

Financial Summary

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 made a 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.

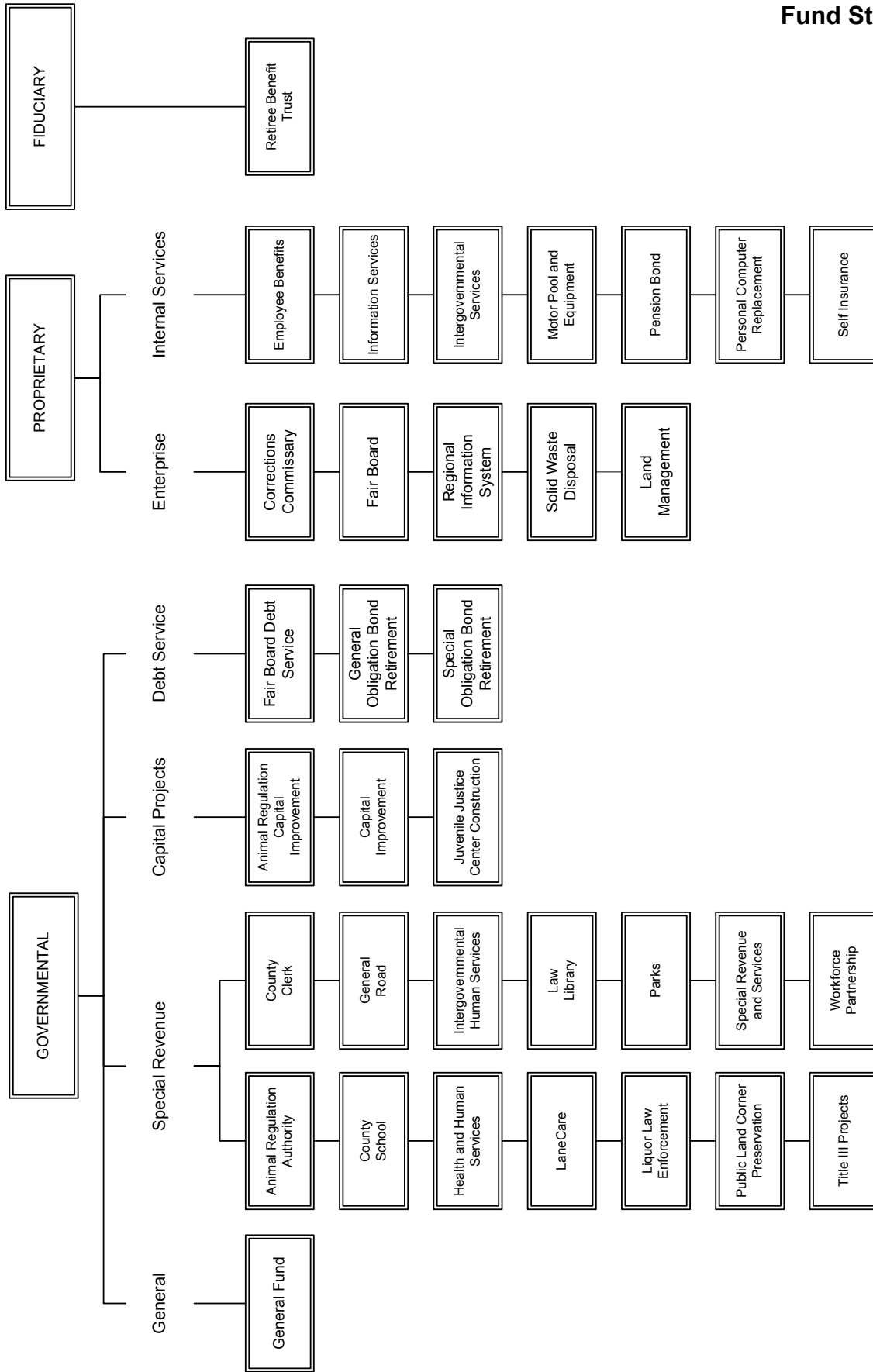
Basis of Budgeting and Accounting

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/MSinance/default.htm.

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Fund Structure



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Understanding the Lane County Budget

General Highlights

The Fiscal Year 2008-2009 Adopted Budget including all funds is \$474.4 million. The True Adopted Budget totals \$266.6 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 provides the legal appropriations when adopted by the Board of County Commissioners in June.

