

# Financial Summary

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## ***Fund Structure and Basis of Budgeting***

Lane County's financial activities are accounted for on a fund basis. A fund is a fiscal and accounting entity of self-balancing accounts to record cash and other financial resources and related liabilities all segregated for specific regulated activities and objectives. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The requirements for funds are found in state and federal laws and rules, charters, local government resolutions and ordinances, and the principles of good accounting. The local government governing body may create funds to control the use of restricted or dedicated revenues.

The County adopts an annual appropriated budget for all of its funds. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. A fund structure chart is included at the end of this discussion. The chart reflects those funds for which the county has an appropriated budget. A complete listing of each fund with a description of the fund is included in Appendix E.

**Governmental Funds.** Governmental funds are those through which most governmental functions of the County are financed. The County maintains 21 individual governmental funds. These include the General Fund, Special Revenue Funds, Capital Project Funds, and Debt Service Funds.

The purpose of a **General Fund** is to record financial transactions relating to all activities for which specific types of funds are not required. This fund is used for all receipts not dedicated for a specific purpose. In most counties, this includes such activities as law enforcement, youth services, assessment and taxation, and general administration.

**Special Revenue Funds** should be set up only for special tax levies and other dedicated revenues when required by federal law, Oregon statutes, charter provisions, or terms under which revenue is dedicated. The number of special revenue funds should be limited. The major special revenue funds for Lane County are Road Fund, Health & Human Services Fund, and Title III Projects Fund. Beginning in FY 06-07, the County is making a more concerted effort to move dedicated revenue from the General Fund to Special Revenue Funds in order to provide a clearer picture of the amount of funds the County has spending discretion over. A new Special Revenue Fund has been set up with each department having its own sub-fund within the fund.

**Capital Project Funds** are used to record all resources used to finance building, rehabilitating, or acquiring capital facilities. These purposes are non-recurring and major expenditure items. Resources include the proceeds from the sale of general obligation bonds. Also included are any grants, transfers, or other revenues authorized for financing capital projects. A separate fund is normally established when a capital project or series of projects is authorized by the voters, such as those that require indebtedness. The fund is closed when the project is completed. Several related projects financed from one bond issue may be accounted for in one fund if there are no provisions to the contrary in the authorization to sell the bonds.

Taxing districts use **Debt Service Funds** to account for indebtedness as a result of borrowing money or issuing bonds. A voter-approved ballot measure authorizing a municipal corporation to sell bonds for a specific purpose is required. The measure also authorizes a tax levy to pay off the bond principal and interest. The Debt Service Fund and a tax levy pay the principal and interest. Any cash on hand or unused working capital in the fund must be invested and the earnings used to pay bond principal and interest. Resources cannot be diverted or used for any other purpose. Transfers from a Debt Service Fund are only allowed in two situations. (1) Transfer to repay an interfund loan. (2) If a surplus remains after all interest and principal are paid, the fund may be dissolved and the balance transferred to any fund originally designated by the governing body, or as included in the bond contract.

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A taxing district may set up **Reserve Funds** to accumulate money for specified purposes. A municipality, by ordinance, is permitted to set up a financial reserve fund. A question doesn't have to be submitted to the voters if the taxes levied, or other revenue used to establish the fund, are within the tax base. If it is necessary to exceed the tax base to obtain revenue for a new reserve, the voters must approve a tax levy question.

Money can be added to a Reserve Fund annually for up to 10 years. If there is an unexpended or unobligated balance left in the fund after 12 years, the treasurer must transfer it to the taxing district's General Fund. Monies may be retained or expended only for the use for which the special fund was created. Money cannot be accumulated in a reserve fund to reduce the operating expenditures in the budget. The County does not have any Reserve Funds in effect at this time.

**Proprietary Funds.** The County maintains two different types of proprietary funds – enterprise funds and internal service funds. **Enterprise Funds** are used to finance and account for acquiring, operating, and maintaining facilities and services, which are self-supporting from user charges and fees. The County uses enterprise funds to account for its fairground operations, solid waste disposal utility, land management activities, corrections commissary operations, and regional information systems activities. **Internal Service Funds** are used to account for operations that provide services primarily to the other departments or agencies of the County, or to the other governments, on a cost-reimbursement basis. The County uses internal service funds to account for its self-insurance and employee benefits activities, motor pool operations, intergovernmental services activities, information services and computer replacement activities.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the County. The accounting used for fiduciary funds is similar to that used for proprietary funds. The County maintains one fiduciary fund, the Retiree Benefit Trust Fund.

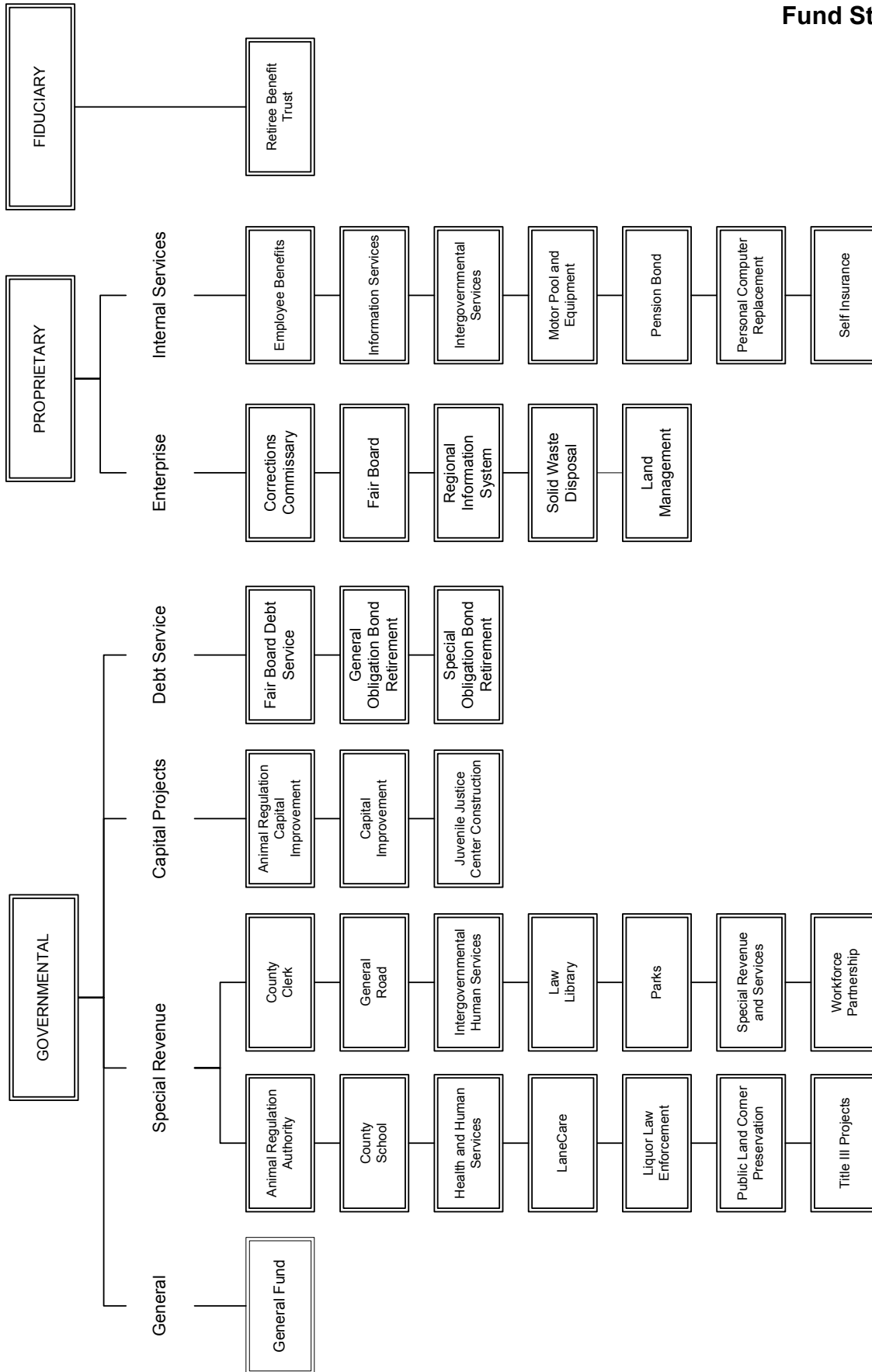
### Basis of Budgeting and Accounting

Lane County maintains accounting records on a budget basis as well as a GAAP (Generally Accepted Accounting Principles) basis. In general, budgets for all County funds are prepared on a modified accrual basis, with the exception of unrealized changes in the fair value of investments and accrued claims liability. Under the modified accrual basis of accounting revenues are generally recorded when both measurable and available, and expenditures are generally recognized when the liability is incurred, with the exception of interest on general long-term debt.

In order to produce the GAAP-basis financial statements, transactions that were initially recorded in compliance with Oregon Local Budget Law may require additional adjustments. For example, disbursements for the acquisition of proprietary fund fixed assets would be considered expenditures under Oregon Local Budget Law but would not be reported as current-year expenditures for GAAP reporting. Conversely, receipts of proceeds from proprietary fund debt financing are an example of a budgetary resource that would not be reported as revenue for GAAP reporting. Differences between the budget basis and GAAP are reconciled at year-end as shown in the Comprehensive Annual Financial Report (CAFR). You can view the CAFR at the Lane County website: [www.lanecounty.org/MS\\_Finance/default.htm](http://www.lanecounty.org/MS_Finance/default.htm).

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## Fund Structure



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## ***Understanding the Lane County Budget***

### **General Highlights**

The Fiscal Year 2007-2008 Proposed Budget including all funds is \$507.7 million. The Net Proposed Budget totals \$252.9 million. The Total Budget reflects the actual resources needed by the County plus internal charges, transfers, and loans in accordance with State Local Budget Law (ORS 294) and will provide the legal appropriations when finally adopted by the Board of County Commissioners in June.

The Net Budget is a more realistic picture of County finances. This budget subtracts all internal charges, transfers, and loans. As an example, all departments budget the cost of employee benefits to show the true cost of doing business. Those costs are then transferred to an internal service fund called the Employee Benefits Fund where benefit costs are actually paid from. In this example the benefit costs are budgeted twice. This is standard practice for governmental fund accounting. The Net Budget removes the amount budgeted in the internal service fund for employee benefits along with similar transactions. It also removes both interfund and intrafund transfers and loans from one fund to another. And lastly, it removes all reserves to more accurately reflect the ongoing operational budget. The detailed calculation of the Net Budget can be found in Appendix B.

Expenses overall are down \$13.8 million or 2.6%. Reductions in the Road Fund (\$8.3 million), Capital Improvement Fund (\$7.8 million), and Motor & Equipment Pool Fund (\$3.6 million) are offset by changes in all other funds.

The Road Fund reductions reflect the initial impact of losing the Secure Rural Schools and Community Self-Determination Act funding. Although Congress renewed funding for one more year, it is clear this funding will be declining in future years. Since this funding is used primarily for large capital projects, the Five-Year Capital Improvement program is being scaled back including staff reductions in the planning and engineering sections of the Public Works Department.

The Capital Improvement Fund decreased after removing the one-time costs associated with buying a building in downtown Eugene to be used for a new Public Health building replacement for the aging and rundown Annex building where Public Health currently resides.

The reduction in the Motor & Equipment Pool Fund is due to scheduled replacement of vehicles in FY 06-07.

Overall revenue, excluding Cash, is up 1.2% or \$6.1 million. Cash is decreasing in nine different funds for a total drop of \$20.5 million or 13.8%. This drop, coupled with the removal of one-time mortgage capital revenue of \$6.3 million associated with the purchase of Charnelton Place results in an overall decline of in resources of \$13.8 million or 2.6%.

The General Fund is budgeted at \$93.2 million, down \$4.6 million due to the transfer out of \$5.7 million from the Public Works, Land Management Division, to its own enterprise funds. Without this transfer, the General Fund is increasing by 1.5% or 1.4 million. Revenue increases are due to redirecting Car Rental Tax income from the Parks Fund and increasing jail contract revenue with the U.S. Marshall's Service.

This low rate of growth demonstrates the difficulty Lane County has balancing its General Fund budget. Over the next five years General Fund revenues are projected to grow on average by 3.3% while annual expenses are expected to grow at closer to 5.5%, creating a structural deficit.

The county has been working on two fronts to close the funding gap. One is getting congressional renewal of the Secure Rural Schools and Community Self-Determination Act of 2000 which sunsetted in

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September 2006 and subsequently given only a one year renewal. This Act brought in nearly \$20 million to the General Fund each year and another \$27 million for roads and schools. While Congress did extend the federal Act for one year, future funding remains uncertain.

A second effort was to seek voter approval of a new income tax measure dedicated toward public safety services. The latter would have moved all public safety services into a dedicated fund to take pressure off the General Fund. Two income tax measures were placed before Lane County voters and both were rejected.

The long-range General Fund forecast and a more detailed explanation of its assumptions can be found in the General Fund Analysis found later in this Financial Summary section.

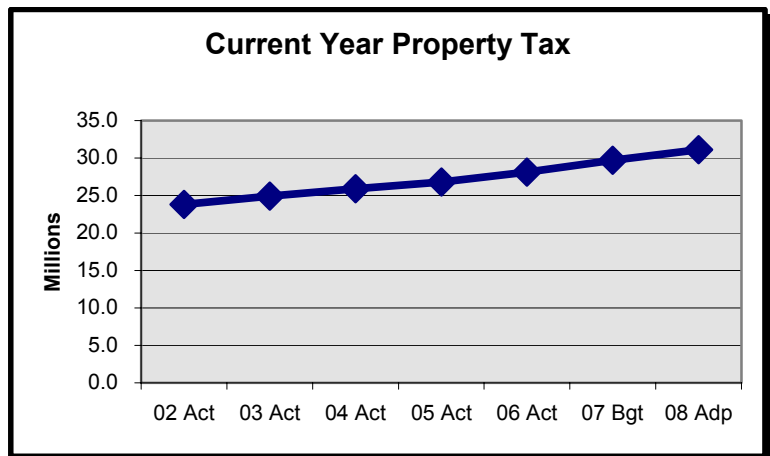
## Major Revenue Trends

### REVENUES

Revenues have been adjusted based upon anticipated grant funding and current projections. The County also relies heavily upon comparisons to historical actuals for both revenues and expenditures. Major funding categories are described below.

#### Property Tax

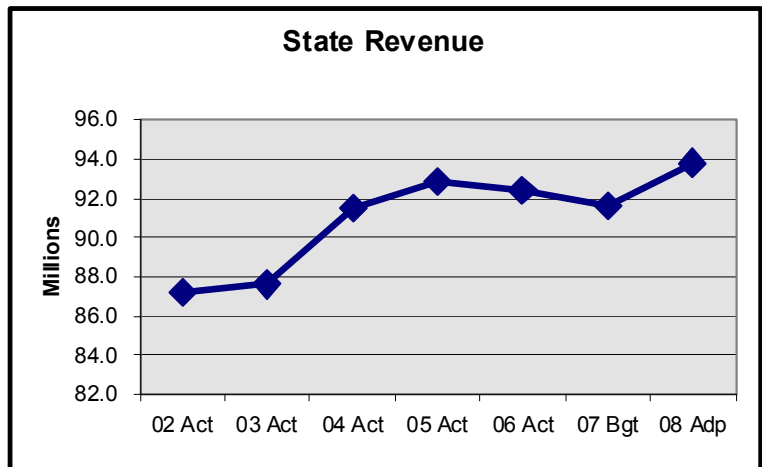
Current Year Property Tax revenue is 6.1% of the total Adopted Budget and is estimated at \$31.1 million for next year. Lane County's permanent tax rate under voter approved Measure 50 is \$1.2793 per \$1,000 of Assessed Value (AV). The current AV is increased by the new constitutionally restricted limit of 3.0% and adds in an estimate for new construction. This new total is then multiplied by the permanent rate to calculate the estimated property tax. Uncollectible taxes are estimated at 5.0%.



