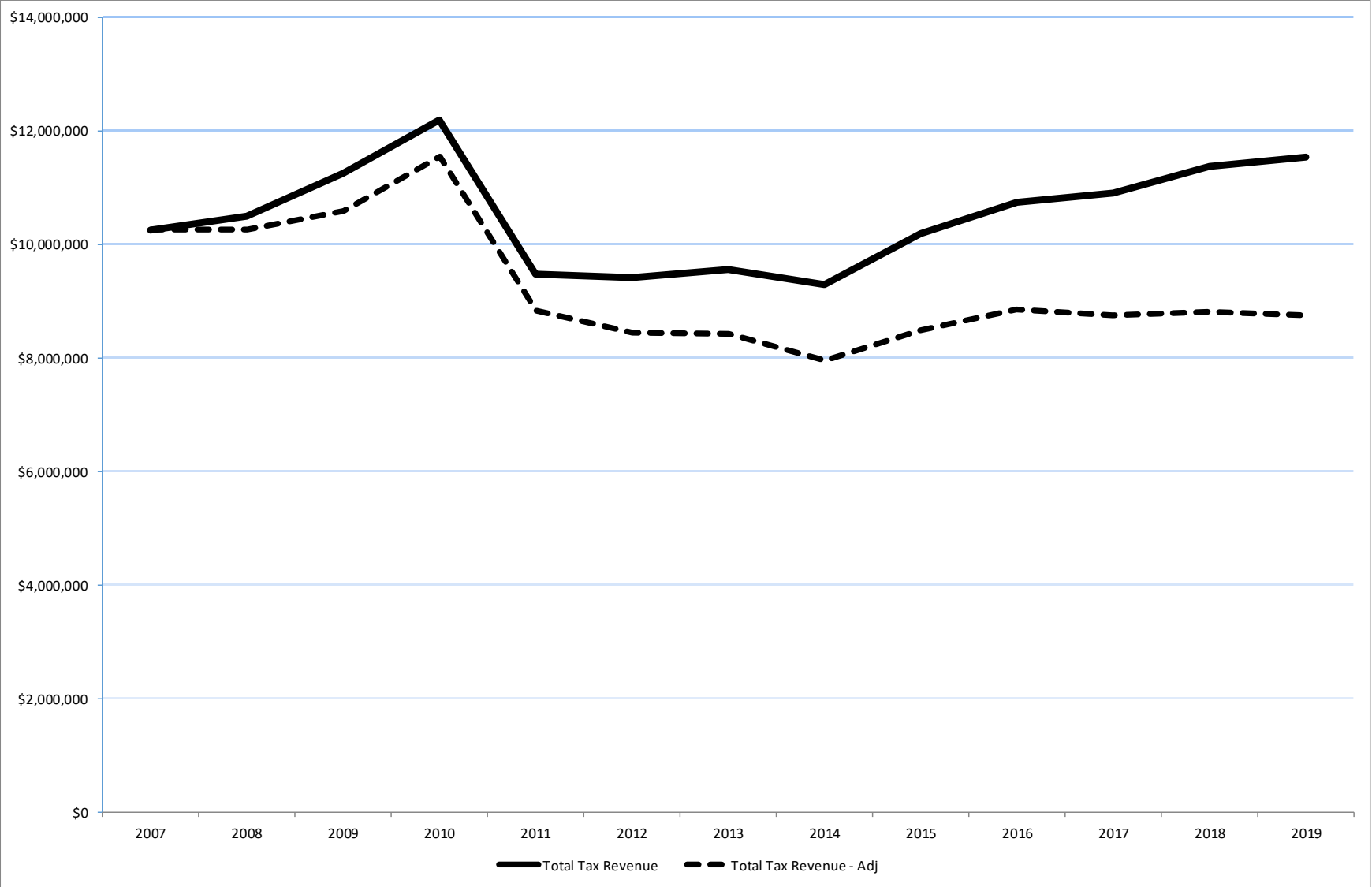
Sales Tax – Purchasing Power



Property Tax - Purchasing Power



Core Tax Total – Purchasing Power



Summary – Revenue and Cost Trends

- Superficially, Revenue appears to have completely recovered from the recession and almost reached the levels of the pre-recession boom.
- In reality, the “Purchasing Power” of Revenue is only marginally higher than the worst recession year (2014) and has been flat since 2016.
- On average:
 - Core Tax revenue has been growing about 1% per year.
 - Cost of goods and services have been growing about 2% per year.

