

# PEND OREILLE COUNTY 2022 BUDGET FAQs

## 1. What are County Funds?

Pend Oreille County receives revenues from many different sources. Most of those revenues have restrictions on how they can be used. For example, monies received through taxes and grants specifically for the Road Fund must be used to operate and maintain the County Roads. The County uses funds to budget, as well as to report to the state and citizens in the mandatory annual report. Fund accounting is used to demonstrate legal compliance and to aid in financial management by segregating transactions related to certain government functions or activities. Pend Oreille County budgeted funds are classified into 5 categories

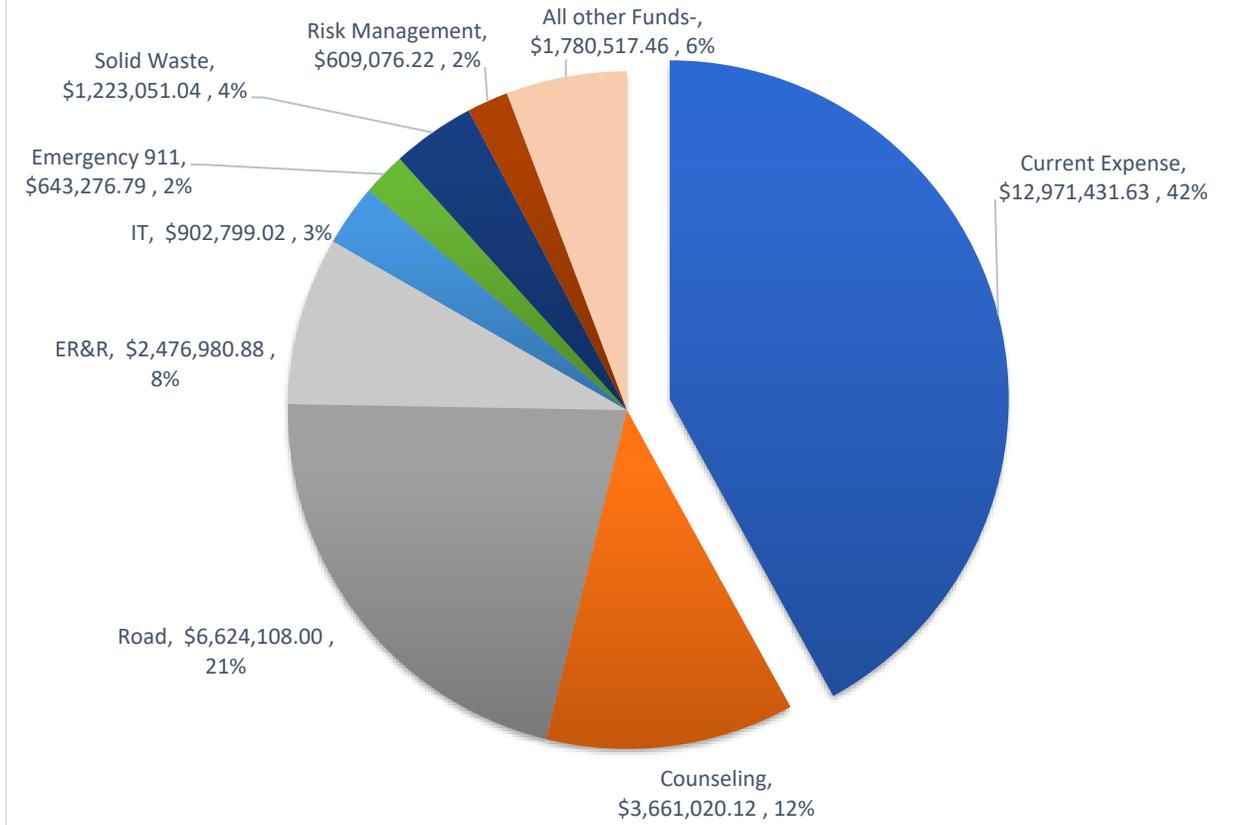


General (Current Expense) Fund: Pend Oreille County has **One General fund**, also known as the Current Expense Fund. It is **made up of departments** that perform the general functions of local government.

## General (Current Expense) Fund Departments

Assessor	Auditor	Board of Equalization	Civil Service	Clerk	Commissioners
Coroner	Buildings & Grounds	District Court	Elections	Emergency Management	Enhanced Dispatch
Extension	Guadian Ad Litem	Homeland Security	Jail	Juvenile	Leoff 1
Noxious Weed	Human Resources	Community Development	Probation	Prosecuting Attorney	Sheriff
		Superior Court	Treasurer		