Average annual growth has been 5.0% in the last five years and is expected to continue due to an improving local economy.

#### State Funding

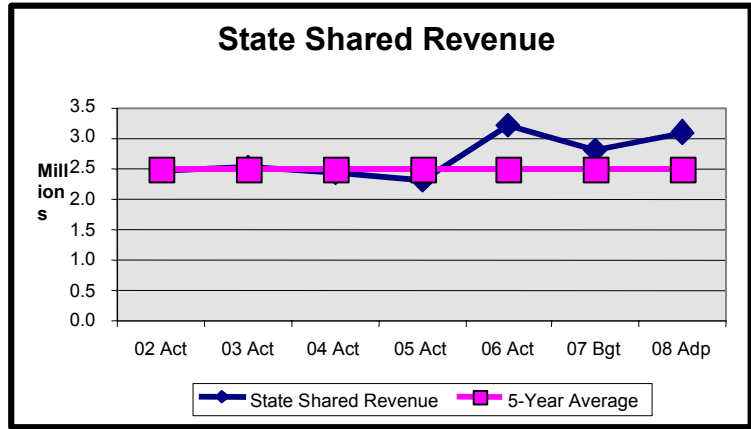
State funding, primarily in the form of dedicated state grants, is up \$2.2 million to \$93.8 million and represents 18.5% of the total budget. The increase for FY 07-08 is Managed Care Mental Health dollars. The large reductions in FY 05-06 and 06-07 were due primarily to changing intergovernmental agreements, loss of grant funding and removal of one-time funding.



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State shared revenue (cigarette, liquor, and amusement device tax, and a share of video lottery proceeds) totals \$3.1 million or 3.4% of state revenues.

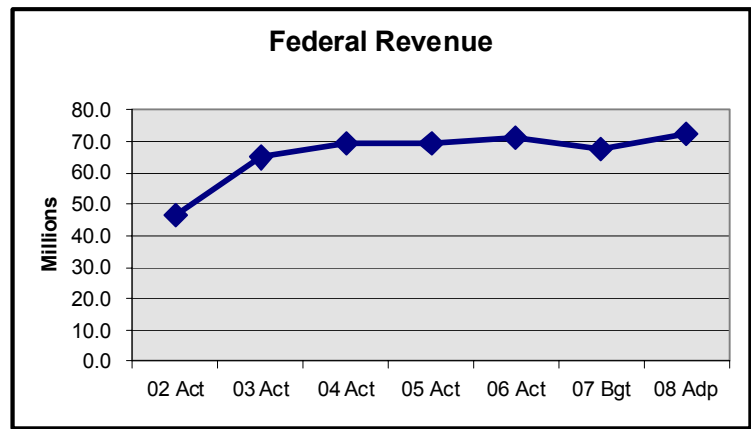
These dollars come to the county with no strings attached, that is, they are discretionary funds that can be spent however the Budget Committee and the Board of Commissioners decides. State shared revenues are increasing next year by over \$327,000 or 11.6% due primarily to increasing liquor sales.



## Federal Revenues

At \$74.3 million, Federal revenue makes up 14.6% of the overall County budget and is expected to grow by 2.4% for FY 07-08.

The County received a large revenue bump in 2002 as a result of the Secure Rural Schools and Community Self-Determination Act of 2000. That revenue was a replacement for National Forest and Oregon and California (O&C) timber revenue that will be \$48.8 million next year. The replacement revenue was restricted by Congress to only grow at half of the annual inflation rate. While the original Act sunsetted at the end of FY 06-07, Congress did a one year extension through FY 07-08. Lane County is part of a coalition of state, local, school, and special interest groups working with Congress to extend the Act.

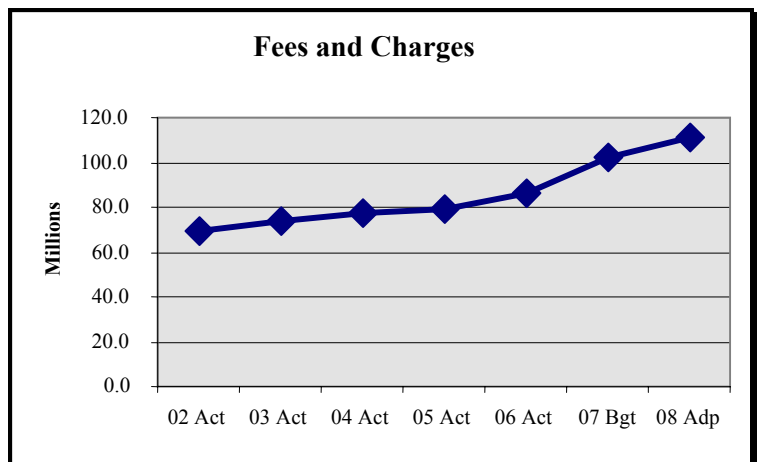


## External Revenues

Local grants and revenues amount to \$6.7 million and represent only 1.3% of the total budget. The combination of all revenue from external agencies including federal, state and local totals \$174.9 million and represents over one third of the total Lane County revenue.

## Fees and Charges

Fees and Charges total \$116.2 million and make up 22.9% of the budget. This category has seen an average annual growth approaching 6% for the previous five years. The increase for FY07-08 is a more modest 4.4%. The



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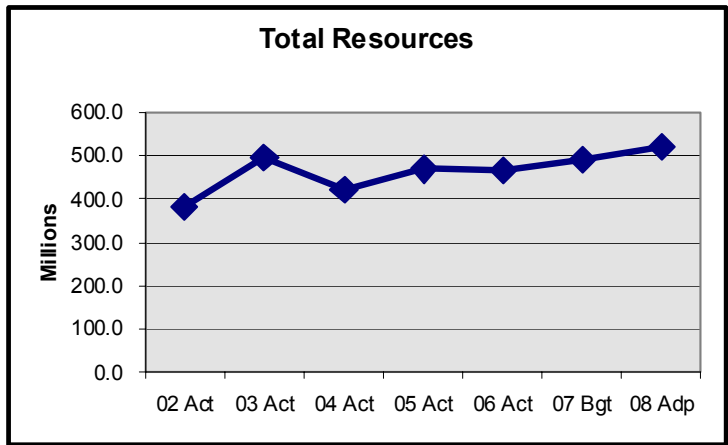
jump in fee revenue is due primarily to Employee Benefits (\$1.9 mil.), and Data Processing Services (\$1.9 mil.), and a bump in tipping fees charged by Public Works, Waste Management, for dumping garbage at the County landfill.

The County's Finance & Audit Committee annually reviews fee increases not otherwise restricted by state statute. The committee's recommendations are sent to the Board of Commissioners for review and approval. The Board's adopted fiscal policy calls for achieving full cost recovery where the benefit accrues entirely to the user. Fee generated revenue will have to continue increasing into the future to keep up with the rising costs of employee health care and retirement costs.

## Total Resources

Resources for the County total \$507.7 million. This is a decrease of \$13.8 million from the current year's budget of \$521.5 million.

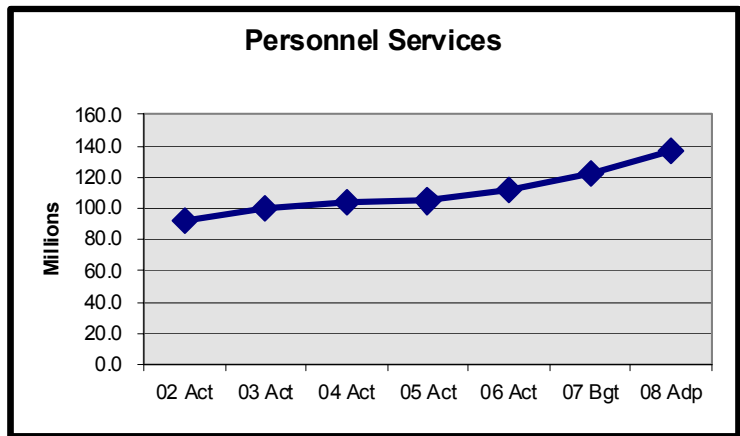
Over the previous five years resources have fluctuated from year-to-year with a 5.1% average annual growth. The budgeted increase for last year was only 1.0% due primarily to slower growing revenues and using up cash for capital projects. It is also a reflection of the expiration of large grants and one-time funding. In FY 07-08, the drop in resources is due to reductions in cash balances primarily from the completion of large capital projects.



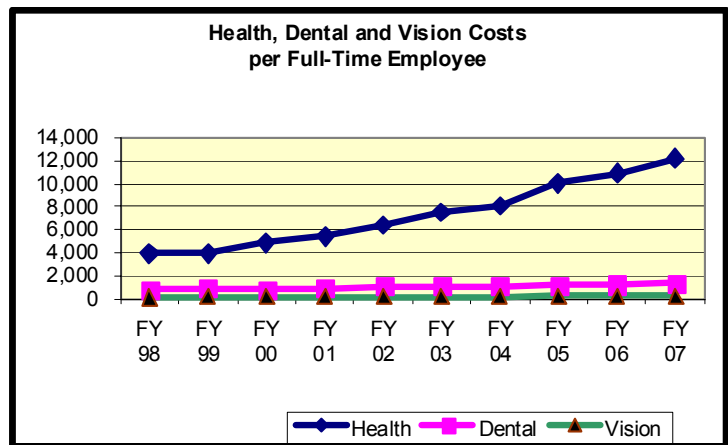
## Major Expenditure Trends

### Personnel Services

Lane County's services, like most governmental agencies, are labor intensive. Wages and benefits are budgeted at \$135.7 million next year and represent 26.7% of the total budget. Wages overall are declining primarily in the General Fund and Road Fund due to slow growing revenue, loss of grant funding and the anticipated loss or reduction is federal Secure Rural Schools funding resulting in the elimination of over 49 FTE. Overall, Personal Services are down 1.2%.



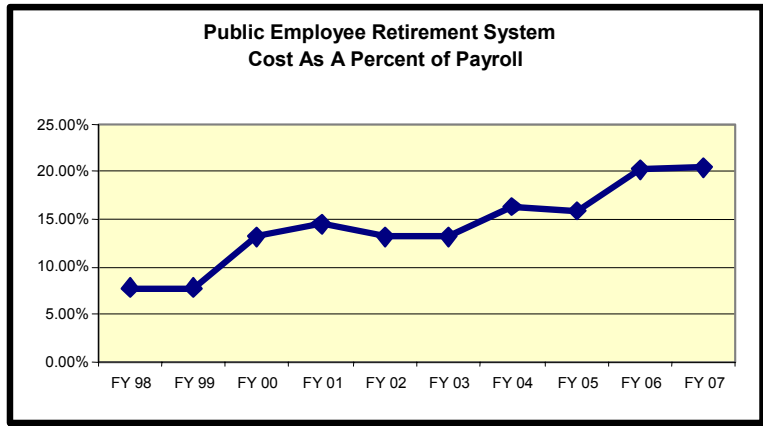
Employee benefits costs continue to rise but are only up 2.2% next year being offset by position reductions mentioned above. Health costs continue to be the biggest single cost driver. As shown in the chart above, over the previous six years health care costs rose an average of 15.2%, tripling in the last seven years.



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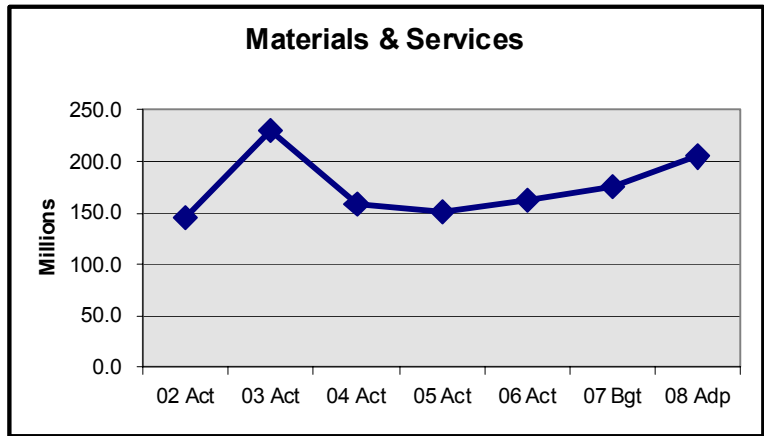
Another 10% increase is budgeted for active employees in FY 07-08 and a 10% increase is projected for each year thereafter. Even with a similar rate increase the cost of dental and vision do not come close to matching the cost of health care alone. Retiree Medical costs are increasing at a similar rate.

Lane County's State of Oregon Public Employee Retirement System (PERS) rate will be flat next year except for a small adjustment to ensure sufficient revenue is generated to make the PERS Bond payment. The current combined rate stands at 24.85% of payroll for most employees. This includes the employer rate and debt service on a \$70 million bond used to pay off the previous unfunded liability. In FY 06-07, the County began picking up the employee's 6% share of their PERS contribution for certain bargaining groups and non-represented employees in lieu of a wage increases. All bargaining groups have the employee PERS share picked up by the County in FY 07-08. As can be seen in the PERS rate chart, costs have nearly tripled in the previous seven years just like health costs.



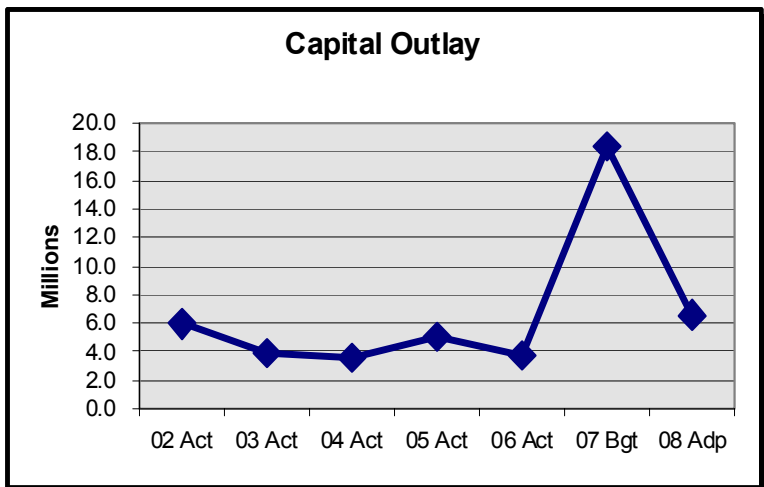
### Materials & Services

This category totals \$205.6 million and represents 40.5% of the overall budget. While growth for the previous five years has averaged around 8.8%, departments have continued to cut Materials & Services spending to spare direct services. FY 07-08 is essentially flat with an overall increase of only \$0.7 million or 0.4%.