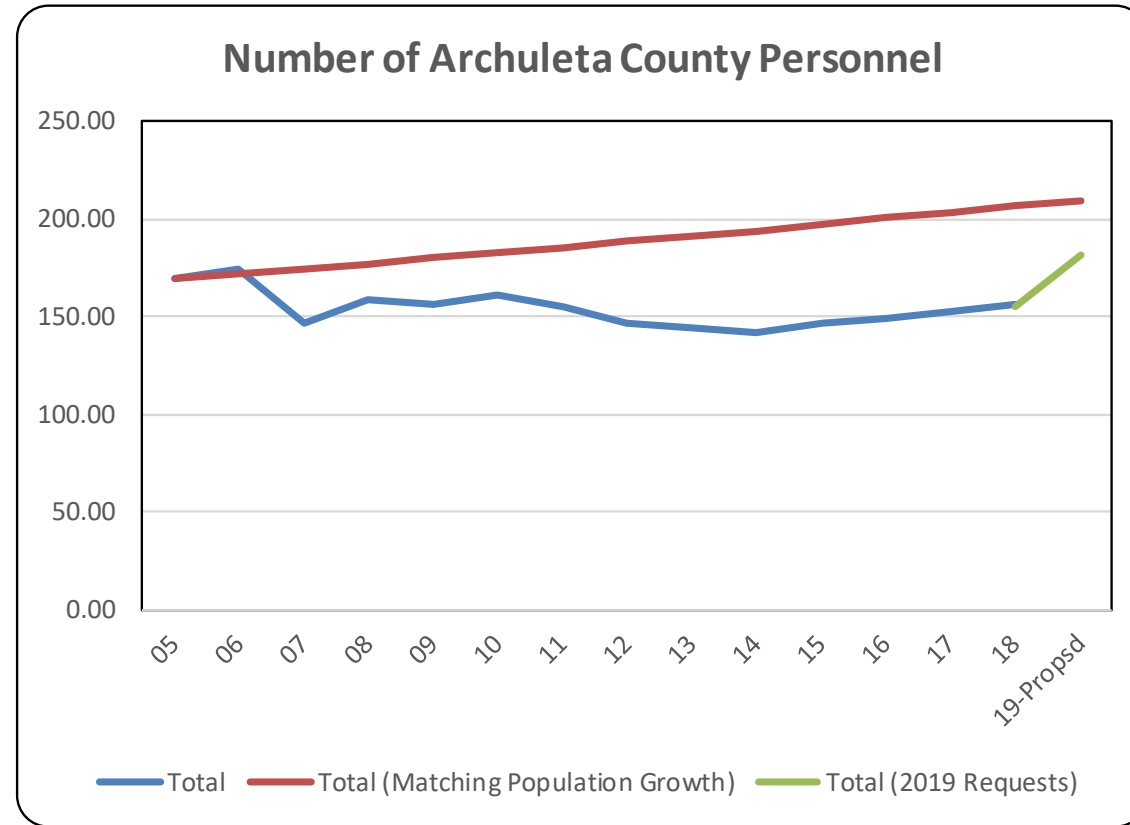
Question?

How have we survived the continued erosion of our Purchasing Power?