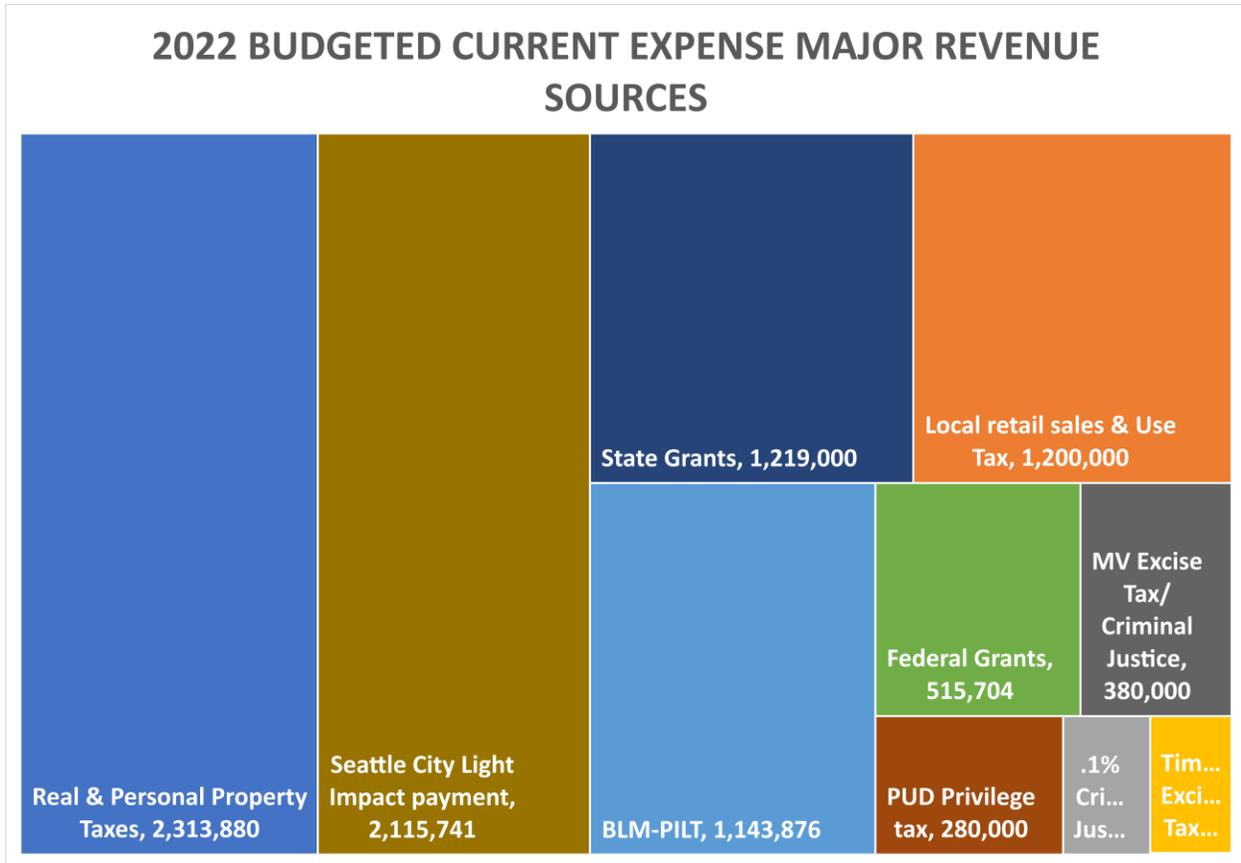
## 2022 County Budgeted Expenditures by Fund



## 2. Why are some of the Departments within the Current Expense Fund expenditures more than their revenue?

You may notice that many of the departments within the Current Expense Fund have expenditures that are significantly more than the department revenue. The Current Expense Fund is also known as the General fund because it is the main fund of the County and is used to run the general activities of the County. The majority of income in the Current Expense Fund comes from Property taxes, in lieu of taxes, impact payments and other taxes. These sources of income account for 73% (\$9,419,601) of the total Current Expense budgeted revenue (\$12,971,432). For practical reasons these revenues are received into the department that is responsible for collecting those funds, the Treasurer or Commissioner department. The remaining sources of revenue received into the respective departments within Current Expense are specific to the department, such as fees for services or grant income. Budgeting and prioritizing the spread of the TOTAL revenue in Current Expense Fund (General Fund) between all the departments expenditure requests is the constitutional duty of the County Board of Commissioners.