### Capital Outlay

Capital Outlay expenditures are budgeted at \$6.6 million for various equipment purchases that make up only 1.3% of the County's overall budget. The major types of equipment purchased include heavy equipment for the Public Works department along with vehicles and data processing equipment for a variety of departments. All equipment is on a scheduled replacement cycle. Dollars are budgeted in various operating funds and are transferred to the replacement

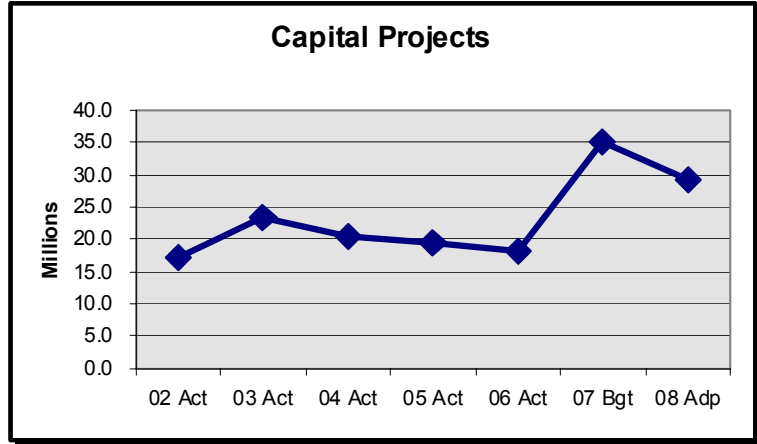


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funds for holding until sufficient funds have build up to replace the equipment. For this reason, capital outlay expenditures tend to go in cycles when more or less equipment is up for replacement each year, as was the case in FY 06-07 with the purchase of 15 new dump trucks, 7 trailers, a rail truck, a chip spreader, CAT Crawler, CAT Compactor, and transport trailer. For FY 07-08, the capital outlay budget has decreased by \$11.7 million or 63.8%.

### Capital Projects

Capital projects are budgets at \$29.3 million and represent 5.8% of the total budget. This budget is primarily a reflection of the road and bridge projects approved for FY 07-08. These projects are based upon the Five-Year Capital Improvements Plan prepared by the Department of Public Works.

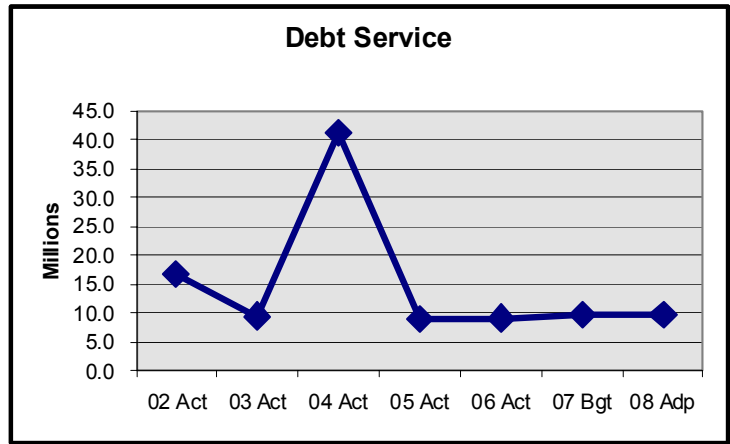


The funding available for road and bridge projects is shrinking. New revenue is not growing fast enough to keep up with the need and, in fact, is dependent in large part on the federal funding provided through the Secure Rural Schools and Community Self-Determination Act of 2000. While this Act sunsetted during FY 06-07, Congress did provide one additional year of full funding. Future funding under the Act is still uncertain.

A more detailed listing of projects and their impact on the operating budget can be found under the Capital Budget Tab.

### Debt Service

Bond Principal and Interest payments are budgeted at \$9.9 million and make up only 2% of the budget. Payments are being made for the following major bonds: Juvenile Justice Center (JJC) General Obligation Bond; Heating, Ventilating and Air Conditioning (HVAC) and Fairgrounds' capital improvements bonds; Mental Health Building; and the PERS Limited Tax Pension bond. All bonds that were eligible have been refinanced. The large spike in FY 04 reflects the refunding of the JJC and HVAC bonds where the proceeds were received and paid out in that year. When the HVAC bond was refinanced, the amount saved was also refinanced to provide the additional cash needed for moving the elections office out of the decrepit Annex building into a newer, larger facility.

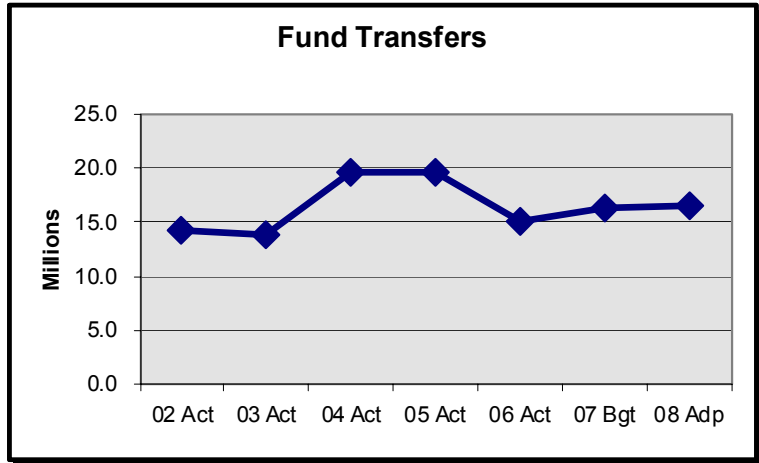


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## Fund Transfers

Transfers amount to \$16.6 million or 3.3% of the budget. \$4.5 million is transferred from the General Fund to the Health and Human Services Fund to support Public Health, Mental Health, Developmental Disabilities, and basic needs for Lane County's most vulnerable citizens. \$1.5 million is transferred from the General Fund to the Capital Improvement Fund to provide funding for the mortgage payment on the new Public Health Building. The current Annex building

is in very poor shape and cannot be maintained indefinitely. Another \$2.1 million is transferred to debt service funds for payment on a special obligation bonds. This category also includes intra-fund transfers such as the \$1.8 million transfer from the Justice Court system to the Sheriff's Office within the Special Revenue Fund to support Traffic Team activities. This category is increasing slightly by \$0.3 million or 2.1% next year. A schedule of all fund transfers is included in Appendix B.

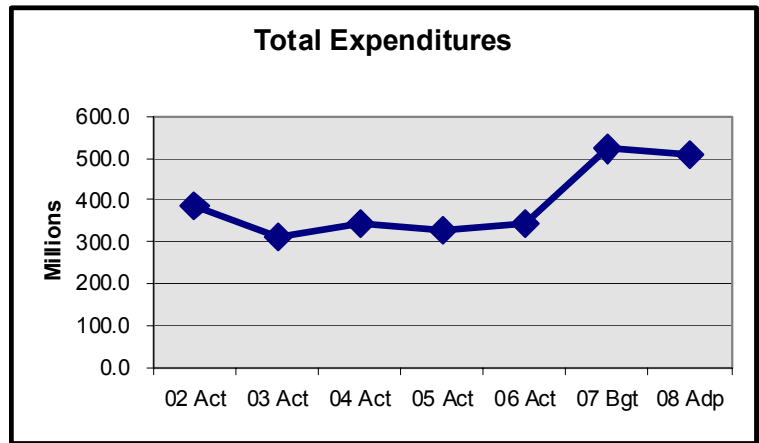


## Reserves

The County's adopted financial policies direct that each fund should have a minimum 5% prudent person reserve. This budget category totals \$103.3 million for FY 07-08 and is 20.3% of the total budget. This includes reserves for operations as well as future capital projects. Reserves overall are up 3.8% or 3.8 million. The General Fund reserve is up \$2.6 million or 32.2%. Reductions in the Solid Waste Fund (\$2.5 mil.) and Fleet Fund (\$2.0 mil.) due to one-time capital expenditures are offset by increases in the General Fund, Retiree Benefit Fund of \$1.0 million and the Road Fund of \$4.4 million.

## Total Expenditures

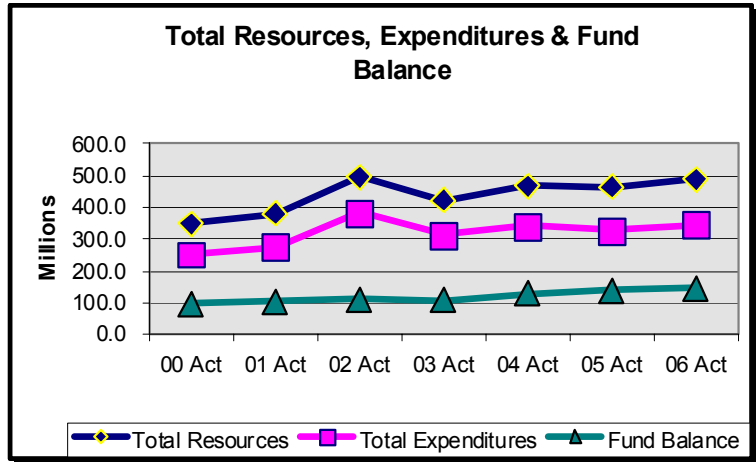
Total Expenditures across all funds have grown an average of 6.9% over the previous five years. For FY 07-08, total expenses have gone down by 2.6% or \$13.8 million in order to balance the budget.



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## Total Resources, Expenditures and Fund Balance

The chart at right combines the previous resource and expenditure charts and adds the ending fund balance. As can be seen, as the overall resources continue to grow, the County is closely watching its spending and is maintaining or growing the ending fund balance.



## Additional Tables and Charts

The following pages contain charts and graphs displaying the county's Proposed FY 07-08 budget by department, fund type, and service category. A separate General Fund Analysis sections follows the charts and graphs.

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| RESOURCES & REQUIREMENTS - ALL FUNDS COMBINED |                    |                    |                    |                     |                           |                        |                    |
|---|--------------------|--------------------|--------------------|---------------------|---------------------------|------------------------|--------------------|
|   | FY 04-05<br>Actual | FY 05-06<br>Actual | FY 06-07<br>Budget | FY 07-08<br>Adopted | \$\$ Change<br>from 06-07 | % Change<br>from 06-07 | % of Total<br>Bdgt |
| Taxes & Assessments                           | 33,300,666         | 35,104,692         | 36,807,223         | 38,692,703          | 1,885,480                 | 5.12%                  | 7.62%              |
| Licenses & Permits                            | 3,399,950          | 3,812,853          | 3,996,607          | 3,942,119           | (54,488)                  | -1.36%                 | 0.78%              |
| Fines, Forf., Penalties                       | 3,460,110          | 3,553,490          | 3,720,624          | 3,845,969           | 125,345                   | 3.37%                  | 0.76%              |
| Property & Rentals                            | 6,764,247          | 8,256,501          | 7,424,893          | 7,143,129           | (281,764)                 | -3.79%                 | 1.41%              |
| Federal Revenue                               | 71,426,799         | 67,698,494         | 72,612,116         | 74,317,485          | 1,705,369                 | 2.35%                  | 14.64%             |
| State Grant Revenue                           | 66,420,882         | 69,399,864         | 68,854,296         | 71,036,330          | 2,182,034                 | 3.17%                  | 13.99%             |
| Other State Revenue                           | 26,463,113         | 23,014,914         | 22,756,181         | 22,784,413          | 28,232                    | 0.12%                  | 4.49%              |
| Local Grants                                  | 1,865,743          | 1,816,154          | 2,263,294          | 2,375,875           | 112,581                   | 4.97%                  | 0.47%              |
| Local Revenues                                | 3,567,430          | 4,009,489          | 3,936,213          | 4,373,686           | 437,473                   | 11.11%                 | 0.86%              |
| Fees & Charges                                | 86,373,718         | 102,183,214        | 111,360,575        | 116,240,804         | 4,880,229                 | 4.38%                  | 22.90%             |
| Administrative Charges                        | 11,736,925         | 12,001,394         | 13,007,217         | 13,866,533          | 859,316                   | 6.61%                  | 2.73%              |
| Interest Earnings                             | 4,045,914          | 5,297,016          | 3,565,209          | 4,146,145           | 580,936                   | 16.29%                 | 0.82%              |
| Mortgage Assumption                           | 0                  | 0                  | 6,326,604          | 0                   | (6,326,604)               |                        |                    |
| Resource Carryover                            | 127,086,606        | 139,058,287        | 148,583,179        | 128,268,264         | (20,314,915)              | -13.67%                | 25.27%             |
| Interfund Loans                               | 193,327            | 53,327             | 8,750              | 8,750               | 0                         | 0.00%                  | 0.00%              |
| Fund Transfers                                | 19,466,747         | 14,973,106         | 16,290,879         | 16,635,389          | 344,510                   | 2.11%                  | 3.28%              |
| <b>Total Resources</b>                        | <b>465,572,177</b> | <b>490,232,795</b> | <b>521,513,860</b> | <b>507,677,594</b>  | <b>-13,836,266</b>        | <b>-2.65%</b>          | <b>100.00%</b>     |
| Personnel Services                            | 111,487,638        | 122,356,463        | 137,267,685        | 135,686,183         | (1,581,502)               | -1.15%                 | 26.73%             |
| Materials & Services                          | 161,803,434        | 175,160,566        | 204,837,686        | 205,554,558         | 716,872                   | 0.35%                  | 40.49%             |
| Capital Outlay                                | 5,003,130          | 3,751,446          | 18,361,211         | 6,642,704           | (11,718,507)              | -63.82%                | 1.31%              |
| Capital Projects                              | 19,411,284         | 18,292,595         | 35,198,317         | 29,325,976          | (5,872,341)               | -16.68%                | 5.78%              |
| Other Fiscal Transactions                     | 0                  | 0                  | 225,000            | 620,000             | 395,000                   | 0.00%                  | 0.12%              |
| Debt Service                                  | 9,036,834          | 9,249,068          | 9,766,502          | 9,870,151           | 103,649                   | 1.06%                  | 1.94%              |
| Int Pd Interfund Loan                         | 1,499              | 873                | 306                | 350                 | 44                        | 14.38%                 | 0.00%              |
| Fund Transfers                                | 19,432,044         | 14,973,106         | 16,290,879         | 16,635,389          | 344,510                   | 2.11%                  | 3.28%              |
| Interfund Loan                                | 193,327            | 53,327             | 8,750              | 8,750               | 0                         | 0.00%                  | 0.00%              |
| Operational Contingency                       | 0                  | 0                  | 26,334,594         | 37,901,195          | 11,566,601                | 43.92%                 | 7.47%              |
| CIP Contingency                               | 0                  | 0                  | 164,800            | 183,800             | 19,000                    | 11.53%                 | 0.04%              |
| Operational Reserves                          | 0                  | 0                  | 27,494,203         | 26,865,088          | (629,115)                 | -2.29%                 | 5.29%              |
| UEFB  | 0                  | 0                  | 9,640,384          | 7,272,362           | (2,368,022)               | -24.56%                | 1.43%              |
| Closure/Post Closure                          | 0                  | 0                  | 12,792,368         | 13,355,182          | 562,814                   | 4.40%                  | 2.63%              |
| Future Projects                               | 0                  | 0                  | 21,520,006         | 16,155,906          | (5,364,100)               | -24.93%                | 3.18%              |
| Reserve - Comp Liability                      | 0                  | 0                  | 1,500,000          | 1,500,000           | 0                         | 0.00%                  | 0.30%              |
| Bonded Debt Res                               | 0                  | 0                  | 111,169            | 100,000             | (11,169)                  | -10.05%                | 0.02%              |
| <b>Total Requirements</b>                     | <b>326,369,190</b> | <b>343,837,444</b> | <b>521,513,860</b> | <b>507,677,594</b>  | <b>-13,836,266</b>        | <b>-2.65%</b>          | <b>100.00%</b>     |