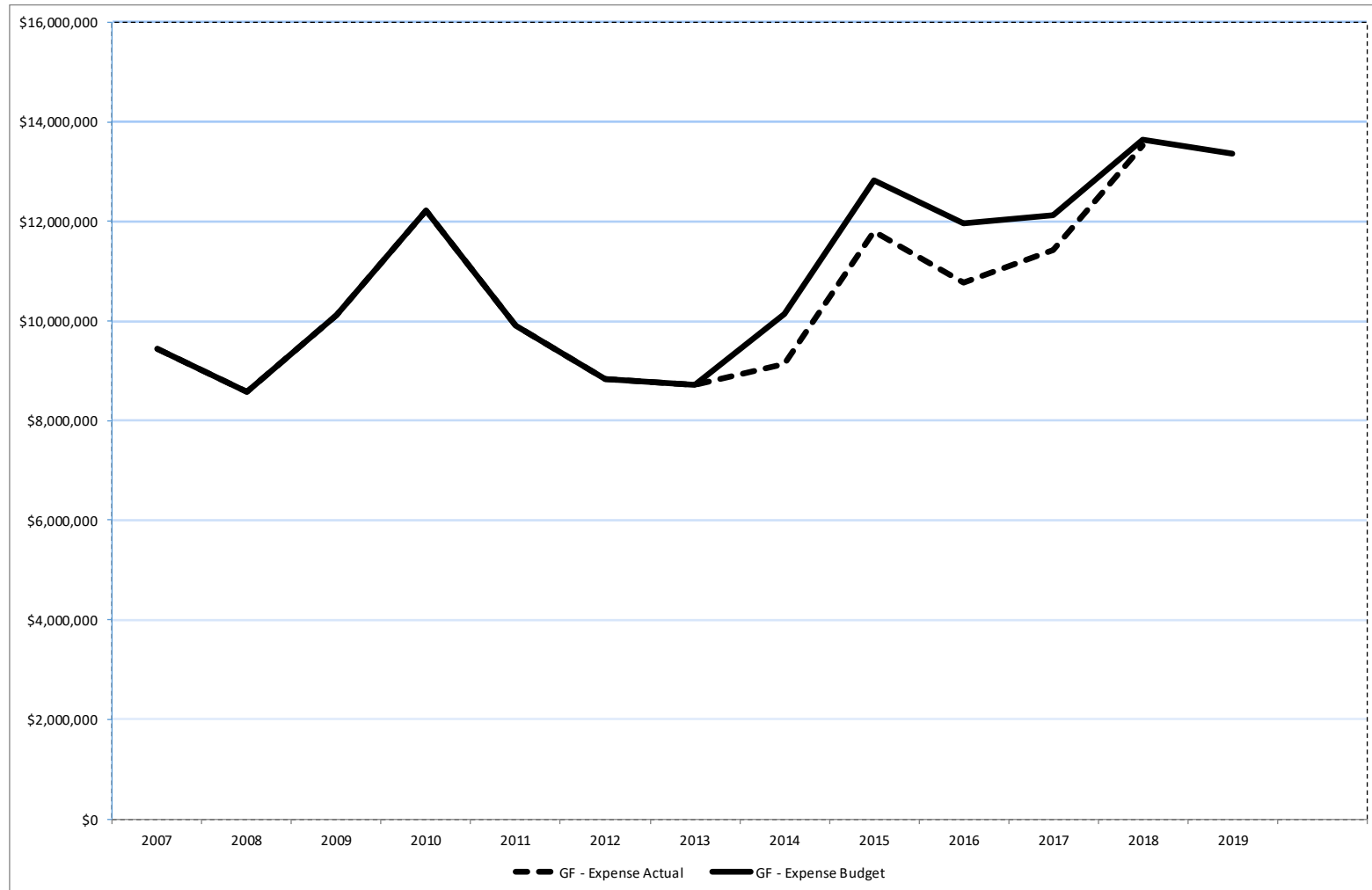
Survival Tactics

- Keep ongoing *Operating Costs* lower than projected revenue, regardless of the “need” for increases.
 - Limited (or no) addition of new personnel.
 - Limited (or no) addition to operating costs (beyond adjustments to CPI).
- Aggressively control spending, to come in under budget, as much as possible.
- Defer Capital Replacements and Capital Maintenance (when absolutely necessary).
- Use “unanticipated revenue” to catch up with Capital Replacements and Capital Maintenance.
- Do NOT use “unanticipated revenue” to expand operating costs.