The net or True 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 True 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 True Budget can be found in Appendix B.

Revenues overall are down \$50.5 million or 9.6%. Twenty of thirty-four funds are declining while fourteen funds are on the increase. Eleven of the twenty funds are declining by less than \$1.0 million each, attributable to adjustments in cash and tighter budgeting. The larger reductions are as follows:

- Ninety-six percent or \$48.2 million of the overall reduction is due to the loss of the federal Secure Rural Schools (SRS) and Community Self-Determination Act funding across multiple funds and departments. SRS losses by fund include:
 - General Fund (\$18.1 million)
 - Road Fund (\$20.1 million)
 - County School Fund (\$6.9 million)
 - Special Revenue Fund (\$3.1 million)
- One-time fund exchanges with the Cities of Eugene (\$4.5 million) and Springfield (\$250,000) help to partially offset the loss of SRS funding for up to two years. Additional tax revenue of \$1.1 million and \$2.5 million in cash brings the General Fund reduction down \$10 million.
- A \$20 million loss in SRS funding in the Road Fund is offset by a one-time \$10.0 million payment from the State Department of Transportation along with \$6.8 million increase in fees, charges and cash resulting in a net decrease of only \$3.9 million.
- The Health & Human Services Fund is down by \$9.1 million overall or 18.4%. \$5.3 million is due to transferring out the Parole and Probation function and 51 FTE positions to the Sheriff's Office Special Revenue fund to consolidate overall offender supervision. In addition, the Health & Human Services Fund balance is decreasing by \$2.8 million and General Fund support is declining by \$1.6 million due to the loss of SRS funding.
- The Pension Bond Fund is decreased by \$7.2 million as a result of removing a one-time transfer in from the Benefits Fund used to prepay a portion of the callable pension bonds.

Expenses are down the same overall as is revenue in order to achieve a balanced budget. The major changes are summarized as follows:

- Personnel Services expense is down \$2.9 million or 3.9%. The vast majority of the reduction is in the General Fund where the decrease is due entirely to the loss of SRS funding.

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- Overall FTE is declining by 119.84 from 1,535.04 in the current year to 1,415.20 in the Adopted Budget. The major changes by fund are as follows:
 - General Fund: reduction of (91.90 FTE)
 - Health & Human Services Fund: net reduction of (68.78 FTE) [17.78 reduction +51.00 transfer out to Special Revenue Fund
 - Special Revenue Fund: net increase of (44.19 FTE) due to transfer in of 51 FTE from Parole and Probation
 - Animal Regulation Authority Fund (2.00 FTE)
 - All other funds (1.35 FTE)
- Materials & Services are down \$21.5 million or 11.2%. The major changes are:
 - County School Fund pass-through payment of SRS funding ends (\$7.7 million)
 - Accounting Change in Benefit Payments (\$6.0 million)
 - Secure Rural Schools Title III project funding is eliminated (\$5.6 million)
 - (\$2.2 million) reduction in operating costs for Corrections in the Sheriff's Office.
- Overall Capital spending is down \$2.6 million or 6.0%.
 - Public Works funding in the Waste Management Fund (\$4.9 million), Fleet Fund (\$2.1 million) and Parks (\$436,000) are down due to removing one-time spending for completed projects at Short Mountain Landfill and Armitage Park, and reduced vehicle replacement costs scheduled for FY 08-09. These reductions are offset by increasing costs by \$4.75 million for an exchange agreement with the Cities of Eugene and Springfield. This exchange will bring an equal amount of funding into the General Fund.
 - The Information Services department is reducing capital expenditures by \$1.3 million in the regional information system primarily associated with the law enforcement Area Information Records System (AIRS) computer development project.
- Debt Service costs are down \$7.0 million due to paying off a portion of the callable Public Employee Retirement System (PERS) Pension bonds.
- Fund Transfers are down \$6.3 million or 23.1% overall.
 - A large one-time transfer of \$6.8 million from a PERS Pension Reserve Account in the Benefits Fund to the PERS Pension Bond fund has been removed. This reduction is offset by several new internal transfers that make available \$1.2 million for a health benefit refund that is then transferred to various other funds including the General Fund.
 - A transfer of General Fund dollars to support various Public Health, Mental Health, and Developmental Disability programs is reduced by \$1.6 million due to SRS reductions.
 - A one-time transfer of \$501,000 from the General Fund to the Sheriff's Office Fleet Fund is also removed.
 - One special obligation bond was paid off in FY 07-08. The transfer payment of \$467,036 has now been removed.
- Overall, fund Reserves are down \$10.3 million or 9.6% across all funds.
 - A decline in Road Fund Reserves of \$13.2 million and a \$2.6 million reduction in the Waste Management Reserve used for landfill cell development is partially offset by a \$2.0 million increase in the fleet vehicle fund.
 - Reserves in the Capital Improvement Fund are decreased by \$1.4 million due to the completion of several projects and to offset a \$300,000 reduction in rent revenue.
 - Special Revenue Reserves for Tourism and other Special Projects are up \$2.0 million.
 - The General Fund Operational Reserve has been increased by \$2.4 million. This increase is due to reserving the second year of funding for public safety services in the Sheriff's