## Financial Summary

| <b>FY 07-08 ADOPTED RESOURCES BY FUND TYPE &amp; DEPARTMENT</b> |                   |                    |                  |                  |                   |                   |                   |                    |             |
|---|-------------------|--------------------|------------------|------------------|-------------------|-------------------|-------------------|--------------------|-------------|
| Department Name   | General           | Special Revenue    | Debt Service     | Capital Projects | Enterprise        | Internal Services | Trust             | Total Dept         |             |
| Assessment & Taxation   | 409,000           | 0                  | 0                | 0                | 0                 | 0                 | 0                 | 0                  | 409,000     |
| Children & Families   | 0                 | 2,931,564          | 0                | 0                | 0                 | 0                 | 0                 | 0                  | 2,931,564   |
| County Administration   | 2,246,240         | 280,527            | 0                | 0                | 0                 | 0                 | 0                 | 0                  | 2,526,767   |
| County Counsel  | 974,399           | 485,034            | 0                | 0                | 0                 | 0                 | 0                 | 0                  | 1,459,433   |
| District Attorney   | 1,657,116         | 843,771            | 0                | 0                | 0                 | 0                 | 0                 | 0                  | 2,500,887   |
| Fair Board  | 0                 | 0                  | 0                | 0                | 5,408,899         | 0                 | 0                 | 0                  | 5,408,899   |
| General Expense*  | 62,341,780        | 23,026,084         | 5,088,845        | 4,047,051        | 0                 | 63,694,278        | 10,088,524        | 0                  | 168,286,562 |
| Health & Human Services   | 0                 | 104,058,532        | 0                | 25,645           | 0                 | 0                 | 0                 | 0                  | 104,084,177 |
| Human Resources   | 1,719,247         | 0                  | 0                | 0                | 0                 | 0                 | 0                 | 0                  | 1,719,247   |
| Information Services  | 0                 | 0                  | 0                | 0                | 9,827,216         | 11,220,679        | 0                 | 0                  | 21,047,895  |
| Justice Courts  | 0                 | 3,389,232          | 0                | 0                | 0                 | 0                 | 0                 | 0                  | 3,389,232   |
| Management Services   | 6,469,535         | 578,206            | 0                | 5,593,382        | 0                 | 1,389,899         | 0                 | 0                  | 14,031,022  |
| Public Works  | 0                 | 85,221,682         | 0                | 0                | 45,110,882        | 17,213,250        | 0                 | 0                  | 147,545,814 |
| Sheriff's Office  | 16,296,131        | 6,815,802          | 0                | 0                | 626,264           | 2,050,969         | 0                 | 0                  | 25,789,166  |
| Workforce Partnership   | 0                 | 2,934,999          | 0                | 0                | 0                 | 0                 | 0                 | 0                  | 2,934,999   |
| Youth Services  | 1,108,005         | 2,504,925          | 0                | 0                | 0                 | 0                 | 0                 | 0                  | 3,612,930   |
| <b>Total Fund Resources</b>                                     | <b>93,221,453</b> | <b>233,070,358</b> | <b>5,088,845</b> | <b>9,666,078</b> | <b>60,973,261</b> | <b>95,569,075</b> | <b>10,088,524</b> | <b>507,677,594</b> |             |

| <b>FY 07-08 ADOPTED REQUIREMENTS BY FUND TYPE &amp; DEPARTMENT</b> |                   |                    |                  |                  |                   |                   |                   |                    |             |
|--|-------------------|--------------------|------------------|------------------|-------------------|-------------------|-------------------|--------------------|-------------|
| Department Name  | General           | Special Revenue    | Debt Service     | Capital Projects | Enterprise        | Internal Services | Trust             | Total Dept         |             |
| Assessment & Taxation  | 6,252,384         | 0                  | 0                | 0                | 0                 | 0                 | 0                 | 0                  | 6,252,384   |
| Children & Families  | 0                 | 2,931,564          | 0                | 0                | 0                 | 0                 | 0                 | 0                  | 2,931,564   |
| County Administration  | 2,503,788         | 280,527            | 0                | 0                | 0                 | 0                 | 0                 | 0                  | 2,784,315   |
| County Counsel   | 1,087,070         | 485,034            | 0                | 0                | 0                 | 0                 | 0                 | 0                  | 1,572,104   |
| District Attorney  | 7,750,836         | 843,771            | 0                | 0                | 0                 | 0                 | 0                 | 0                  | 8,594,607   |
| Fair Board   | 0                 | 0                  | 0                | 0                | 5,408,899         | 0                 | 0                 | 0                  | 5,408,899   |
| General Expense*   | 13,736,126        | 23,026,084         | 5,088,845        | 4,047,051        | 0                 | 63,694,278        | 10,088,524        | 0                  | 119,680,908 |
| Health & Human Services  | 4,549,065         | 104,058,532        | 0                | 25,645           | 0                 | 0                 | 0                 | 0                  | 108,633,242 |
| Human Resources  | 1,872,734         | 0                  | 0                | 0                | 0                 | 0                 | 0                 | 0                  | 1,872,734   |
| Information Services   | 0                 | 0                  | 0                | 0                | 9,827,216         | 11,220,679        | 0                 | 0                  | 21,047,895  |
| Justice Courts   | 0                 | 3,389,232          | 0                | 0                | 0                 | 0                 | 0                 | 0                  | 3,389,232   |
| Management Services  | 6,854,902         | 823,764            | 0                | 5,593,382        | 0                 | 1,389,899         | 0                 | 0                  | 14,661,947  |
| Public Works   | 0                 | 84,284,918         | 0                | 0                | 45,110,882        | 17,213,250        | 0                 | 0                  | 146,609,050 |
| Sheriff's Office   | 41,421,217        | 7,507,008          | 0                | 0                | 626,264           | 2,050,969         | 0                 | 0                  | 51,605,458  |
| Workforce Partnership  | 0                 | 2,934,999          | 0                | 0                | 0                 | 0                 | 0                 | 0                  | 2,934,999   |
| Youth Services   | 7,193,331         | 2,504,925          | 0                | 0                | 0                 | 0                 | 0                 | 0                  | 9,698,256   |
| <b>Total Fund Requirements</b>                                     | <b>93,221,453</b> | <b>233,070,358</b> | <b>5,088,845</b> | <b>9,666,078</b> | <b>60,973,261</b> | <b>95,569,075</b> | <b>10,088,524</b> | <b>507,677,594</b> |             |

## Financial Summary

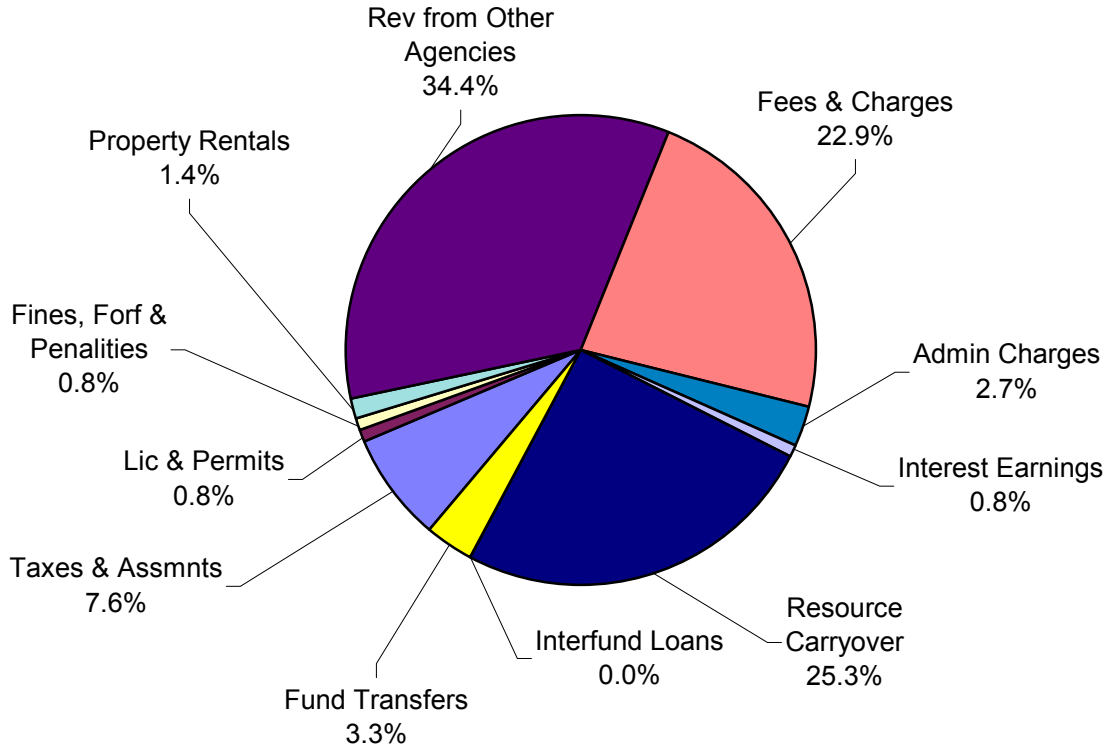
| <b>FY 07-08 ADOPTED REVENUES BY SERVICE CATEGORY - ALL FUNDS COMBINED</b> |                      |                       |                   |                   |                        |                   |                    |                    |
|---|----------------------|-----------------------|-------------------|-------------------|------------------------|-------------------|--------------------|--------------------|
| Revenue   | Culture & Recreation | Community Development | Gen Gov't         | Public Health     | Roads & Infrastructure | Public Safety     | Non-Operating      | Total              |
| Taxes & Assessments   | 300,000              | 4,262,835             | 315,000           | 0                 | 150,000                | 0                 | 33,664,868         | 38,692,703         |
| Licenses and Permits  | 0                    | 1,993,231             | 62,000            | 713,400           | 200,000                | 503,488           | 470,000            | 3,942,119          |
| Fines, Forf, Penalties  | 15,000               | 190,000               | 42,000            | 4,000             | 0                      | 3,039,969         | 555,000            | 3,845,969          |
| Property & Rentals  | 1,408,226            | 3,019,421             | 830,650           | 1,000             | 535,640                | 718,192           | 630,000            | 7,143,129          |
| Revenue Other   |                      |                       |                   |                   |                        |                   |                    |                    |
| Agencies  | 878,652              | 2,377,527             | 898,332           | 68,044,182        | 37,079,865             | 33,621,803        | 31,987,428         | 174,887,789        |
| Fees & Charges  | 128,732              | 5,747,191             | 21,153,309        | 4,886,467         | 19,292,813             | 9,198,568         | 55,833,724         | 116,240,804        |
| Administrative Charges  | 0                    | 215,000               | 9,072,494         | 50,613            | 688,718                | 1,692,595         | 2,147,113          | 13,866,533         |
| Interest Earnings   | 4,550                | 111,550               | 616,103           | 317,883           | 1,846,500              | 53,800            | 1,195,759          | 4,146,145          |
| Resource Carryforward   | 759,564              | 5,465,077             | 13,577,839        | 12,428,627        | 57,868,849             | 3,833,018         | 34,335,290         | 128,268,264        |
| Interfund Loans   | 0                    | 0                     | 8,750             | 0                 | 0                      | 0                 | 0                  | 8,750              |
| Fund Transfers  | 442,101              | 900,000               | 67,111            | 5,210,252         | 2,233,710              | 3,998,302         | 3,783,913          | 16,635,389         |
| <b>Total:</b>   | <b>3,936,825</b>     | <b>24,281,832</b>     | <b>46,643,588</b> | <b>91,656,424</b> | <b>119,896,095</b>     | <b>56,659,735</b> | <b>164,603,095</b> | <b>507,677,594</b> |

| <b>FY 07-08 ADOPTED EXPENDITURES BY SERVICE CATEGORY - ALL FUNDS COMBINED</b> |                      |                       |                   |                   |                        |                   |                    |                    |
|---|----------------------|-----------------------|-------------------|-------------------|------------------------|-------------------|--------------------|--------------------|
| Expenditure   | Culture & Recreation | Community Development | Gen Gov't         | Public Health     | Roads & Infrastructure | Public Safety     | Non-Operating      | Total              |
| Personal Services   | 1,067,007            | 8,295,215             | 23,129,687        | 20,819,020        | 24,107,644             | 58,267,610        | 0                  | 135,686,183        |
| Materials & Services  | 873,698              | 9,758,005             | 16,168,752        | 62,564,689        | 22,549,752             | 28,659,971        | 64,979,691         | 205,554,558        |
| Capital Outlay  | 688,000              | 950,000               | 4,624,667         | 449,258           | 24,249,640             | 2,987,011         | 2,020,104          | 35,968,680         |
| Debt Service  | 350                  | 0                     | 0                 | 0                 | 0                      | 0                 | 10,490,151         | 10,490,501         |
| Fund Transfers  | 31,904               | 1,935,160             | 67,111            | 6,703,362         | 2,233,710              | 2,801,621         | 2,862,521          | 16,635,389         |
| Interfund Loans   | 8,750                | 0                     | 0                 | 0                 | 0                      | 0                 | 0                  | 8,750              |
| Reserves/Contingencies  | 1,267,116            | 3,343,452             | 2,483,233         | 6,163,934         | 46,405,582             | 1,247,654         | 35,150,200         | 96,061,171         |
| UEFB  | 0                    | 0                     | 7,168,153         | 0                 | 104,209                | 0                 | 0                  | 7,272,362          |
| <b>Total:</b>   | <b>3,936,825</b>     | <b>24,281,832</b>     | <b>53,641,603</b> | <b>96,700,263</b> | <b>119,650,537</b>     | <b>93,963,867</b> | <b>115,502,667</b> | <b>507,677,594</b> |

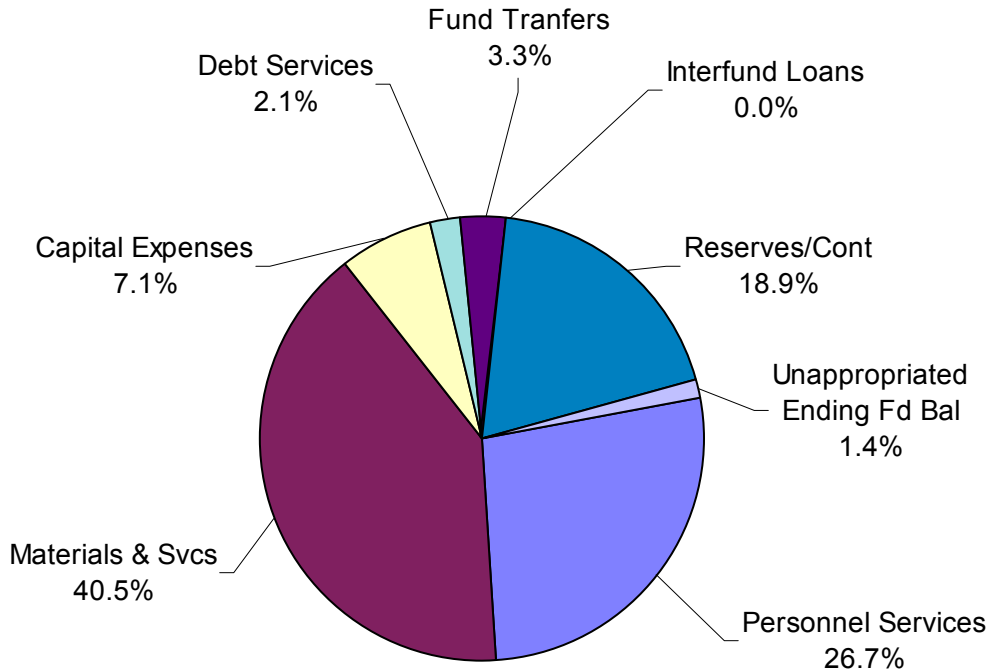
# Financial Summary

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## FY 07-08 Adopted Revenues – All Funds



## FY 07-08 Adopted Expenditures – All Funds



# Financial Summary

## General Fund Analysis

### An Historical Perspective

For well over 70 years, Lane County citizens have relied timber harvest revenue from Oregon & California (O&C) Railroad lands to fund a significant portion of critical county services. Services benefiting from this funding include Sheriff's patrols, the jail, criminal prosecution, youth detention and public health. As a result, it was not necessary to increase the property tax base to provide these critical services as many other Oregon cities and counties have done. For FY 07-08 this revenue makes up 25% of discretionary revenues.