### 3. What are the major sources of Revenue for Current Expense Fund?



### 4. What is the Pend Oreille County Budget Process?

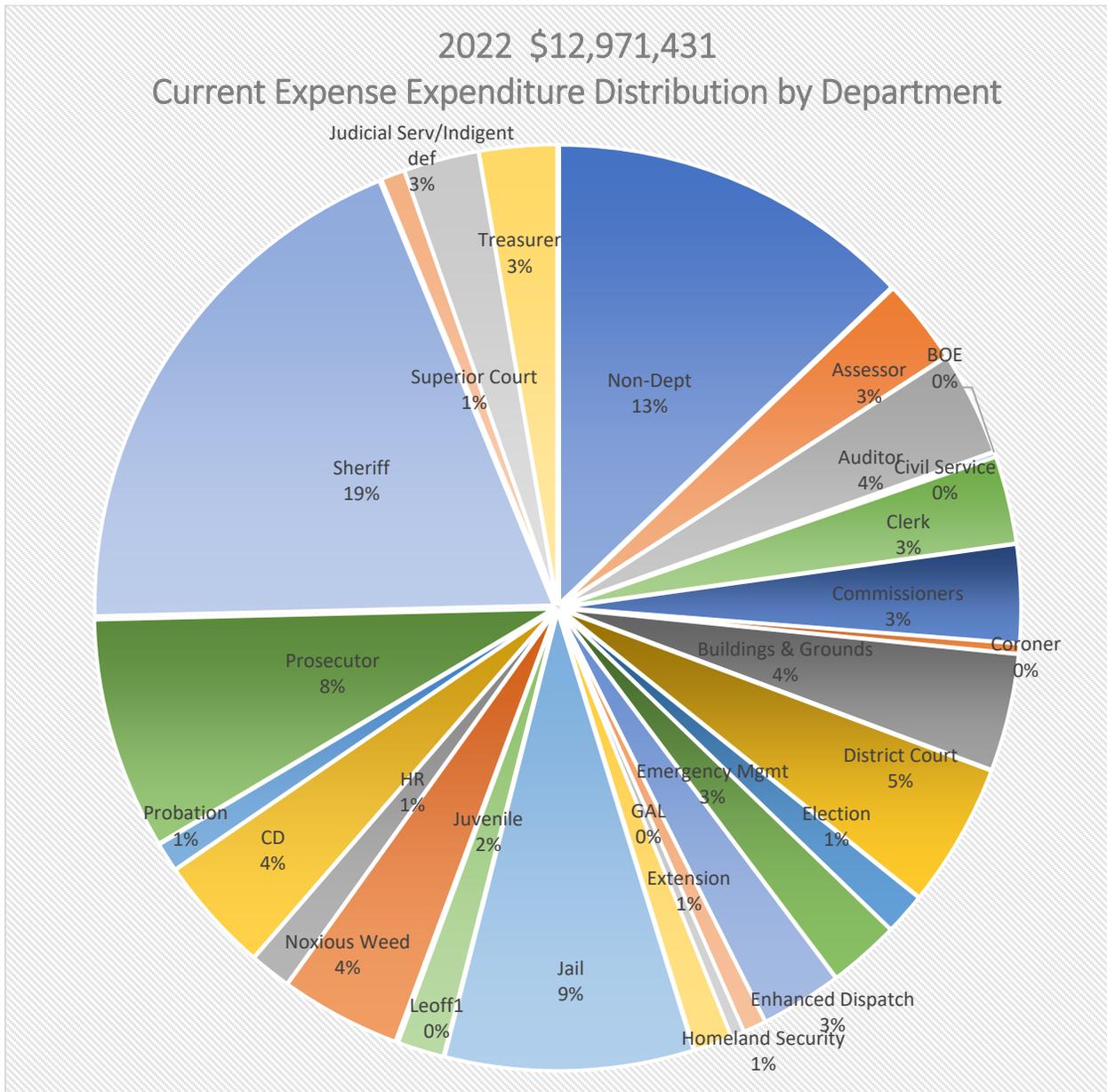
The County Budget process follows the State law for counties in RCW Chapter 36.40.

<https://apps.leg.wa.gov/rcw/dispo.aspx?Cite=36.40>

According to the Washington State Auditor BARS manual which defines how the law is interpreted, "Budgeting is more than just an activity to satisfy state law. It is a sophisticated process of strategic planning, communication and policy development resulting in a detailed plan of operations for allocating and monitoring the use of limited resources among various competing demands."

- Budget Estimates to Departments on or before the second Monday in July
- Budget Estimates due back to Auditor on or before the second Monday in August
- Proposed Preliminary Budget submitted to the Board of County Commissioners by the Auditor on or before the 1<sup>st</sup> Tuesday in September
- BOCC meets with departments regarding their budget request, using information gathered to set priorities based on county needs.
- Final Budget adopted after Public Hearing in December.

## 5. How is the 2022 Current Expense Budget distributed?



## 6. What is Non-Dept with 13% of the expenditures?

The County uses this Department to pay for costs associated with all the Current Expense Departments or those that cannot necessarily be classified to a single department. Those costs include Postage, IT costs, Risk Insurance, Tri-County Health and Bond payments. Please see the Non-department budget page for a more detailed cost breakdown.

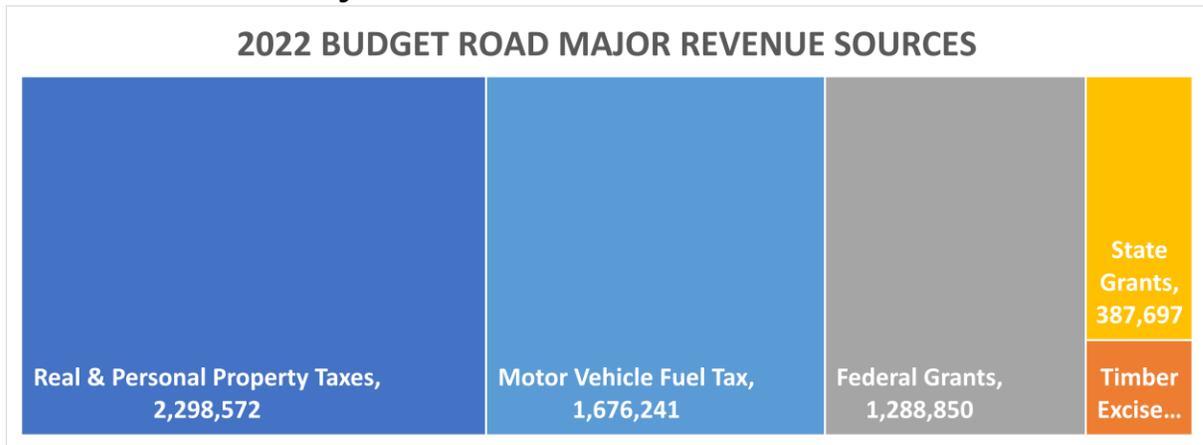
## 7. Is the Pend Oreille County budget balanced?

Unlike the federal government, the county government is required to balance the budget before the budget can be adopted. Expenditures of each fund must balance with revenue and reserved balance available in each fund.

## 8. Where is the Road Department? I don't see it in the Current Expense Fund?

The Road Department falls into the next category of fund types, a Special Revenue Fund. A Special Revenue Fund is defined as having restrictions by RCW, Resolution or contract on the use of its revenues. A Special Revenue Fund is a fund/department in one. Because there is only one department within a special revenue fund it is easy to see how the beginning balance plus revenues balance with the expenditure and ending balance.