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Office and Youth Services funded by the revenue transfer from the Cities of Eugene and Springfield.

The County General Fund is budgeted at \$87.0 million, down \$10.0 million or 10.3% due to the failure of Congress to renew the federal Secure Rural Schools payments. Expense reductions occur as follows:

- Personnel Services (\$6.5 million and 91.20 FTE are eliminated as mentioned above)
- Materials & Services (\$2.2 million)
- Fund Transfers (\$3.8 million).

A more detailed explanation of major changes and trends can be found later in this section. The Balancing Options section of this budget has a complete listing of all General Fund services in priority order. The listing also shows which services will continue to be funded in FY 08-09, albeit at a much reduced level, and which services will be eliminated entirely.

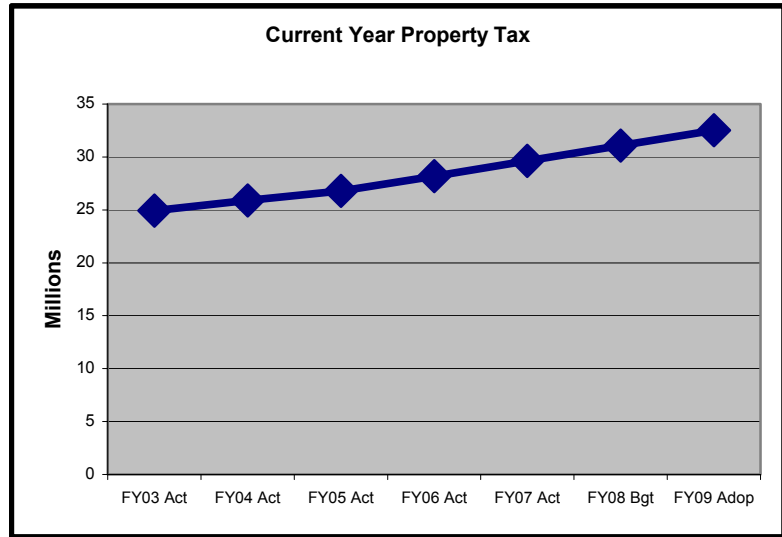
Major Revenue Trends

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 6.4% of the total Adopted Budget and is estimated at \$32.5 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%.



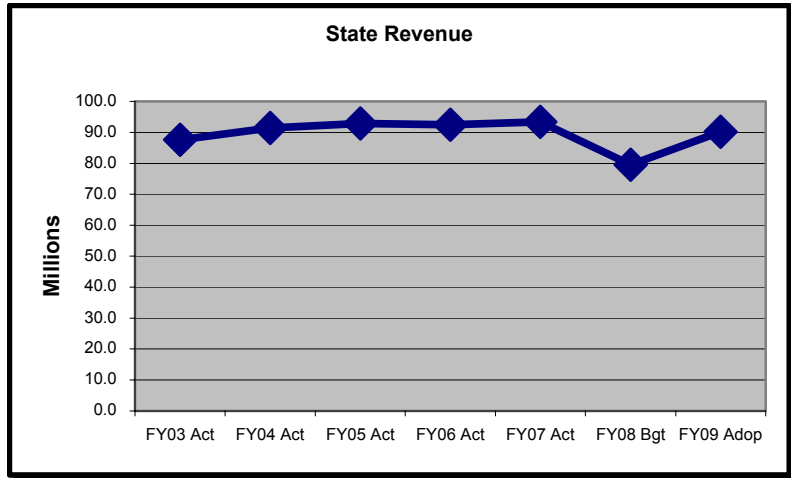
Average annual growth has been 4.5% the last five years. This trend is expected to flatten due to the slowing local economy and the housing slump that is driving down the price and the demand for new houses.

