



THURSTON COUNTY
WASHINGTON

Budget Issues at a Glance

Thurston County's Budget Process

Updated March 30, 2009

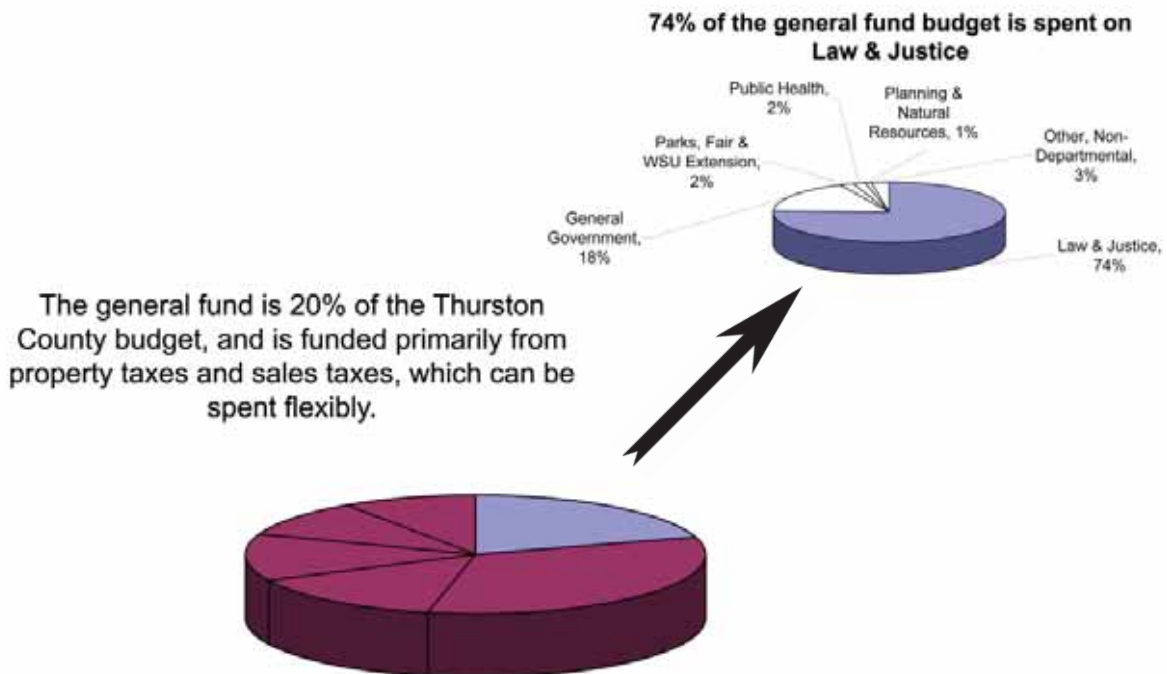
Thurston County's budget defines how much money the county spends and where it goes; in effect, the budget is the engine that drives county programs and services for our community. This document answers commonly asked questions about the budget process.

Q I hear that Thurston County is planning to cut about \$5.4 million in April from the 2009 general fund budget. Why is this affecting some programs more than others?

Commissioners face several restraints when it comes to balancing the county budget. Most of the budget is dedicated by law to specific programs (nondiscretionary funding). These dedicated funds cannot be used for unrelated purposes: for example, garbage fees pay for garbage and recycling services, and state-approved transportation taxes pay for roads. There is very little flexibility in how these "nondiscretionary" funds are used.

Most of the budget cuts, therefore, fall on the relatively small "general fund," which represents about 20 percent of the budget and is funded primarily from property taxes and sales tax. The county general fund pays for day-to-day operations of critical services that the public expects but which are not fully supported by other revenues. The bulk of the general fund – about three-quarters – is spent on law and justice, with the remainder spent primarily in the areas of health and social services, parks and recreation, and general government. There is no way to balance the 2009 budget without making deep cuts in these areas.

County has limited flexibility in cutting the budget



The remaining 80% is virtually "untouchable" because the funding comes from revenues that are earmarked for specific purposes and cannot be used for unrelated projects.

Q What are Thurston County's sources of revenue?

Revenue from Thurston County's general fund comes primarily from property taxes and sales taxes. Historically, all counties in Washington State have operated on this "two-legged stool." The missing "leg" refers to other revenue sources that are available to cities and state government but are unavailable to counties. Examples include utility taxes, business taxes and lodging taxes.

Q Why must Thurston County cut so much money from the 2009 general fund budget?

Thurston County is experiencing precipitous declines in sales tax revenue as a result of the national economic recession. Thurston County expects sales tax revenues in 2009 to fall 22 percent below those revenues received two years ago in 2007.

Meanwhile, property-tax initiatives have prevented county revenues from keeping pace with inflation. By voter initiative, the amount of property taxes levied by counties can only grow 1 percent per year, plus the revenues from new construction. As a result, revenues for counties are only growing 2 to 3 percent a year, while expenses for the same level of services (i.e., inflation) are rising 4 to 5 percent a year.

If Thurston County's property tax revenues had kept pace with inflation, the county would have received \$14.4 million more revenue for public services since 2002.

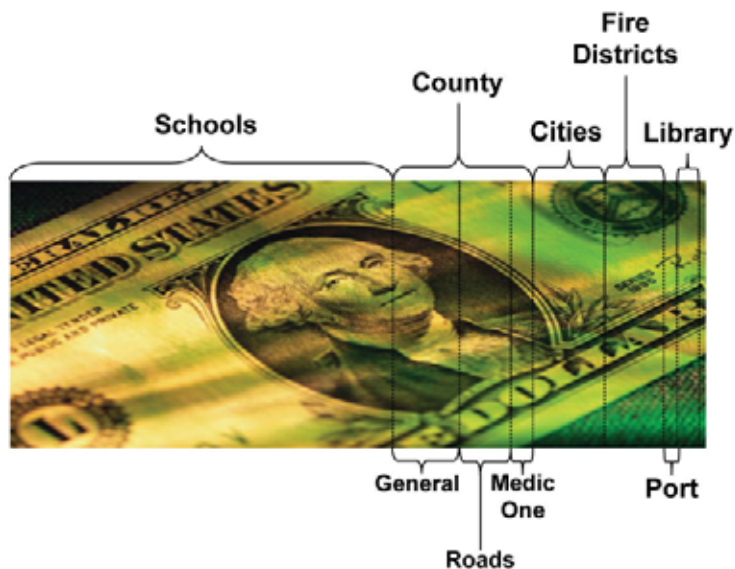
Q Doesn't Thurston County get to keep all the money it receives from property taxes?

Thurston County keeps very little of the money it collects in property taxes. Although your property tax check is paid to "Thurston County Treasurer," only about 21 cents of every property tax dollar actually goes to Thurston County, and about half of that amount is already dedicated to roads, Medic One and conservation futures – that leaves less than 11 cents for the county general fund.

Distribution of property taxes in Thurston County

In Thurston County, **58%** of property taxes paid are for **Schools**.

Schools (local)	37.36%
Schools (state)	20.87%
Cities and Towns	9.32%
Fire Districts	6.36%
Library District	3.49%
Port of Olympia	1.66%
Public Utilities District	0.08%
Cemetery Districts	0.06%
Tanglewilde Park	0.02%
County (general)	10.84%
Roads District	6.56%
Medic One	3.00%
Conservation Futures	0.38%
	100.00%



Each of Thurston County's levies are **smaller** percentages today than in the past.