## 9. What are the major sources of Revenue for the Road Fund?



## 10. What are Special Revenue Funds?

Special revenue funds are funds that can only be used for a specific purpose. Pend Oreille County has 21 special revenue funds. They are listed on the budget summary starting with Arts, Tourism and Recreation and ending with Public Facilities. To qualify as a special revenue the funds must be appropriated for a specific purpose by law, resolution or grant contract. Each fund must balance itself and only be used for the purpose allowed. The two largest special revenue funds in Pend Oreille County are the **Road Fund** and **Counseling Services Fund**.

Fund	Major Revenue Source(s)	Specific Purpose
Arts & Tourism	Hotel/Motel/rooming houses/RV parks/campground sales & use tax.	RCW 67-28.1815 To be used solely for paying for tourism promotion and for the acquisition and or operation of tourism related facilities - approval through Hotel/motel advisory board
Counseling	State and Federal Grants	RCW 71.24.015 To establish a community mental health program

<b>Crime Victims</b>	Penalty assessments; fine or bail forfeiture	RCW 7.68.035 For the support of programs to encourage and facilitate testimony by the victims of crimes and witnesses to crime
<b>Fair/Fair Reserve</b>	State Grant/Fair revenue	RCW 36.37.010 The holding of county fairs
<b>Law Library</b>	Probate or civil filing fees	RCW 27.24.070 To provide law library services to judges, state & county officials and members of the bar. - controlled by law library board
<b>Park</b>	Park Timber sales	Resolution 81-16 & 98-82 establish a fund for the development & operation of Pend Oreille Parks
<b>Paths &amp; Trails</b>	Motor Vehicle fuel tax	RCW 47.30 For paths or trails to separate pedestrians/ equestrian/ bicyclists from motor vehicle traffic
<b>Road</b>	Property Tax levy/State & Federal Grants/ RAP/Motor vehicle fuel tax/ DOT highway admin/Timber tax	RCW 36.82.010 & RCW 82.36.025 For establishing, laying out, constructing, altering, repairing, improving and maintaining county roads, bridges and wharves necessary for vehicle ferriage and for other proper county purposes
<b>Veteran's Assistance</b>	Portion of General property tax levy (Current Expense levy)	RCW 73.08.010 For the relief of indigent veterans, their families, and the families of deceased indigent veterans – run by veterans advisory board
<b>Real Estate &amp; Property Tax Admin Assist</b>	Real Estate Excise tax / Treasurer fees	RCW 82.45.180 (5a,b,c) To be used exclusively for the development, implementation and maintenance of an electronic processing & reporting system for real estate excise tax affidavits
<b>Timber Sales</b>	Sale of county timber	Resolution 81-6 & 2006-14 expenditure only by written direction of BOCC
<b>Treasurer's O&amp;M</b>	Treasurer's fees	RCW 84.56.020 To pay collection costs, investment earnings, or both on past due property tax
<b>Auditor's O&amp;M</b>	Filing fees-State Document Preservation & Modernization	RCW 36.22.170 & RCW 36.22.175 To provide for the installation & maintenance of improved systems for copying, preserving & indexing documents recorded in the county
<b>Election Reserve</b>	State & Federal Grants	Resolution 2004-22 For the purchase of election equipment

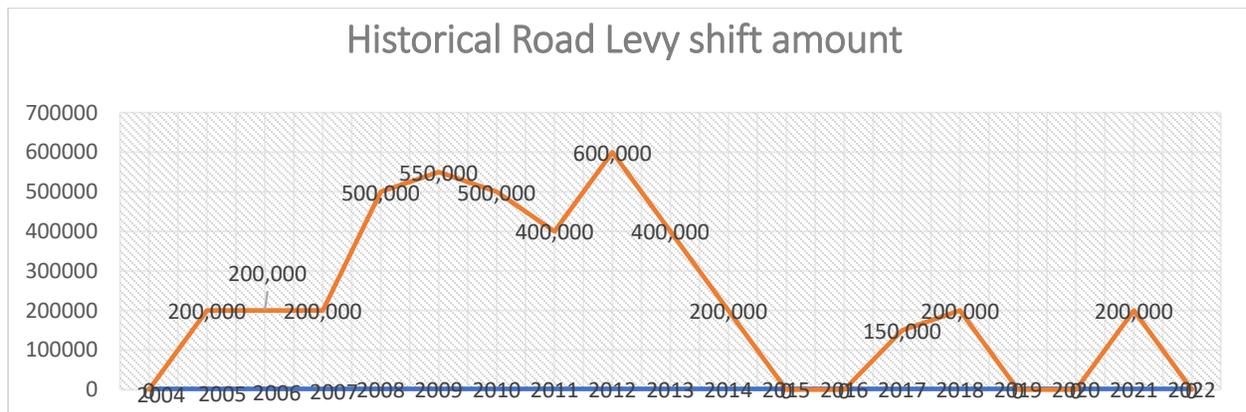
<b>Trial Court Improvement</b>	State Local court improvement funds	RCW 3.58.060 To be used for improvements to superior & district court staffing, programs, facilities, or services as appropriated by county legislative authority
<b>Drug Enforcement</b>	Drug seizure & forfeitures	RCW 69.50.505 to defray the costs incurred by the county as a result of drug crimes – 10% owed to State
<b>Emergency 911 Communications</b>	State enhanced 911 excise taxes State grants	RCW 82.14B.030 & 38.52.540 Used only to support the statewide, and to help supplement the operational costs of the 911 system
<b>Extension Education</b>	Fees collected from training and class registrations	Resolution 98-19 To be used for replacement of publications, supplies & educational program costs
<b>Growth Management</b>	State Grants	RCW 36.70.010 To facilitate the adoption & implementation of comprehensive and development regulations
<b>Low Income Housing</b>	Portion of recording fees	RCW 36.22.178 To be allocated for eligible housing activities that serve extremely low and very low income households in the county
<b>Homeless Program</b>	Portion of recording fees	RCW 36.22.179 Provide housing & shelter for homeless people
<b>Affordable &amp; Supportive Housing</b>	State distribution percentage of state portion of sales & use tax	RCW 82.14.540 Provide for affordable housing or supportive housing or rental assistance
<b>Mental Health Tax 1/10<sup>th</sup></b>	.01% sales tax	Ordinance 2020-02 RCW 82.14.460 address mental &/or substance disorder issues
<b>Public Facilities</b>	State distribution of distressed county sales & use tax-.09	RCW 82.14.370 Shall only be used to finance public facilities serving economic development purposes in rural counties and finance personnel in economic development offices – uses must be listed on the comp plan of the county
<b>ARPA</b>	Federal American Rescue Plan Act Funds	Resolution 2021-35 ARPA-respond to public health emergency with respect to COVID-19, essential workers, reduction in revenue and water, sewer, broadband infrastructure as per Dept of Treasury Final Rule