With the threatened loss of the federal timber monies, the need to raise property taxes becomes paramount. However, in 1997 Oregon voters locked in all county property tax rates thereby establishing "permanent" tax rates. As a result, increasing this tax base is no longer a possibility.

The County's property tax rate was compared to three counties most similar to Lane County: Washington, Clackamas and Marion. Data was gathered for FY 06-07, the most recent fiscal year. As can be seen in the table below, Lane County's property tax rate is anywhere from 40-50% lower than directly comparable counties.

| <b>FY 2006-2007 COUNTY COMPARISON</b>      |              |                   |                  |               |
|--|--------------|-------------------|------------------|---------------|
| <b>Comparable Counties</b>                 | <b>Lane</b>  | <b>Washington</b> | <b>Clackamas</b> | <b>Marion</b> |
| 2006 Population                            | 339,740      | 500,585           | 367,040          | 306,665       |
| Area (square miles)                        | 4,620        | 727               | 1,879            | 1,194         |
| Perm. Rate/1,000 (Rural)                   | \$1.28       | \$2.25            | \$2.97           | \$3.02        |
| Perm. Rate/1,000 (City) <sup>1</sup>       | \$1.28       | \$2.25            | \$2.40           | \$3.02        |
| Net Assessed Value <sup>2</sup>            | \$22.2 bil.  | \$39.1 bil.       | \$29.6 bil.      | \$15.9 bil.   |
| Avg. Tax Rate/1,000 <sup>2</sup>           | \$15.47      | \$15.01           | \$15.12          | \$16.20       |
| Prop. Tax Imposed (All Dist.) <sup>3</sup> | \$294.6 mil. | \$483.8 mil.      | \$382.0 mil.     | \$214.8 mil.  |
| Adopted FY 06-07 Budget                    | \$492.8 mil. | \$693.1 mil.      | \$586.0 mil.     | \$315.8 mil.  |

<sup>1</sup> Tax rate paid within the city limits. Clackamas County has a split rate: one rate for rural residents and a separate, lower rate for city residents.

<sup>2</sup> Net assessed value includes nonprofit housing, state fish & wildlife value, but excludes urban renewal excess value. Average countywide rate for local governments including special levies and GO bonds outside Measure 5 limit (DOR, Prop. Tax Statistics FY06-07, Table A.2).

<sup>3</sup> This is the property tax imposed within the Measure 5 limit (DOR, Prop. Tax Statistics FY06-07, Table D.4)

In fact, the 2005-2006 Rate and Value Information for Oregon's Counties table in Appendix B shows that in that year Lane County was at the very bottom of Oregon's 36 counties as far as overall tax rate is concerned, even when you convert the O&C federal revenue to a comparable tax rate and add it in.

It is also interesting to note in the table above, that while Lane County government's individual property tax rate is very low, the average property tax rate for each county is fairly close. This means the other jurisdictions within Lane County have raised their rates to make up the difference. As an example, the City of Eugene's permanent rate is \$7.01 per thousand to take care of half the number of citizens. Springfield's rate is \$4.74 per thousand for the city and \$1.97 for the Willamalane Park and Recreation District for a combined total of \$6.71 per thousand of assessed value.

## Financial Summary

Historically, money from federal timber harvests began a significant decline with the change in federal forest policies in the early 90's. From 1992 through 2000 the County was forced to make annual budget cuts while trying to preserve essential services. Congress helped stabilize the situation by approving a federal timber revenue guarantee in 1993, but it did so on a declining basis. General Fund reductions during this period were \$9.6 million and over 181 positions were cut. This occurred despite the fact voters approved special public safety serial levies on four separate occasions. A complete list of reductions over the fifteen year period from FY 91-92 through FY 05-06 is shown below.

| <b>Discretionary General Fund<br/>Budget Cuts in the Last Fifteen Years</b> |                                   |                                    |                           |                         |
|---|-----------------------------------|------------------------------------|---------------------------|-------------------------|
| <b>Fiscal Year</b>  | <b>Discretionary General Fund</b> | <b>Actual Reduction</b>            | <b>Annual % Reduction</b> | <b>Cumulative Total</b> |
| 91-92   | \$36,436,931                      | \$1,103,635                        | 3.03%                     | 1,103,635               |
| 92-93   | 34,849,220                        | 798,577                            | 2.29%                     | 1,902,212               |
| 93-94   | 31,548,554                        | 2,763,810                          | 8.76%                     | 4,666,022               |
| 94-95   | 30,926,871                        | 1,106,059                          | 3.58%                     | 5,772,081               |
| 95-96   | 31,349,784                        | 1,841,134                          | 5.87%                     | 7,613,215               |
|   | <b>5-Year Subtotal</b>            | <b>\$7,613,215</b>                 | <b>4.71%</b>              |                         |
| 96-97   | 31,969,193                        | 0 <sup>1</sup>                     | 0.00%                     | 7,613,215               |
| 97-98 <sup>2</sup>  | 32,556,034                        | 2,026,127                          | 6.22%                     | 9,639,342               |
| 98-99 <sup>3</sup>  | 45,649,863                        | 0 <sup>1</sup>                     | 0.00%                     | 9,639,342               |
| 99-00   | 44,531,956                        | 0 <sup>1</sup>                     | 0.00%                     | 9,639,342               |
| 00-01   | 44,071,668                        | 253,474                            | 0.58%                     | 9,892,816               |
|   | <b>5-Year Subtotal</b>            | <b>\$2,279,601</b>                 | <b>1.36%</b>              |                         |
| 01-02   | 47,690,827                        | 180,595                            | 0.38%                     | 10,073,411              |
| 02-03   | 48,735,235                        | 704,097                            | 1.44%                     | 10,777,508              |
| 03-04   | 51,571,876                        | 3,076,388                          | 5.97%                     | 13,853,896              |
| 04-05   | 56,786,868                        | 3,923,696                          | 6.91%                     | 17,777,592              |
| 05-06   | 59,294,843                        | 230,110                            | 0.39%                     | 18,007,702              |
|   | <b>5-Year Subtotal</b>            | <b>\$8,114,886</b>                 | <b>3.02%</b>              |                         |
| <b>15-Year Reduction Total</b>  |                                   | <b><u>\$18,007,702</u></b>         |                           |                         |
| <b>Annual Budget Cuts</b>   |                                   | <b>12 out of the last 15 years</b> |                           |                         |
| <b>Average Annual Reduction</b>   |                                   | <b><u>\$1,200,000</u></b>          | <b><u>3.03%</u></b>       |                         |

Footnotes:  
<sup>1</sup> Stability due primarily to aggressive cost control measures and cash on hand  
<sup>2</sup> Measure 47/50 did a 10% Property Tax cut and rolled back assessed values two years  
<sup>3</sup> Measure 47/50 rolled Extension Svcs and Corrections serial levies into General Fund

Congress enacted a new federal guarantee called the Secure Rural Schools and Community Self-Determination Act in 2000. This Act provided a new six-year guarantee at a much higher level than

## Financial Summary

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previously granted. However, the Act restricted annual growth to half the national inflation rate (CPI-U) and was due to sunset in the fall of 2006.

During this same period the county took an aggressive approach toward fees-for-services benefiting individuals rather than the public as a whole. Another strategy has been an incremental increase in smaller taxes such as the car rental tax and transient room tax. A real estate transfer tax was also proposed in 1994 but was defeated at the polls and was subsequently prohibited from further use by the Oregon Legislature.

In 1990 Oregon voters approved Measure 5 restricting taxation for government services to a \$10 per thousand. In the late spring of 1997, Oregon voters approved Ballot Measure 50, a revision of Ballot Measure 47, to significantly change the entire property tax system. Prior to Measures 47/50, Oregon counties imposed taxes based upon the amount of tax to be levied. Increases in assessed value and any value added as a result of new construction meant that everyone else's taxes would go down slightly to compensate for the new money coming in.

Measure 47/50 changed the system to a rate based one of so many dollars per thousand dollars of assessed value. Now as the value grows, so does the revenue. The new system also allows for the first time the inclusion of the assessed value of new construction, thereby generating additional revenue for the county each year.

Upon enactment, Measure 50 also rolled back assessed values to the level assessed two years prior, a 17% reduction, and then placed a constitutional restriction on future growth to a 3% annual increase in assessed valuations as opposed to the 6% growth allowed under the previous tax levy system. This growth restriction has created a structural deficit within the General Fund. Annual growth has averaged between 5% and 6% while growth in revenue has been closer to 3% to 3.5%.

### General Fund Budget

The General Fund overall is down \$4.6 mil. or 4.8% from \$97.9 mil. to \$93.2 mil. This is due entirely to shifting the \$6 mil. Land Management division of Public Works out of the General Fund and into its own enterprise fund. Land Management is entirely supported by fees and other revenue and has not received General Fund support for many years.

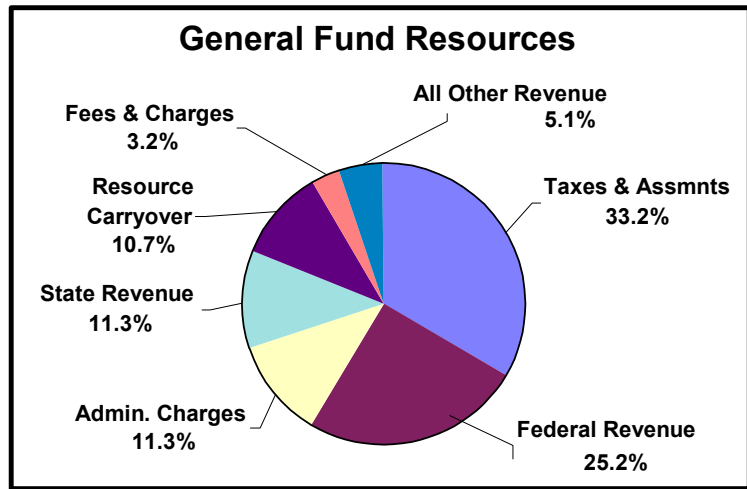
If you look at the General Fund without Land Management, the overall fund would be up by \$1.4 million or 1.5%. Taxes and Assessments are up \$2.0 mil., Federal Revenue is up \$1.8 mil, State revenues are flat, and Administrative Charges are up about \$800,000. These increases are offset by a \$3.4 mil. reduction in Cash Carryover. This cash came from making a very large reduction in FY04-05 in order to buy two years of financial stability with no reductions with the goal of buying time to work on finding a funding solution to the General Fund structural deficit. FY 06-07 was the second year of stability with the expectation the extra cash savings would be spent out by the end of that fiscal year.

On the expenditure side Personal Services have been kept flat. This means growth in wage and benefit costs have been offset by the reductions required to balance the General Fund including the loss of 14 positions in the Sheriff's Office. Materials and Services are down about \$76,000 or 0.4%. Fund Transfers are down about \$700,000 overall, split between reductions to Health & Human Services, Animal Control, and the Regional Information System. Fund Reserves are up \$2.6 million to meet policy requirements. The number of FTE is 593.97, a drop of 16.20 FTE.

# Financial Summary

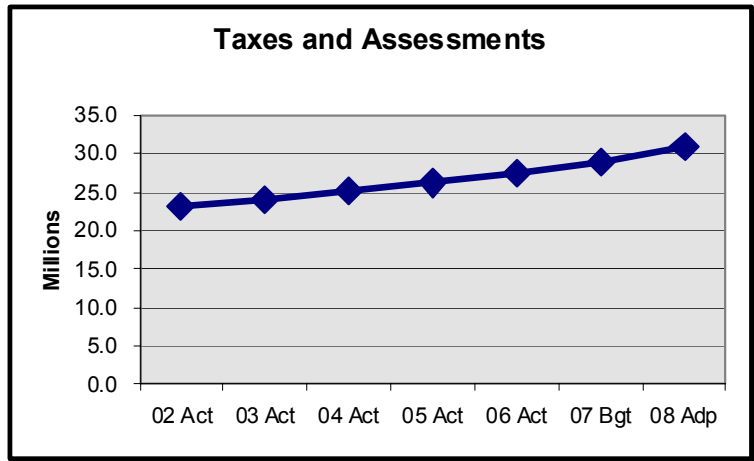
## General Fund Resources:

General Fund resources fall into seven main categories as described on the following pages.



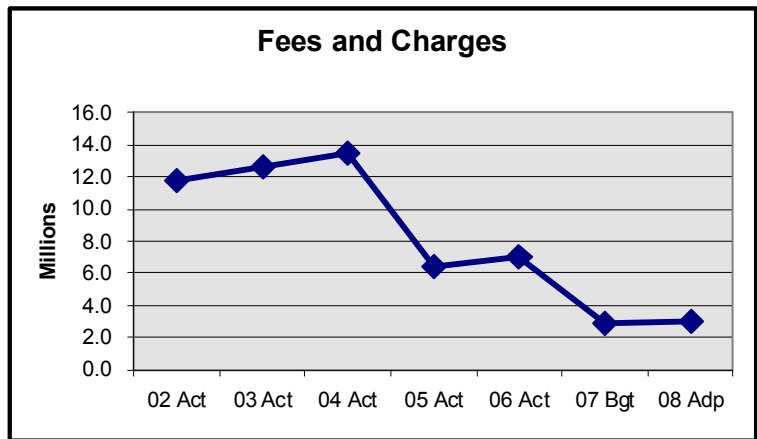
## Taxes and Assessments

Taxes and Assessments make up 33.2% of General Fund revenue totaling \$31.0 million. This category includes both current and prior year property taxes along with 76% of the county car rental tax, the Western Oregon Severance Tax offset, payments in-lieu-of taxes and tax penalties. This revenue overall is up 7.1% next year. This includes a 5.2% growth in the Property Tax and a 225% growth in the Car Rental Tax. The latter is due to swapping the 76%/24% split between the Parks Fund and General Fund to mitigate expected reductions in federal timber funding. Average growth has been 5.45% the previous five years. This level of growth is projected to remain fairly steady in line with Oregon and Lane County's continued strong economy.



## Fees and Charges

For FY 07-08, user fees and charges for services are budgeted at \$3.0 million next year and represents 3.2% of the General Fund budget. This appears to be a decline of \$2.3 million. However, it is due to the movement of the Land Management Division of Public Works out of the General Fund into a separate enterprise fund. The large decline in FY 04-05 reflects the similar decline of the Information Services Department out of the General Fund and into its own internal service fund. Setting aside the transfer of Land Management, Fees and Charges are actually up 3.6% or \$102,000.