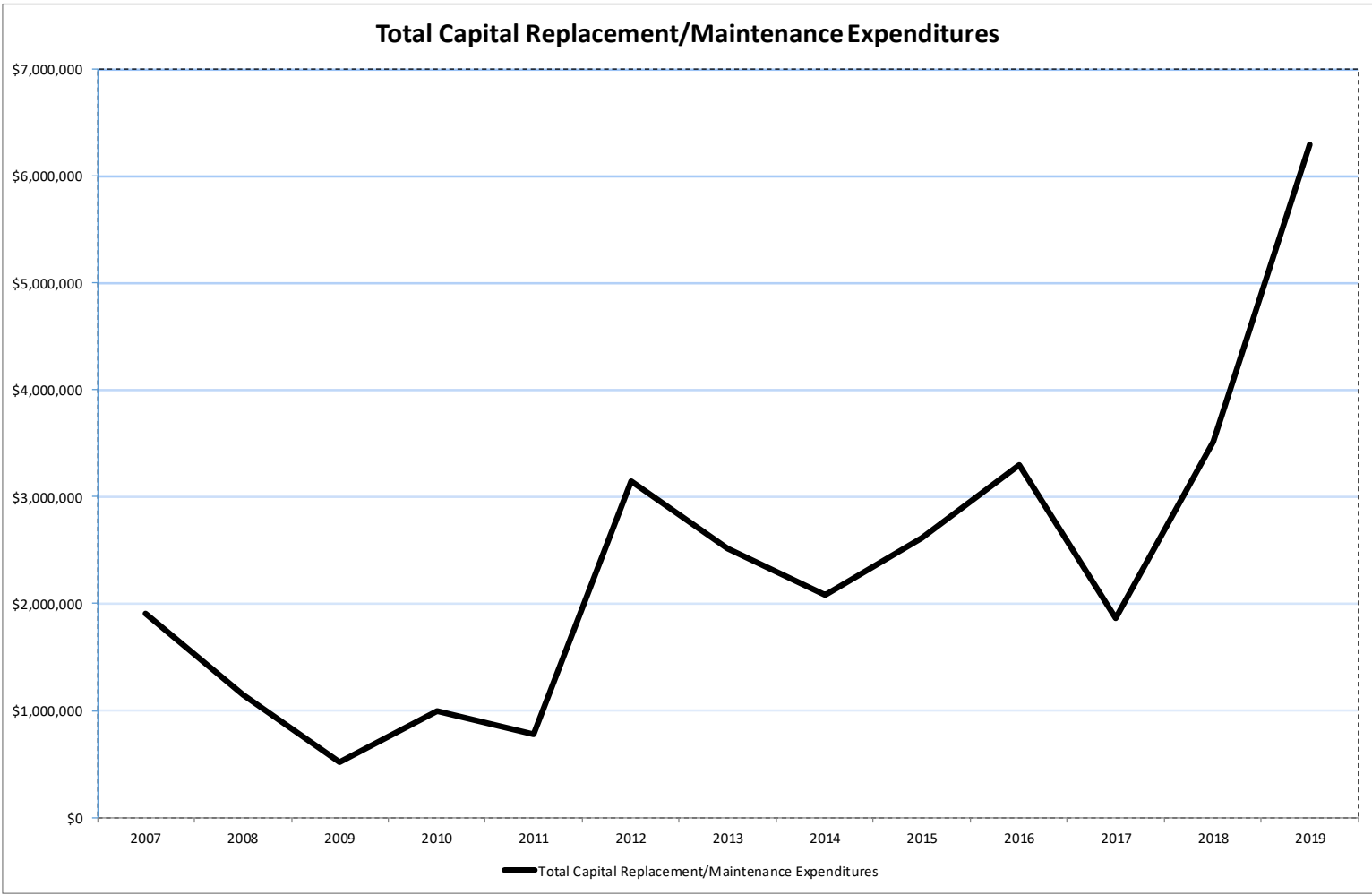
Limiting Addition of New Personnel