## 11. What does it mean if the County has a Road Levy Shift?

Washington law allows county governments to collect two separate property tax levies through the county general levy and road levy. The county general levy is limited to collecting no more than \$1.80 per \$1,000 of assessed value for the general operating budget of county government. The road levy is limited to collecting no more than \$2.25 per \$1,000 of assessed value to be used for “proper county road purposes.” (See RCW 36.82.020.) At the option of the county legislative authority, some of the levy capacity of the road levy may be shifted to increase the county general levy.

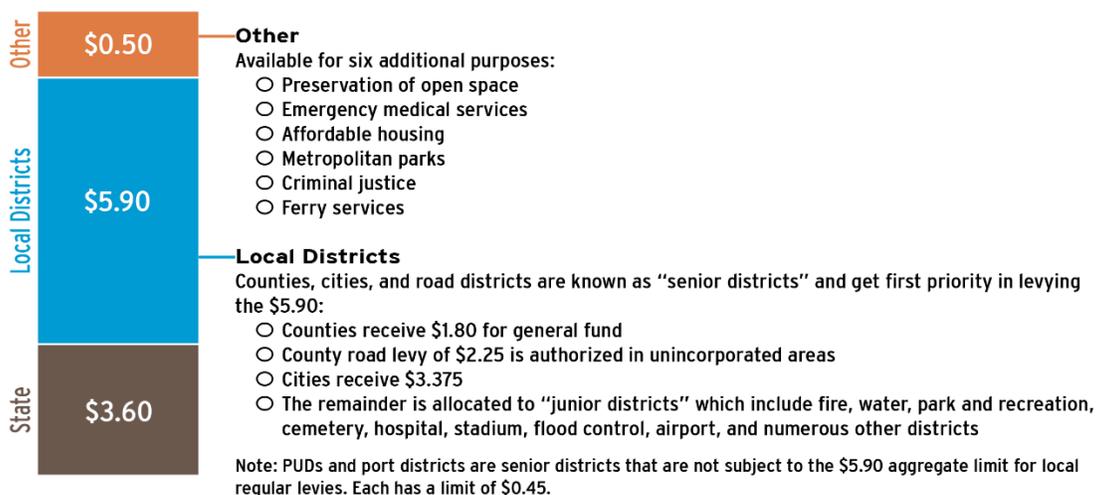
## 12. Did Pend Oreille County have a Road Levy Shift in 2022?

No. The County had expected a decrease to revenues and expenditures in 2021 due to the pandemic, but the County revenues did not contract as much as expected and the Federal CARES funds had an unexpected beneficial impact to the County, leaving the ending fund balance healthy enough to realize the Board of County Commissioners priority of no Road Levy shift for 2022.