# Financial Summary

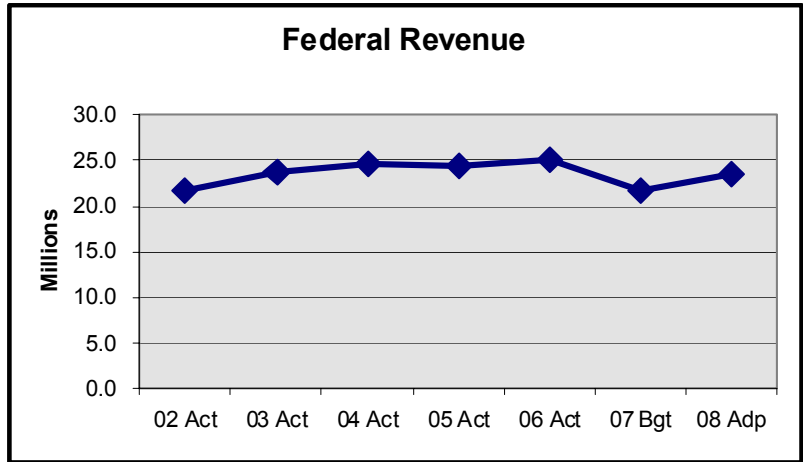
County policy dictates that departments are to review and update their fees annually. Since the intent of the policy is to fully recover the cost of providing the service and since health care, retirement and other costs continue to increase; projections indicate that fee revenue will continue to rise at the 4% to 5% historical rate for at least the next five years.

## Federal Revenue

Federal revenues total \$23.5 million and make up 25.2% of the General Fund budget. O&C timber revenue from the Secure Rural Schools Act is \$15.3 million and makes up 65% of the federal dollars coming to the County. These dollars are also called Title I funds. Another 11.6% or \$2.7 million comes from federal reimbursements from Title II and Title III of the Secure Rural Schools Act. These combined

revenues make up 76.8% or \$18 million of the General Fund's federal revenue. Another \$3.4 million in Title II and Title III funds are budgeted in special revenue funds for programs that receive no general fund support. The entire \$21.5 million in Secure Rural Schools funding is restricted by Congress to only grow at half of the annual inflation rate. This revenue was first authorized in 2000 and received in 2002.

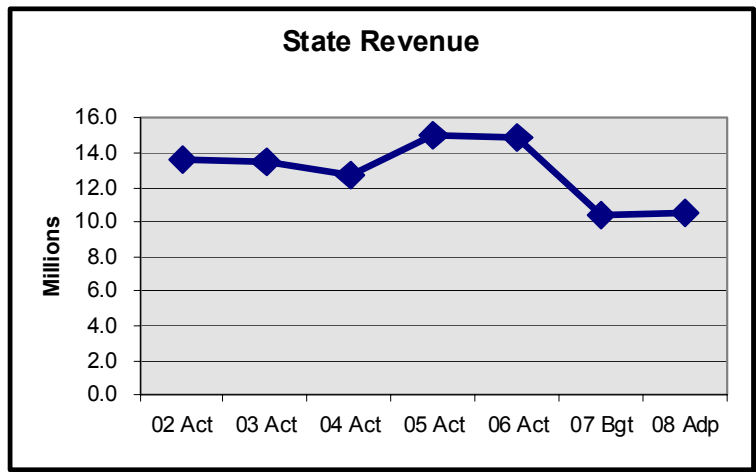
These dollars sunsetted in the fall of 2006, however, Congress renewed funding for one additional year. The big unknown is whether or not Congress will renew the Act, and what form the payments might take. Will it be complete renewal, a lower average payment, a downward glide slope, or will it shift back to the old formula of sharing actual timber receipts 50/50? The latter option would bring the O&C timber revenue down from \$18.0 to around \$3 million dollars due to the current low timber harvest levels.



## State Revenue

State revenues make up 11.3% of the General Fund and are budgeted at \$10.5 million. This is essentially flat from the current

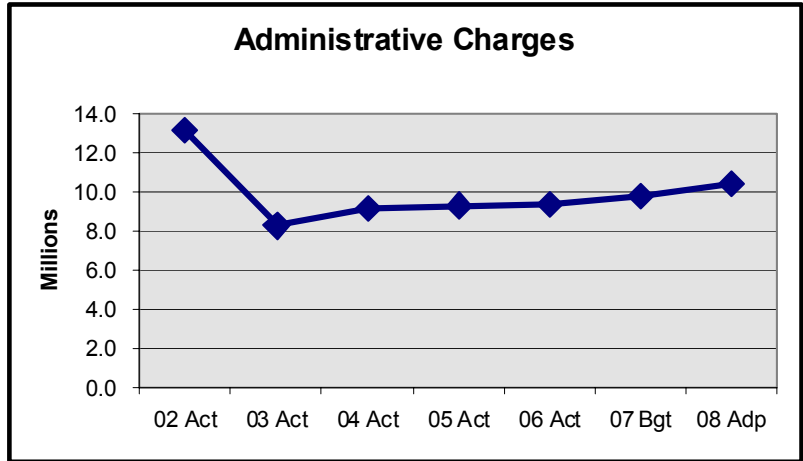
\$3.1 million or 30.0% of state revenue comes as revenue sharing in the form of cigarette and liquor taxes, amusement device taxes, and partial reimbursement for the costs of assessing taxes. These dollars have no strings attached and are therefore discretionary dollars. This revenue is projected to see nominal growth over the next few years.



# Financial Summary

## Administrative Charges

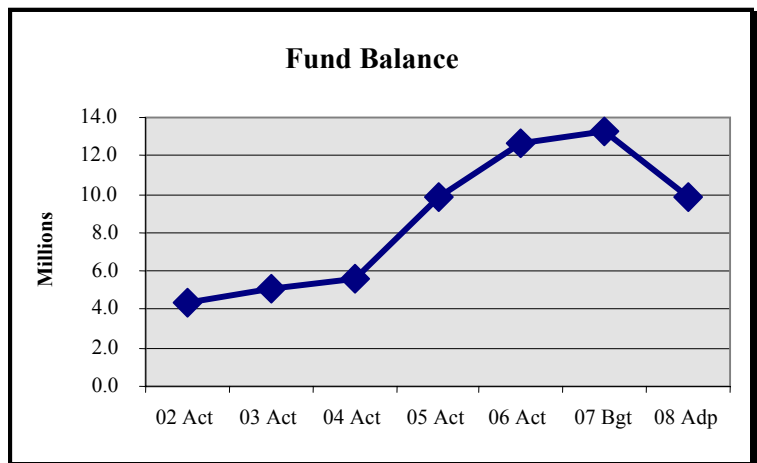
Internal administrative charges are made based upon a federally approved indirect cost allocation plan. A full cost plan and an A-87 plan for federal programs are prepared each year. These plans allocate out the cost of central support services to all direct service departments and programs based upon specific cost drivers. The General Fund departments also receive an allocated cost based upon the County's financial policy to reflect the true cost of doing business in order to fully recover all allowable costs from grants and contracts.



Administrative charges represent \$10.5 million or 11.3% of General Fund revenue. The chart above reflects a short period in 2001 and 2002 when the Sheriff's Office did an internal cost allocation of its support service functions to all internal department programs. This practice was discontinued in 2003 and now the costs are only allocated to state and federal grant programs and contracts. FY 07-08 budget reflects 7.8% growth from the current year due primarily to the County starting to pick up the 6% employee share of their PERS retirement in lieu of a salary increase. The increase was granted to non-represented employees in FY 05-06 and is just now being reflected in the FY 07-08 rates.

## Fund Balance

The fund balance carryover from the current year is projected to be \$9.9 million, 10.6% of the General Fund. This looks to be a \$4.4 million decrease but \$1.0 million is transferred over to the enterprise fund with Land Management. The \$3.4 million balance is the actual reduction in General Fund cash.



This cash came from making a very large reduction in FY04-05 in order to buy two years of financial stability with no reductions with the goal of buying time to work on finding a funding solution to the General Fund structural deficit. FY 06-07 was the second and last year of stability with the expectation the extra cash savings would be spent out by the end of that fiscal year.

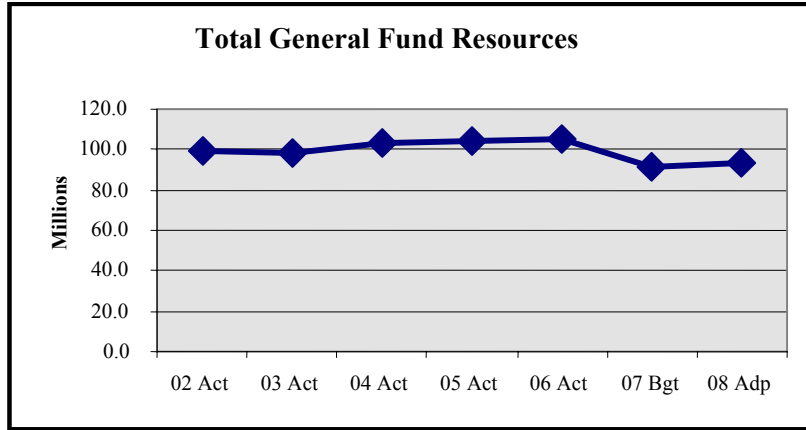
## All Other Revenue

All other revenue makes up 4.8% of the General Fund budget and is comprised of the following: Licenses and Permits \$0.7 mil; Fines, Forfeitures & Penalties \$0.7 mil.; Property Rentals \$1.2mil.; Local Revenues \$1.4mil; and Interest Earnings \$0.5 mil. for a total of \$4.5 million.

# Financial Summary

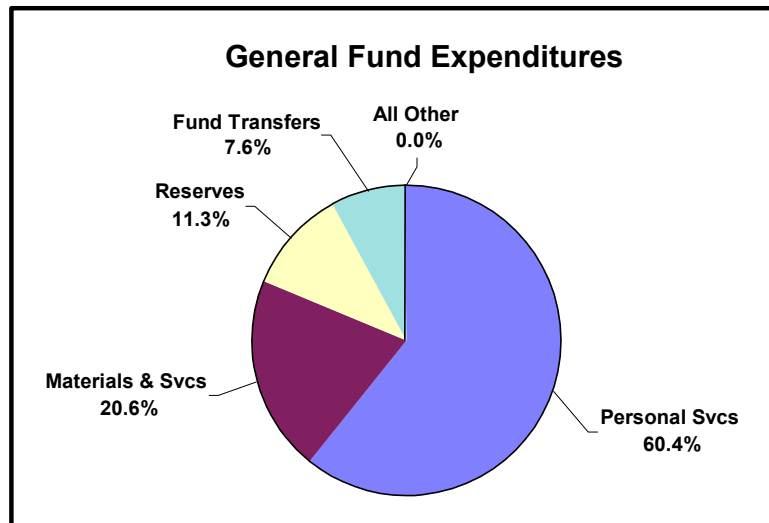
## Total General Fund Resources

As mentioned above, General Fund resource growth overall is up \$1.4 million or 1.5% after transferring Land Management to its own enterprise fund. With the last adjustment in the Fund Balance, future projections indicate the revenue is relatively stable with some going up, some going down, but overall going up by about 3.3% a year. This level of growth is not sufficient to fully cover the growth the County has seen the last few years in health care and employee retirement costs discussed in more detail below.



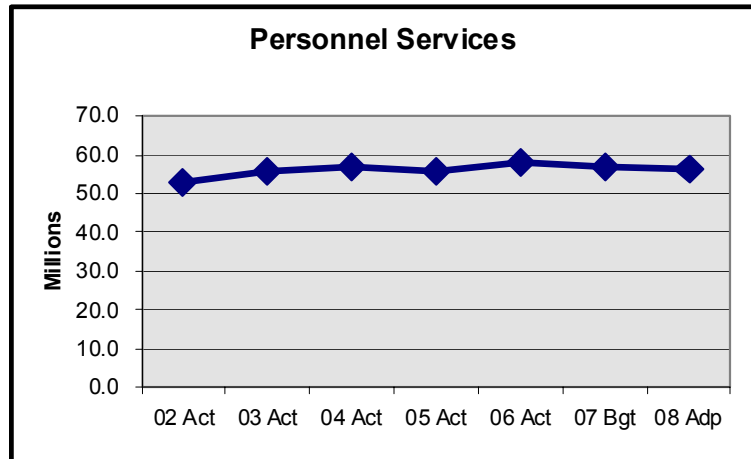
## General Fund Expenditures

General Fund expenditures fall into five main categories. The Personnel Service category is far and away the largest since most General Fund services are staff intensive like jail security, rural patrol, criminal prosecutions, and public health nursing.



## Personnel Services

Personnel Services is budgeted at \$56.3 million next year which is flat compared to FY 06-07. This is due to a large \$1.0 million reduction in the Sheriff's Office due to the last minute loss of contract dollars with the Federal Marshall's Office. Wage increases are limited to specific bargaining units with approved contracts. In FY 07-08 all bargaining units will have their 6% employee PERS contribution picked up by the county in lieu of a cost of living adjustment.



This category of expense represents nearly 61% of the entire General Fund budget. This category includes wages, health benefits, employee retirement costs, as well as overtime, extra help temp employees, vacation buy-back and risk management charges.

Personnel Services costs overall have grown by an average of 6.6% per year during the previous five

# Financial Summary

years. \$3.4 million in personal services costs from the Land Management Division have been transferred to an enterprise fund.

Health costs have increased an average of 17.5% over the previous four years. They rose only 4.2% for the current year due primarily to decreased utilization.

## Materials and Services

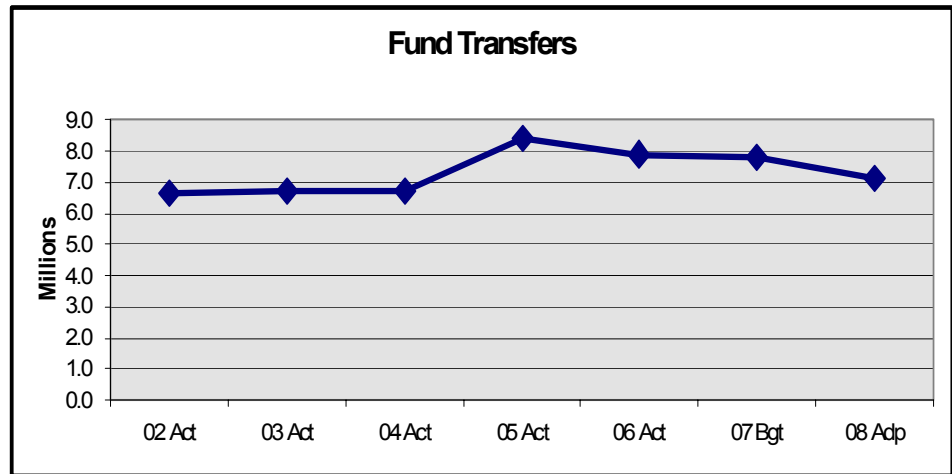
After the transfer out of the Land Management Division, the Materials and Services category is budgeted at \$19.2 million and is 20.6% of the General Fund. This category was down slightly from the current year. All supplies, small equipment under \$5,000, space and services are paid from these funds. Budget estimates include increases for motor fuel, utility costs and medical care for adult and juvenile detainees.

## Capital Outlay/Capital Projects

All capital related expenditures are zeroed out prior to starting the budget process each year. Any capital request beyond scheduled replacement is normally considered an Add Package that would either require a reduction elsewhere or it would have to have its own funding source.