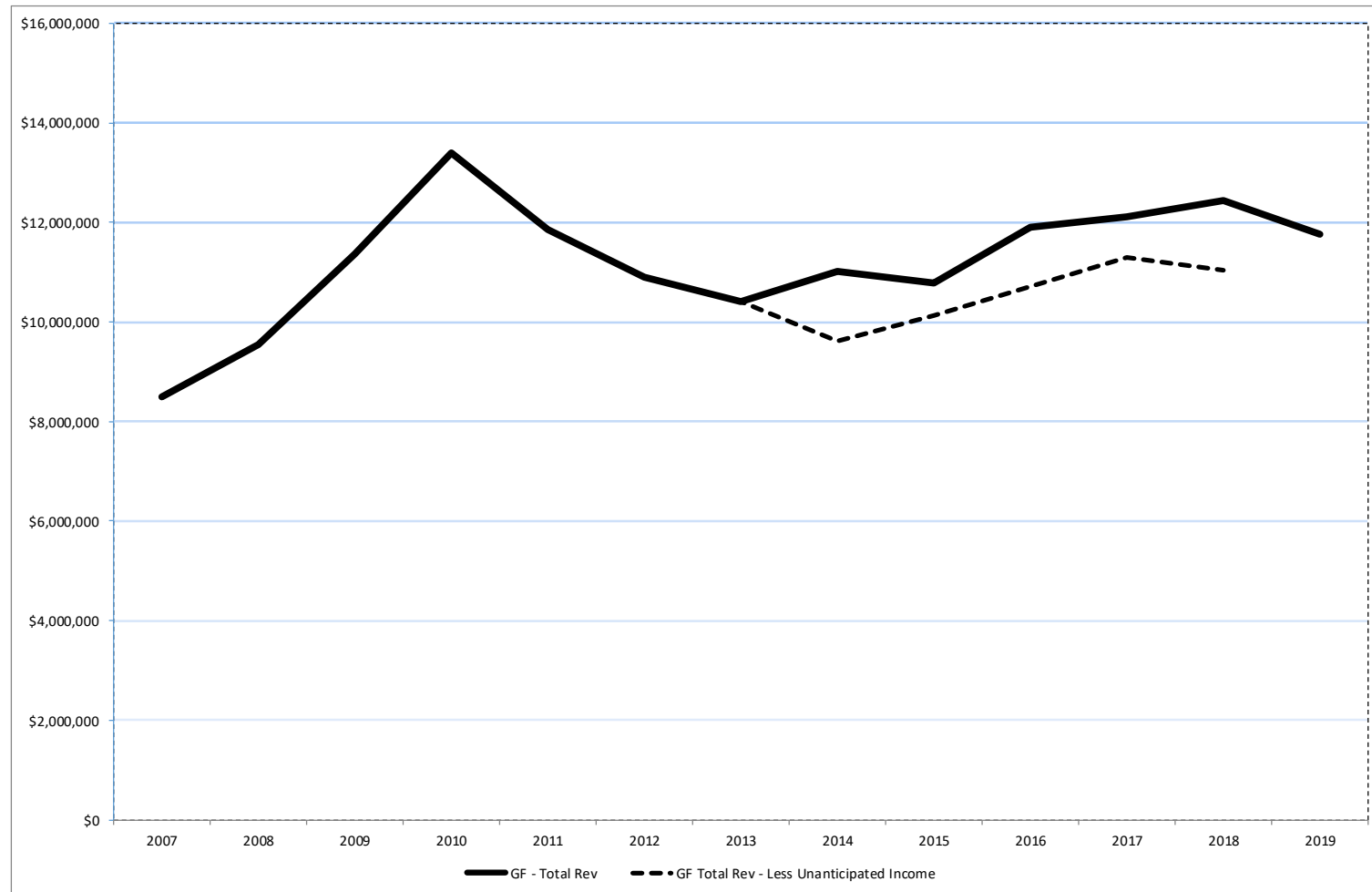
Aggressive Control of Expenses



Defer Capital Expense (when necessary)