## 13. What are the Levy rate limits in Washington?

### \$10 Property Tax Limit In Washington



#### 14. What is the 2022 levy rates for Pend Oreille County?



#### 15. What is ER&R and how does it relate to the Road Fund?

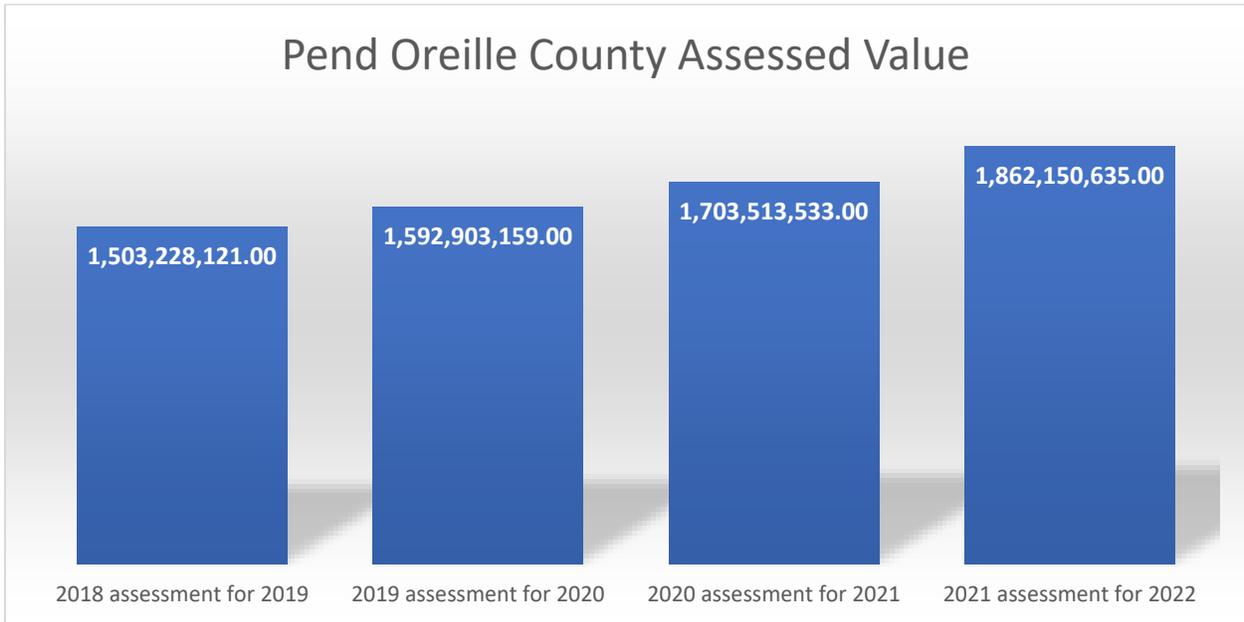
ER &R in County government stands for Equipment Rental and Revolving. ER&R is a type of Internal Service Fund. They are established to provide equipment rental services within a local government. All counties (RCW 36.33A.010) are legally required to have an ER&R fund for operating county road departments and may be expanded to provide services to other departments. They give the County a way to allow expensive equipment and supplies to be 'rented' on a cost reimbursement basis (without generating a profit.) It helps spread the replacement cost, out over years and spread the overhead (salary and benefits) and Operating maintenance out evenly. Providing stability and predictability in cost for budgeting, instead of incurring a large cost all at once, or variable costs per month.

#### 16. How does the 1% annual property tax limit affect the County budget?

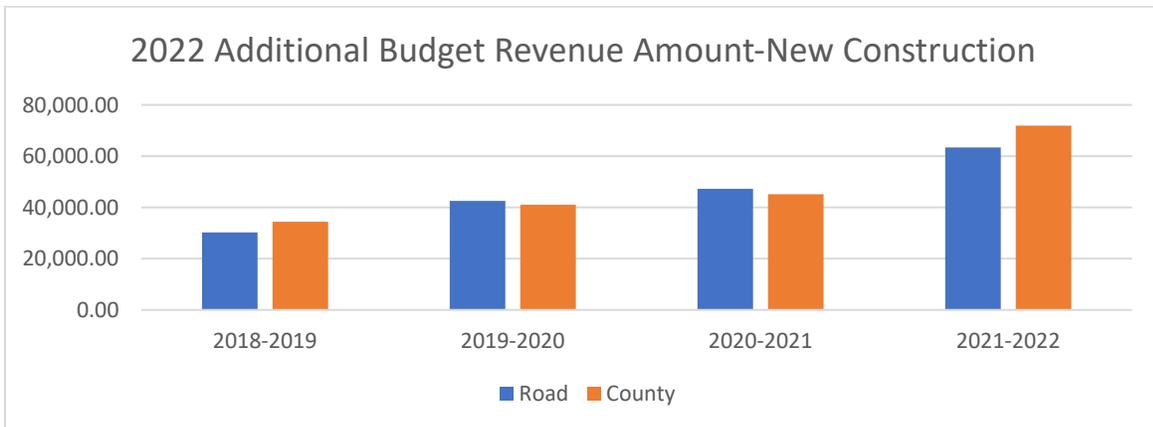
The 1% limit applies to the increase of total levy tax limit from one year to the next. Most citizens are surprised to learn that the 1% limit in 2022 amounted to **\$22,664.06** increase to the Current Expense Property tax revenue and **\$22,129.24** increase to the Road fund property tax revenue. The remaining increase in property tax revenue comes from new construction in 2022 that amounted to **\$63,413.53** for Current Expense Fund and **\$71,910.12** for the Road Fund. According to the Pend Oreille County Assessor, Jim McCroskey, these figures represent historic highs for the county. If you are interested in learning more about Washington State Property tax and how levy and property value affect your taxes : [https://dor.wa.gov/sites/default/files/legacy/Docs/Pubs/Prop\\_Tax/LevyManual.pdf](https://dor.wa.gov/sites/default/files/legacy/Docs/Pubs/Prop_Tax/LevyManual.pdf)

## 17. What is Pend Oreille County's Assessed value?

Pend Oreille County total assessed value for 2022 is up from \$1,703,513,533 in 2021 to \$1,862,150,635