## Fund Transfers

Fund transfers are 7.6% of the General Fund or \$7.1 million. \$4.5 million is a transfer to the Health and Human Services Fund to support Public Health, Mental Health, Developmental Disabilities, and basic needs for Lane County's most vulnerable citizens. Another \$1.5 million



is transferred to the Capital Improvement Fund to provide annual debt service payments for a newly acquired Public Health Building. The current building is in very poor shape and cannot be maintained much longer. Another \$749,000 is transferred to debt service funds for payment on a special obligation bond used to upgrade the County's Public Service Building HVAC system and a variety of other projects.

## Reserves

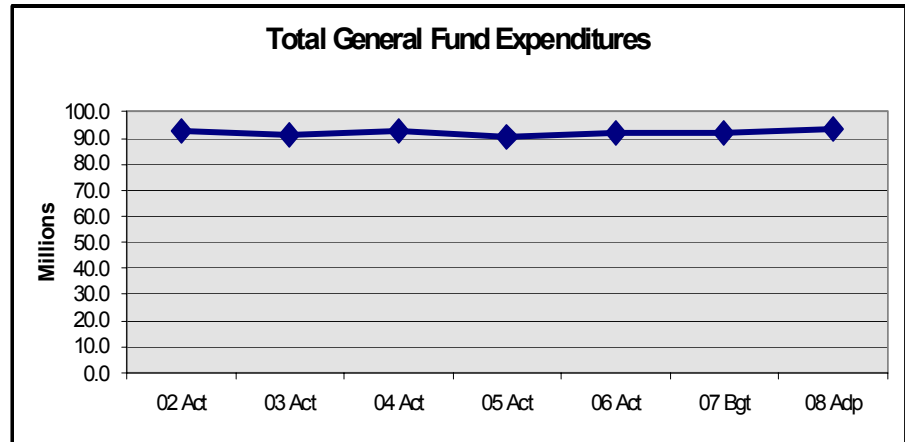
General Fund reserves are budgeted at \$10.5 million and represent 11.3% of the General Fund. This is a \$2.6 million increase over the current year level. The General Fund Reserve policy dictates that the amount must be no less than 10% of operating revenues. The budget not only meets, but exceeds that requirement. Reserves have been brought up the last few years to address Moody's Investor Services' comment that they believed reserves had fallen to what they deemed an unacceptably low level.

# Financial Summary

## Total General Fund Expenditures

General Fund expenditures overall, less the Land Management Division, are up only 1.5% over the current year and have remained very flat for the entire period shown.

Future projections indicate the previous trend of growing between 5% and 6% a year will continue without artificial constraints.



## Discretionary General Fund Revenues and Expenses

Discretionary revenues that come to the County without any strings attached total \$64.3 million for FY 07-08. This is a \$1.0 million reduction from the current year. Appendix B provides a breakdown of how these dollars are allocated by department. There are also pie charts showing the major revenue and expenditure categories.

## The Structural Deficit

As mentioned above in the General Highlights, the county has struggled with its structural deficit since the early nineties where General Fund revenues have been growing at about 3% - 3.5% a year while expenses have grown at between 5% and 6% a year.

The County explored the possibility of creating a public safety service district as one option to address the structural deficit. This approach was chosen as a way to stabilize public safety services that currently use upwards of 60-65 percent of discretionary revenues. The advantage of this approach was that it would have provided a new tax base amount dedicated to public safety programs, thereby taking pressure off the General Fund. This approach was not supported by the City of Eugene and so brought that project to an end.

The county has since been working on two fronts to close this funding gap. One is getting congressional renewal of the Secure Rural Schools and Community Self-Determination Act of 2000 (County Federal Payments) which sunset in September 2006. As mentioned previously, Congress approved a one-year extension of the Act at the full funding level but future funding remains uncertain.

A second effort had been to seek voter approval of a new income tax measure dedicated to public safety services. The latter would have once again moved all General Fund public safety services into a dedicated fund to take pressure off the General Fund. A status quo income tax measure was on the May 15, 2007 ballot. This was a scaled back version from the November 2006 measure which sought to not only stabilize current services, but also add back services cut in previous years. Both measures failed at the polls.

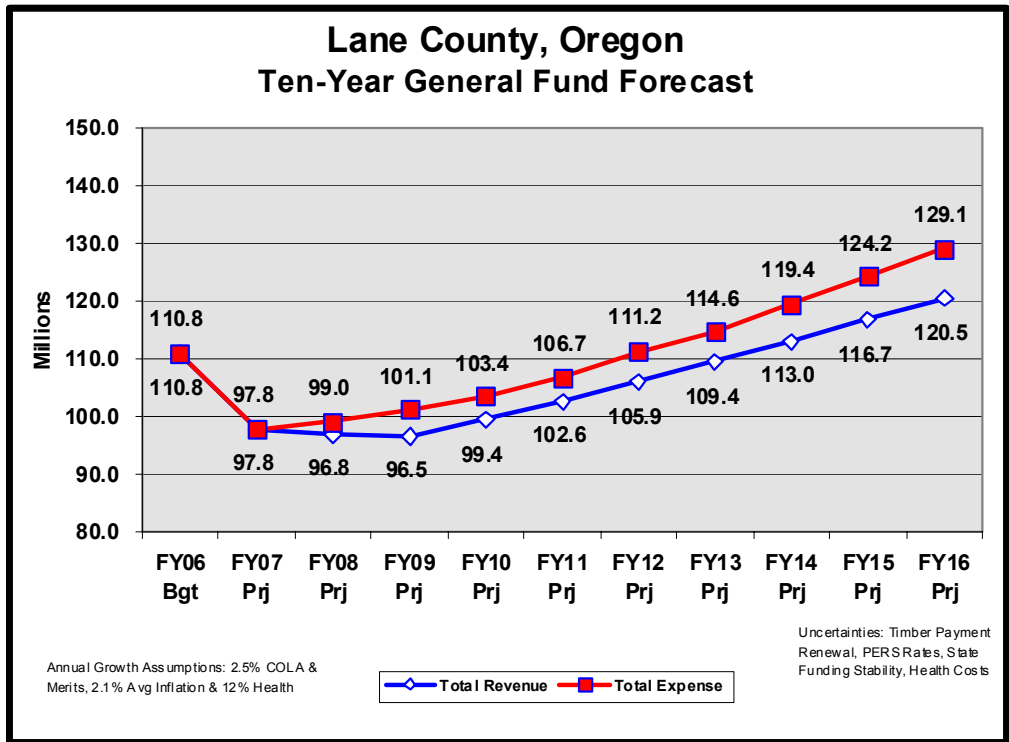
# Financial Summary

## Financial Forecast Model

Over the next five years, costs are expected to continue growing faster than revenues and put continual pressure on the County to reduce costs and services if no additional revenue is found. The chart below entitled “Ten-Year General Fund Forecast” best illustrates the problem. As explained above, resources are projected to grow at an overall rate of between 3% and 3.5% per year. With future expenditures projected to grow at between 5% and 6%, there exists a structural deficit. Current revenues are not sufficient to fully cover the present and future cost of current services. As a result, the County will have to make annual budget reductions each year for the life of the forecast.

The Board of Commissioners and the Budget Committee began working with a financial forecasting model of the discretionary General Fund in 1988 to study and evaluate Lane County's financial future. The model was designed to predict the outcome of certain choices-- expenditure reductions, revenue enhancements --over a multi-year horizon. Its assumptions can be varied as events unfold, and it effectively demonstrates the nature of Lane County's dilemma. The model helps to focus the thinking of Lane County's policy makers, but does not provide any easy solutions. While financial models are very helpful, one must

also be aware of their limitations. Each model is carefully built upon a series of assumptions that represent at that specific time the best information available. A tolerance of a mere one or two percent can alter the model significantly when resources are scarce. The model has forecasted the entire General Fund since FY 03-04.



## Forecast Model Assumptions

The main assumptions for each line of the model are listed at the far right side along with the projected 5-year average growth rates.

The Five-Year General Fund Forecast can be found after the General Fund Spending Limit section.

## General Fund Spending Limit

On July 1, 1985, a voter-approved amendment to the Lane County charter became effective. This charter amendment set a spending limit for discretionary General Fund operating expenditures. Annual

## Financial Summary

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adjustments to the spending limit were allowed, based on the Consumer Price Index (CPI) and the percentage change in County population.

The amendment provided for a fund for capital improvements. It also made allowances for capital expenditures and increasing costs due to shifted and mandated services. Costs for mandated services include service costs from sentencing guidelines and land use definitions and processing. Also included is the shift in responsibility for Workers' Compensation for the District Attorney's Office and Youth Services to the county from the state. Capital improvement projects outside the spending limit include the HVAC construction.

For FY 07-08 the financial forecast projects discretionary revenues of \$61.7 million. This is down \$1.6 million from the current year. The spending limit provides for spending of up to \$60.3 million. However, due to the General Fund reserve requirement, expenses are forecast at \$51.4 million. This is approximately \$8.9 million below the charter imposed spending limit and means that is the size of the gap between what is actually available to spend on services to the citizen and what the citizens have allowed the County to spend based upon annual inflation and population adjustments.

# Financial Summary

| LANE COUNTY, OREGON      ASSUMES RENEWAL OF SECURE RURAL SCHOOLS,      FY 2007-2008 PROPOSED BUDGET |                                       |                    |                      |                      |                       |                      |                       |                       |                       |   |  |
|---|---------------------------------------|--------------------|----------------------|----------------------|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|---|--|
| FIVE-YEAR GENERAL FUND FORECAST      INCLUDES FUNDING FOR PUBLIC HEALTH BLDG                        |                                       |                    |                      |                      |                       |                      |                       |                       |                       |   |  |
| ALL DEPARTMENTS,<br>ENTIRE GENERAL FUND<br>RESOURCES  | Secure Rural Schools 6-Year Guarantee |                    |                      |                      |                       | FY 07-08<br>Forecast | FY 08-09<br>Projected | FY 09-10<br>Projected | FY 10-11<br>Projected | FY 11-12<br>Projected                     | 5-Yr Avg<br>Growth      Assumptions thru 11-12 |
|   | FY 04-05<br>Actual                    | FY 05-06<br>Actual | FY 06-07<br>Estimate | FY 07-08<br>Forecast | FY 08-09<br>Projected |                      |                       |                       |                       |   |  |
| Taxes & Assessments   | 26,196,744                            | 27,616,174         | 28,922,972           | 30,079,891           | 31,132,687            | 32,222,331           | 33,350,113            | 34,517,367            | 35,714,949            | 3.60% Average growth                      |  |
| Licenses & Permits  | 2,387,678                             | 2,637,340          | 2,661,930            | 2,795,027            | 2,934,778             | 3,081,517            | 3,235,593             | 3,397,372             | 3,574,213             | 5.00% Keep up with inflation              |  |
| Fines, Forf, & Penalties  | 3,230,229                             | 3,261,163          | 681,541              | 691,764              | 702,141               | 712,673              | 723,363               | 734,213               | 745,163               | 1.50% Primarily Traf Team activity        |  |
| Property & Rentals  | 1,215,714                             | 1,216,916          | 1,126,092            | 1,159,875            | 1,194,671             | 1,230,511            | 1,267,426             | 1,305,449             | 1,344,472             | 3.00% 5-year average                      |  |
| Federal Revenues  | 24,466,178                            | 25,308,850         | 22,069,524           | 22,611,012           | 23,176,287            | 23,755,695           | 24,349,587            | 24,958,327            | 25,597,940            | 2.50% Act renewed                         |  |
| State Grant Revenues  | 10,223,070                            | 10,009,567         | 6,011,796            | 6,132,032            | 6,254,673             | 6,379,766            | 6,507,361             | 6,637,509             | 6,767,657             | 2.00% Slow growth                         |  |
| Other State Revenues  | 4,751,161                             | 5,013,070          | 4,630,432            | 4,769,345            | 4,912,425             | 5,059,798            | 5,211,592             | 5,367,940             | 5,527,088             | 3.00% Slow growth                         |  |
| Local Revenues  | 2,367,399                             | 2,717,911          | 1,384,238            | 1,453,450            | 1,511,588             | 1,566,936            | 1,595,859             | 1,635,755             | 1,675,651             | 3.40% 1/2 last 5-year avg                 |  |
| Fees & Charges  | 6,451,868                             | 6,935,569          | 5,261,338            | 5,524,405            | 5,800,625             | 6,090,656            | 6,395,189             | 6,714,949             | 7,049,701             | 5.00% Up to cover COLA/benefit incr.      |  |
| Administrative Charges  | 9,347,803                             | 9,683,237          | 9,998,314            | 10,358,253           | 10,731,150            | 11,117,472           | 11,517,701            | 11,932,338            | 12,367,472            | 3.60% Based upon current trends           |  |
| Interest Earnings   | 448,948                               | 562,687            | 487,638              | 504,705              | 517,323               | 530,256              | 543,512               | 557,100               | 570,787               | 2.70% Beginning recovery                  |  |
| Fiscal Transactions   | 13,132,447                            | 15,860,507         | 14,678,737           | 10,049,218           | 10,373,758            | 10,714,689           | 11,065,469            | 11,427,447            | 11,799,325            | -3.70% -88% cash; rest is transfers       |  |
| <b>TOTAL RESOURCES</b>  | <b>104,219,239</b>                    | <b>110,822,991</b> | <b>97,904,552</b>    | <b>96,128,977</b>    | <b>99,242,106</b>     | <b>102,452,299</b>   | <b>105,762,765</b>    | <b>109,185,765</b>    | <b>112,614,765</b>    | <b>3.27% W/O Fiscal Txn; 2.2% With FT</b> |  |
| <b>EXPENDITURES</b>   |                                       |                    |                      |                      |                       |                      |                       |                       |                       |   |  |
| Permanent Wage Costs  | 36,439,715                            | 38,282,411         | 35,533,515           | 36,102,051           | 35,213,238            | 35,775,362           | 36,412,062            | 37,143,742            | 37,914,742            | 2.30% 2% Annual COLA + Merits             |  |
| Extra Help  | 1,004,713                             | 990,444            | 1,054,751            | 1,065,299            | 1,023,305             | 1,024,496            | 1,027,566             | 1,033,007             | 1,038,548             | 1.00% within dept. control                |  |
| Employee Benefits   | 18,193,025                            | 21,540,037         | 23,278,828           | 23,667,734           | 24,576,202            | 26,130,902           | 27,586,571            | 28,835,797            | 30,085,023            | 4.39% 12% Hlth,PERS up then leveling      |  |
| Risk Management Benefits  | 229,355                               | 239,779            | 193,769              | 197,644              | 189,506               | 191,136              | 193,186               | 195,820               | 198,564               | 2.00% Inflation                           |  |
| Pers. Svcs Adjustments  | 0                                     | 0                  | 12,206               | 0                    | 0                     | 0                    | 0                     | 0                     | 0                     | 0.00%                                     |  |
| <b>Personnel Services Total</b>   | <b>55,866,808</b>                     | <b>61,052,671</b>  | <b>60,073,069</b>    | <b>61,032,728</b>    | <b>61,002,252</b>     | <b>63,121,895</b>    | <b>65,219,386</b>     | <b>67,208,366</b>     | <b>69,157,274</b>     | <b>-2.28% Average Growthw/Cuts</b>        |  |
| Total FTE   | 722.00                                | 726.00             | 651.00               | 632.20               | 628.94                | 626.42               | 624.76                | 624.53                | 624.53                | 1.368 FTE in FY 79-80                     |  |
| Materials & Services  | 25,785,011                            | 27,438,601         | 21,705,547           | 22,204,775           | 22,458,274            | 23,010,742           | 23,633,850            | 24,335,810            | 25,085,810            | 2.70% Inflation + fixed cost growth       |  |
| Capital Outlay  | 54,097                                | 172,113            | 109,988              | 0                    | 0                     | 0                    | 0                     | 0                     | 0                     | 0.00% 1-time items                        |  |
| Capital Project-Publ Hlth Bldg  | 0                                     | 0                  | 1,500,000            | 1,500,000            | 1,500,000             | 1,500,000            | 1,500,000             | 1,500,000             | 1,500,000             | 0.00% Public Health Building Debt Svc     |  |
| Fund Transfers  | 8,437,854                             | 7,913,359          | 6,255,975            | 5,799,702            | 5,933,798             | 6,087,933            | 6,246,692             | 6,410,215             | 6,587,730             | 0.57% Transfers for HHS & Debt Svc        |  |
| Reserves & Contingencies  | 0                                     | 0                  | 8,259,973            | 8,607,976            | 8,886,835             | 9,173,761            | 9,469,730             | 9,775,832             | 10,081,964            | 10.00% Operating Revenues *               |  |
| <b>TOTAL EXPENDITURES</b>   | <b>90,143,770</b>                     | <b>96,576,744</b>  | <b>97,904,552</b>    | <b>99,145,181</b>    | <b>99,781,158</b>     | <b>102,894,331</b>   | <b>106,069,658</b>    | <b>109,230,223</b>    | <b>112,317,223</b>    | <b>2.22% Average Growth w/Reductions</b>  |  |
| Reductions to Balance   |                                       |                    |                      | (3,016,204)          | (539,051)             | (442,032)            | (306,893)             | (44,457)              | (44,457)              | -3.14% Reduction in FY07-08               |  |
| Additional Reduction  |                                       |                    |                      | 0                    | 0                     | 0                    | 0                     | 0                     | 0                     |   |  |
| Estimated FTE Cut   |                                       |                    |                      | (18.80)              | (3.26)                | (2.52)               | (1.66)                | (0.23)                | (0.23)                |   |  |
| <b>ADJUSTED TOTAL EXPENSE</b>   | <b>90,143,770</b>                     | <b>96,576,744</b>  | <b>97,904,552</b>    | <b>96,128,977</b>    | <b>99,242,106</b>     | <b>102,452,299</b>   | <b>105,762,765</b>    | <b>109,185,765</b>    | <b>112,317,223</b>    |   |  |
| Less 2% Minimum Lapse   | 0                                     | 0                  | 1,635,572            | 1,604,426            | 1,658,429             | 1,713,812            | 1,770,927             | 1,829,994             | 1,890,061             | 2.00% Minimum Lapse Requirement           |  |
| Less Reserves/Contingencies   | 0                                     | 0                  | 8,259,973            | 8,607,976            | 8,886,835             | 9,173,761            | 9,469,730             | 9,775,832             | 10,081,964            | * Excludes Cash and Transfers             |  |
| <b>YEAR-END EXPENSE</b>   | <b>90,143,770</b>                     | <b>96,576,744</b>  | <b>88,009,007</b>    | <b>85,916,575</b>    | <b>88,696,842</b>     | <b>91,564,726</b>    | <b>94,522,108</b>     | <b>97,579,939</b>     | <b>100,151,298</b>    |   |  |
| 2% Minimum Lapse  | 1,759,146                             | 1,896,952          | 1,635,572            | 1,604,426            | 1,658,429             | 1,713,812            | 1,770,927             | 1,829,994             | 1,890,061             |   |  |
| Reserves and Contingencies  | 7,502,721                             | 8,427,804          | 8,259,973            | 8,607,976            | 8,886,835             | 9,173,761            | 9,469,730             | 9,775,832             | 10,081,964            |   |  |
| Additional Lapse  | 4,813,602                             | 3,921,491          | 0.0                  | 0                    | 0                     | 0                    | 0                     | 0                     | 0                     |   |  |
| <b>ENDING FUND BALANCE</b>  | <b>14,075,469</b>                     | <b>14,246,247</b>  | <b>9,895,545</b>     | <b>10,212,402</b>    | <b>10,545,264</b>     | <b>10,887,573</b>    | <b>11,240,656</b>     | <b>11,605,826</b>     | <b>12,000,000</b>     |   |  |
| Percent of Oper. Revenue  | 13.5%                                 | 12.9%              | 10.1%                | 10.6%                | 10.6%                 | 10.6%                | 10.6%                 | 10.6%                 | 10.6%                 | <b>Year-End Fund Balance %</b>            |  |