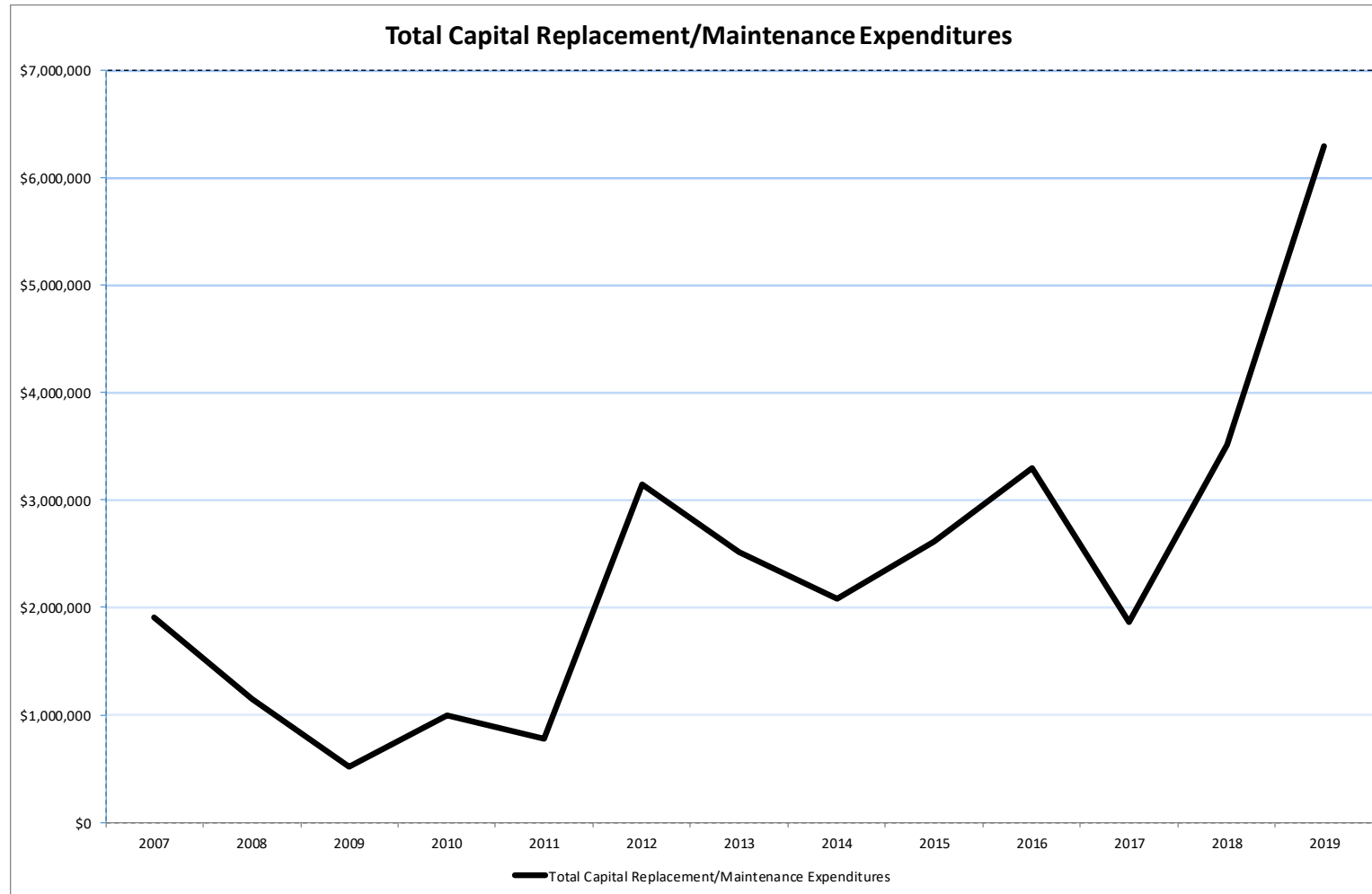
Unanticipated Income



Unanticipated Income - Limitations

- Over the last 5 years (2014-2018), the General Fund Received about \$4.6 million in “unanticipated” income, as follows:
 - PILT (the “extra” amount, between \$400-500K/year, requires annual re-appropriation, and is fought over each year)
 - Compensation for Loss of Capital Asset \$780,000 (lawsuit/insurance)
 - Absorb Livestock Auction \$153,000
 - Sales Tax \$829,000 (increases largely caused by introduction of Retail Marijuana and Supercenter... growth nearly flat now)
 - Other \$1.5 million (specific grants unapproved at the time budget was approved).
- This has been used to “boost” spending on Capital Replacement.
- Most of this income is unlikely to “repeat”.

Catch Up Capital Expense (when possible)



Capital Replacement “Pending”

- Capital needs identified for 2020-2029 total (at least) \$29.8 million, including:
 - Roads & Bridges: \$18.3 million
 - Dispatch: \$225,000
 - Solid Waste: \$5.6 million (and another \$3.6 million in 2031)
 - Airport: \$670,000
 - Fleet: \$5 million

Capital Replacement (Current)

- Additional Capital Replacements Needed
 - Jail: \$13-14 million
 - Courthouse: \$ unknown
 - Sheriff's Offices: \$ unknown
 - DHS space: \$ unknown
- Capital Replacement Current & Pending Total: \$42.7 million