## 18. What are the Historic New Construction values?

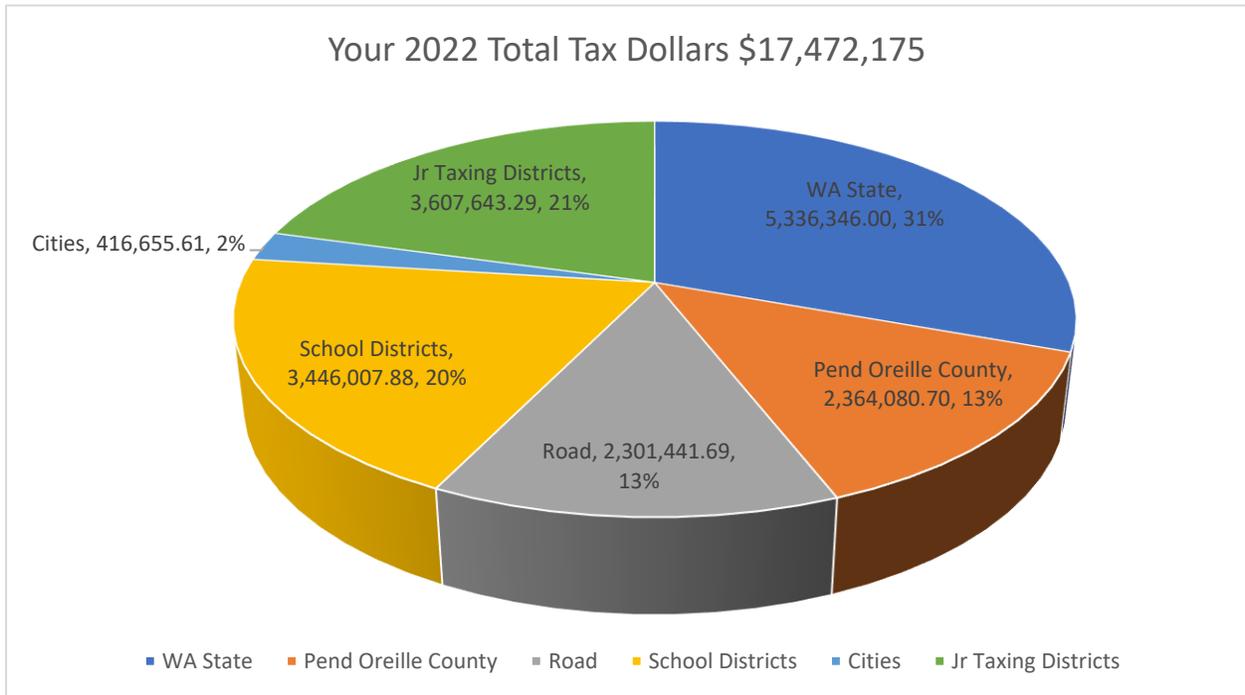


## 19. How are my total taxes distributed?

Below is a chart of the distribution of the total tax dollars collected in Pend Oreille County. The distribution of your individual taxes is dependent on the district your property is in.

This *chart includes all the Districts in the County.*

Your property tax bill would only include the Jr. taxing district, school district, Road district, and City in your taxing District.

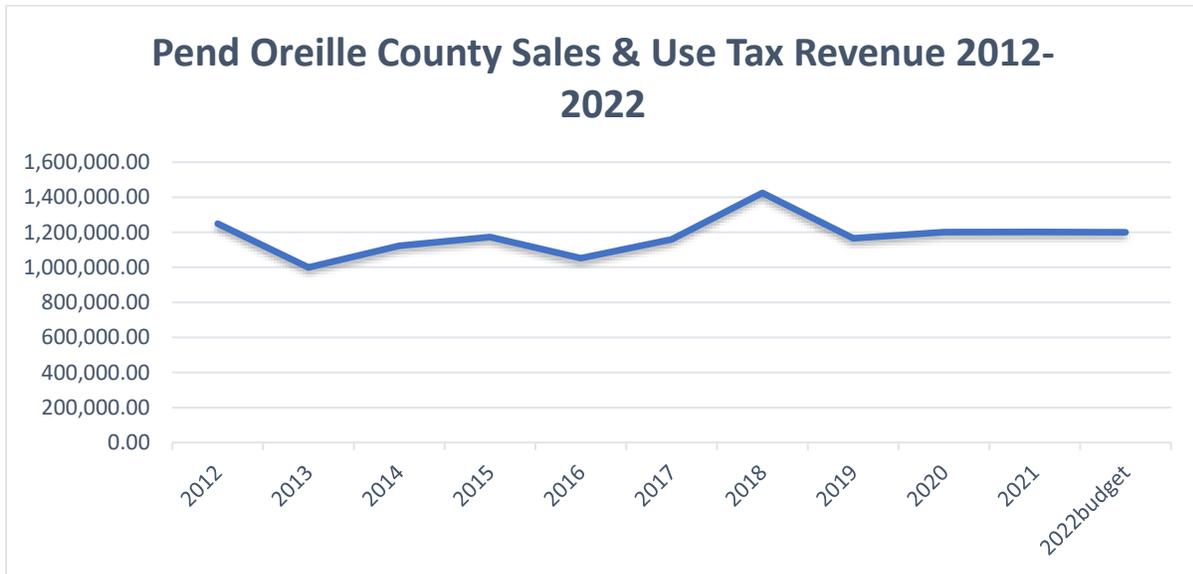


## 20. What are the Pend Oreille County Junior Taxing Districts?

As per the Levy graphic in question 12, Local district Levy includes County, Road and Cities considered 'Senior Districts' the remainder are allocated as "junior districts". In Pend Oreille County this includes fire, water and sewer, cemetery, hospital, port, diking and library districts.

## 21. How much of my Sales Tax dollars stay in Pend Oreille County?

In 2022, the sales tax rate in Pend Oreille County is 7.7%. The tax breakdown is broken down into .065% State sales and use tax and .012% Local city/County Sales and use tax respectively. The local business collects and pays the total 7.7% sales tax to Washington state and the State distributes the Local City/County portions back to the entitled entity. Pend Oreille County is only entitled to taxable items purchased or delivered to Pend Oreille County . Pend Oreille County is able to benefit from the State portion of Sales tax collected by participating in several entitlement programs that provide funding for specific purposes (See Question 10).