## Financial Summary

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES Governmental Funds - Major and Aggregated Nonmajor Three-Year Comparison

|                                     | General Fund         |                     |                      | Road Fund            |                      |                      |
|-------------------------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
|                                     | FY06<br>Actuals      | FY07<br>Estimated   | FY08<br>Budget       | FY06<br>Actuals      | FY07<br>Estimated    | FY08<br>Budget       |
| <b>REVENUES</b>                     |                      |                     |                      |                      |                      |                      |
| Taxes and assessments               | \$ 27,616,174        | \$ 28,782,846       | 30,967,097           | \$ 107,674           | \$ (40,134)          | 150,000              |
| Fees, licenses and permits          | 2,637,340            | 2,626,310           | 667,275              | 145,250              | 182,335              | 200,000              |
| Intergovernmental                   | 43,049,399           | 32,047,297          | 35,418,442           | 36,417,292           | 36,327,483           | 37,079,865           |
| Charges for services                | 6,935,567            | 5,821,733           | 2,990,179            | 4,725,961            | 4,884,220            | 1,783,839            |
| Fines, forfeitures and penalties    | 3,261,163            | 693,553             | 712,000              | -                    | -                    | -                    |
| Administrative and facility charges | 9,683,237            | 10,070,644          | 10,545,759           | 729,287              | 825,851              | 688,718              |
| Investment earnings                 | 562,687              | 615,092             | 524,000              | 1,297,229            | 1,349,832            | 1,410,000            |
| Sale and rental of property         | 1,216,916            | 1,251,747           | 1,154,892            | 907,560              | 149,476              | 192,440              |
| Transfers in                        | 248,854              | 248,355             | 305,065              | 921,973              | 842,500              | 1,233,710            |
| Interfund loan received             | -                    | -                   | -                    | -                    | -                    | -                    |
| Interfund loan repayment            | -                    | -                   | -                    | -                    | -                    | -                    |
| Mortgage assumed                    | -                    | -                   | -                    | -                    | -                    | -                    |
| Bonds issued                        | -                    | -                   | -                    | -                    | -                    | -                    |
| Refunding bonds issued              | -                    | -                   | -                    | -                    | -                    | -                    |
| <b>Total revenues</b>               | <b>95,211,337</b>    | <b>82,157,577</b>   | <b>83,284,709</b>    | <b>45,252,226</b>    | <b>44,521,563</b>    | <b>42,738,572</b>    |
| <b>EXPENDITURES</b>                 |                      |                     |                      |                      |                      |                      |
| Current:                            |                      |                     |                      |                      |                      |                      |
| General government                  | 17,004,777           | 18,372,332          | 19,468,872           | 232,910              | 194,347              | 245,558              |
| Public Safety                       | 63,962,356           | 55,358,114          | 56,055,529           | -                    | -                    | -                    |
| Public Health                       | 2,502,480            | -                   | -                    | -                    | -                    | -                    |
| Parks                               | -                    | -                   | -                    | -                    | -                    | -                    |
| Roads and bridges                   | -                    | -                   | -                    | 30,046,330           | 31,696,144           | 33,519,403           |
| Community Development               | 5,021,658            | 4,971,193           | -                    | -                    | -                    | -                    |
| Debt service:                       |                      |                     |                      |                      |                      |                      |
| Principal                           | -                    | -                   | -                    | -                    | -                    | -                    |
| Interest                            | -                    | -                   | 40,000               | -                    | -                    | -                    |
| Bond issuance costs                 | -                    | -                   | -                    | -                    | -                    | -                    |
| Capital outlay                      | 172,113              | 174,573             | -                    | 17,406,864           | 15,148,243           | 16,188,765           |
| Other financing sources (uses):     |                      |                     |                      |                      |                      |                      |
| Transfers out                       | 6,377,175            | 7,619,092           | 7,127,379            | -                    | -                    | -                    |
| Interfund loan repaid               | -                    | -                   | -                    | -                    | -                    | -                    |
| Interfund loan granted              | -                    | -                   | -                    | -                    | -                    | -                    |
| Payment to refunded bond            | -                    | -                   | -                    | -                    | -                    | -                    |
| <b>Total expenditures</b>           | <b>95,040,559</b>    | <b>86,495,304</b>   | <b>82,691,780</b>    | <b>47,686,104</b>    | <b>47,038,734</b>    | <b>49,953,726</b>    |
| Net change in fund balances         | 170,778              | (4,337,727)         | 592,929              | (2,433,878)          | (2,517,171)          | (7,215,154)          |
| Fund balances, beginning of year    | 14,075,469           | 14,246,247          | 9,936,744            | 43,237,949           | 40,804,071           | 36,905,252           |
| Prior period adjustment             | -                    | -                   | -                    | -                    | -                    | -                    |
| Fund balances, beginning restated   | 14,075,469           | 14,246,247          | 9,936,744            | 43,237,949           | 40,804,071           | 36,905,252           |
| <b>Fund balances, end of year</b>   | <b>\$ 14,246,247</b> | <b>\$ 9,908,520</b> | <b>\$ 10,529,673</b> | <b>\$ 40,804,071</b> | <b>\$ 38,286,900</b> | <b>\$ 29,690,098</b> |

## Financial Summary

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES Governmental Funds - Major and Aggregated Nonmajor Three-Year Comparison

| Health and Human Services Fund |                     |                   | LaneCare            |                     |                     | Other Governmental Funds |                     |                     |
|--------------------------------|---------------------|-------------------|---------------------|---------------------|---------------------|--------------------------|---------------------|---------------------|
| FY06<br>Actuals                | FY07<br>Estimated   | FY08<br>Budget    | FY06<br>Actuals     | FY07<br>Estimated   | FY08<br>Budget      | FY06<br>Actuals          | FY07<br>Estimated   | FY08<br>Budget      |
| \$ -                           | \$ -                | -                 | \$ -                | \$ -                | -                   | \$ 7,383,083             | \$ 7,863,950        | 7,576,106           |
| 680,715                        | 730,411             | 713,400           | -                   | -                   | -                   | 349,548                  | 344,108             | 368,213             |
| 44,713,470                     | 42,218,218          | 44,395,892        | 16,389,574          | 18,018,321          | 19,000,000          | 25,061,702               | 34,926,825          | 38,582,126          |
| 4,353,824                      | 4,281,505           | 3,934,409         | 251,404             | 64,868              | 13,000              | 5,756,458                | 6,275,196           | 6,753,108           |
| 5,308                          | 2,588               | 4,000             | -                   | -                   | -                   | 287,103                  | 2,331,679           | 3,089,969           |
| -                              | -                   | -                 | -                   | -                   | -                   | 1,441,640                | 1,643,519           | 1,697,872           |
| 279,806                        | 295,898             | 115,383           | 353,615             | 347,752             | 196,500             | 596,212                  | 594,605             | 362,409             |
| 26,489                         | 13,934              | 1,000             | -                   | -                   | -                   | 669,918                  | 1,647,465           | 2,101,809           |
| 3,483,457                      | 4,241,709           | 4,079,000         | -                   | -                   | -                   | 4,043,569                | 5,262,045           | 7,197,175           |
| -                              | -                   | -                 | -                   | -                   | -                   | -                        | -                   | -                   |
| -                              | -                   | -                 | -                   | -                   | -                   | 44,577                   | -                   | -                   |
| -                              | -                   | -                 | -                   | -                   | -                   | -                        | 6,326,603           | -                   |
| -                              | -                   | -                 | -                   | -                   | -                   | -                        | -                   | -                   |
| -                              | -                   | -                 | -                   | -                   | -                   | -                        | -                   | -                   |
| <b>53,543,069</b>              | <b>51,784,263</b>   | <b>53,243,084</b> | <b>16,994,593</b>   | <b>18,430,941</b>   | <b>19,209,500</b>   | <b>45,633,810</b>        | <b>67,215,995</b>   | <b>67,728,787</b>   |
| -                              | -                   | -                 | -                   | -                   | -                   | 13,874,626               | 14,385,508          | 15,655,581          |
| 6,765,669                      | 7,339,946           | 7,943,053         | -                   | -                   | -                   | 1,648,082                | 11,795,337          | 12,878,017          |
| 46,569,158                     | 45,203,469          | 48,789,697        | 15,624,717          | 17,677,361          | 21,955,612          | 12,640,780               | 16,411,030          | 17,281,143          |
| -                              | -                   | -                 | -                   | -                   | -                   | 2,016,746                | 2,066,506           | 1,940,705           |
| -                              | -                   | -                 | -                   | -                   | -                   | 35,756                   | 61,954              | 120,153             |
| -                              | -                   | -                 | -                   | -                   | -                   | 5,476,533                | 5,566,741           | 7,128,917           |
| -                              | -                   | -                 | -                   | -                   | -                   | 2,995,000                | 3,338,782           | 3,540,000           |
| -                              | -                   | -                 | -                   | -                   | -                   | 1,727,137                | 1,729,044           | 2,066,645           |
| -                              | -                   | -                 | -                   | -                   | -                   | -                        | 75,242              | -                   |
| 36,162                         | 22,159              | 585,007           | -                   | -                   | -                   | 1,247,916                | 10,527,581          | 3,029,596           |
| 240,943                        | 320,770             | 240,943           | 58,345              | 261,328             | 263,048             | 2,989,214                | 3,334,893           | 6,013,580           |
| -                              | -                   | -                 | -                   | -                   | -                   | 8,750                    | -                   | 8,750               |
| -                              | -                   | -                 | -                   | -                   | -                   | -                        | -                   | -                   |
| -                              | -                   | -                 | -                   | -                   | -                   | -                        | -                   | -                   |
| <b>53,611,932</b>              | <b>52,886,344</b>   | <b>57,558,700</b> | <b>15,683,062</b>   | <b>17,938,689</b>   | <b>22,218,660</b>   | <b>44,660,540</b>        | <b>69,292,618</b>   | <b>69,663,087</b>   |
| (68,863)                       | (1,102,081)         | (4,315,616)       | 1,311,531           | 492,252             | (3,009,160)         | 973,270                  | (2,076,623)         | (1,934,300)         |
| 7,349,315                      | 7,280,452           | 5,300,031         | 7,558,714           | 8,870,245           | 7,784,331           | 14,876,716               | 15,849,985          | 13,032,185          |
| -                              | -                   | -                 | -                   | -                   | -                   | -                        | -                   | -                   |
| 7,349,315                      | 7,280,452           | 5,300,031         | 7,558,714           | 8,870,245           | 7,784,331           | 14,876,716               | 15,849,985          | 13,032,185          |
| <b>\$ 7,280,452</b>            | <b>\$ 6,178,371</b> | <b>\$ 984,415</b> | <b>\$ 8,870,245</b> | <b>\$ 9,362,497</b> | <b>\$ 4,775,171</b> | <b>\$15,849,986</b>      | <b>\$13,773,362</b> | <b>\$11,097,885</b> |

## Financial Summary

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