## 22. Is Pend Oreille County audited by an outside source?

All local governments are required by [RCW 43.09.230](#) to submit an annual financial report to the Washington State Auditor's office within 150 days of the end of their fiscal year.

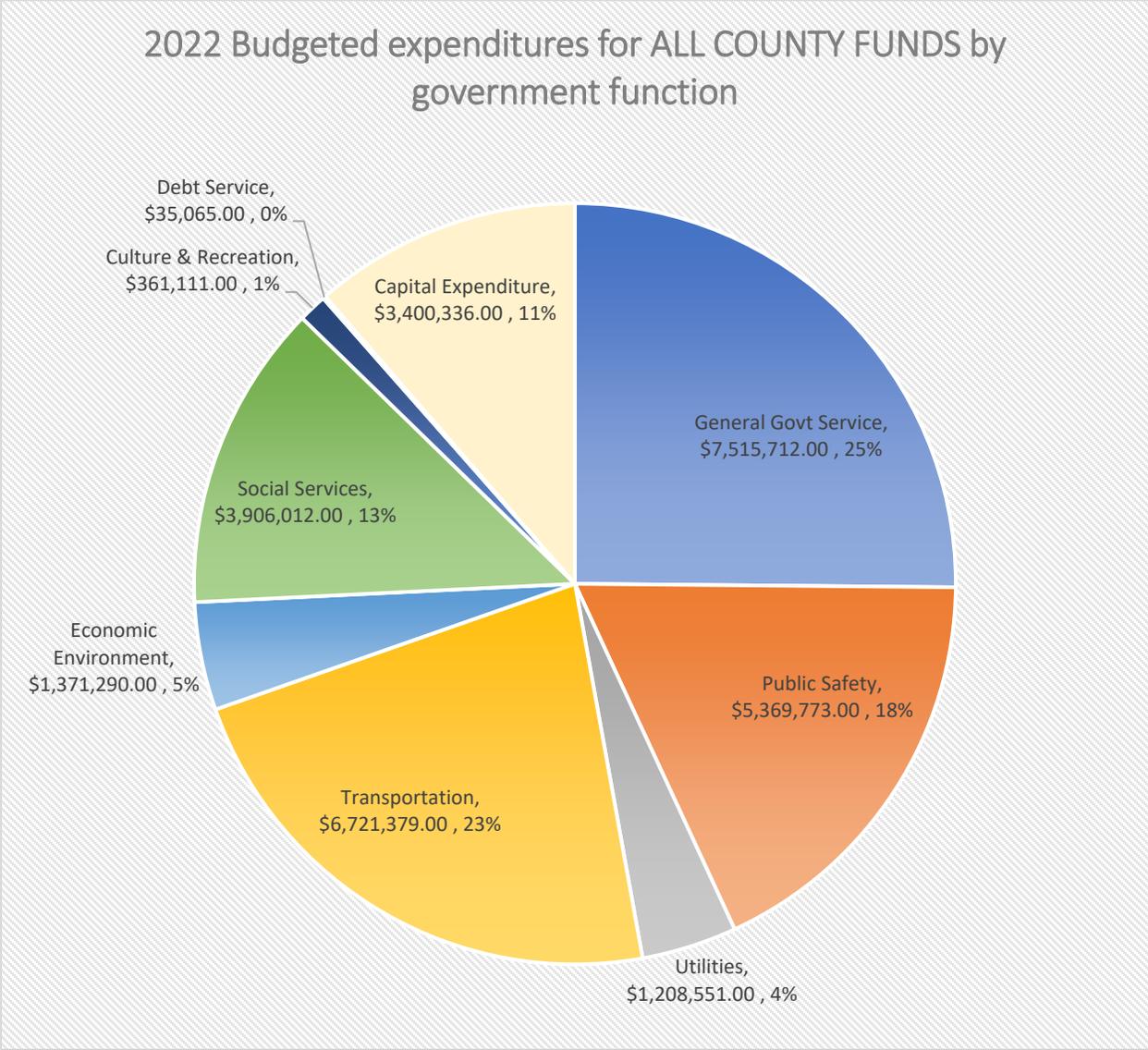
Washington State is unique in the fact that the Washington State Auditor's Office (SAO) designed and manages the chart of accounts for all local governments within Washington State, so that data can be collected uniformly from all public entities for comparison purposes for citizens and the legislature. The system is called the Budgeting, Accounting and Reporting System (BARS). The State Auditor's office audits Pend Oreille County annually.

The Audited County annual reports can be viewed on the State Auditor website <https://www.sao.wa.gov/>

**23. What are the types of Government functions that Pend Oreille County performs and what departments/fund are included in each Government function category?**

General Government	Social Services	Public Safety	Economic Environment	Culture & Rec	Utilities	Transportation	Capital Expenditure
Assessor	Coroner	Sheriff	Community Development	Extension	Solid Waste	Road	Road
Auditor	Counseling	Jail	Arts & Tourism	Park		ER&R	Capital Projects
BOE/Civil	Veteran's	Dispatch	Public Facilities				ER&R
Commissioner	Homeless	Juvenile	Noxious Weed				
Clerk	Low Income	Probation					
Buildings & Grounds		Emergency Management					
District Court							
Elections							
Superior Court							
Prosecutor							
HR							
Treasurer							
Risk Management							
IT							

**24. How much does the county allocate in the 2022 budget to each government function?**



**25. What if I have more budget questions?**

If you have more questions we encourage you to contact the Auditor’s office at 509-447-6470. I encourage ideas for new questions that constituents would like answered in following budget years.