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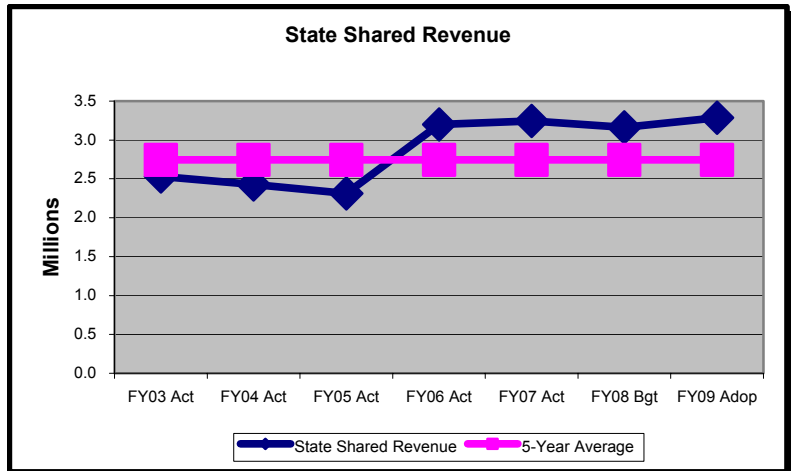
State Funding

State funding, primarily in the form of dedicated grants, is up \$10.7 million or 13.48% due to a one-time payment of \$10.0 million from the Oregon Dept. of Transportation to help partially offset the loss of Secure Rural Schools federal funding.

There is also a \$1.4 million increase in Managed Care dollars for mental health clients. State funding makes up 19.3% of the total budget. A large \$19.0 million accounting adjustment was done in FY 07-08 where pass-through funding for developmental disability providers was removed from the County budget and now goes directly to the providers from the State of Oregon.



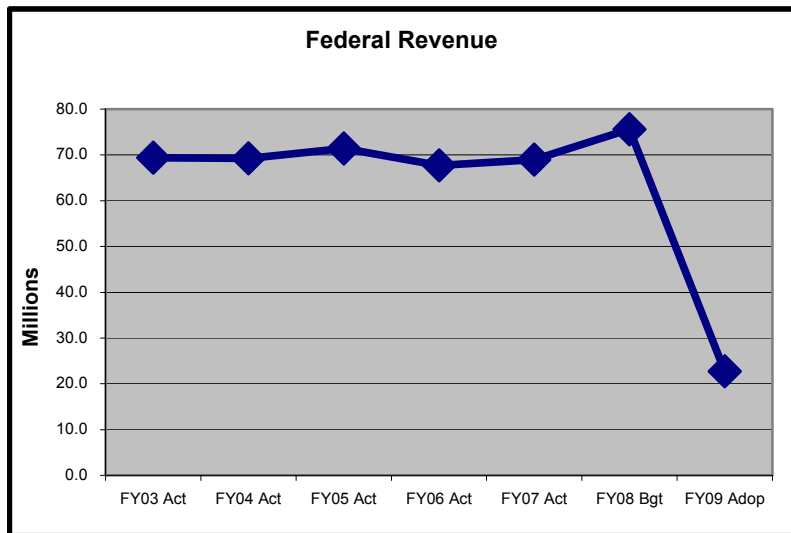
State shared revenue (cigarette, liquor, and amusement device tax, and a share of video lottery proceeds) totals \$3.3 million or 3.7% of state revenues. These dollars come to the County with no strings attached, that is, they are unrestricted funds that can be spent however the Budget Committee and the Board of Commissioners decides. Video lottery proceeds are projected to grow by 9.3% while all other revenues are flat.



Federal Revenues

Federal revenue will drop from 14.6% of the overall budget in FY 07-08 to 4.8% in FY 08-09, a drop of \$53.5 million. This is due in large part to the loss of \$48.2 million in Secure Rural Schools funding.

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. 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,



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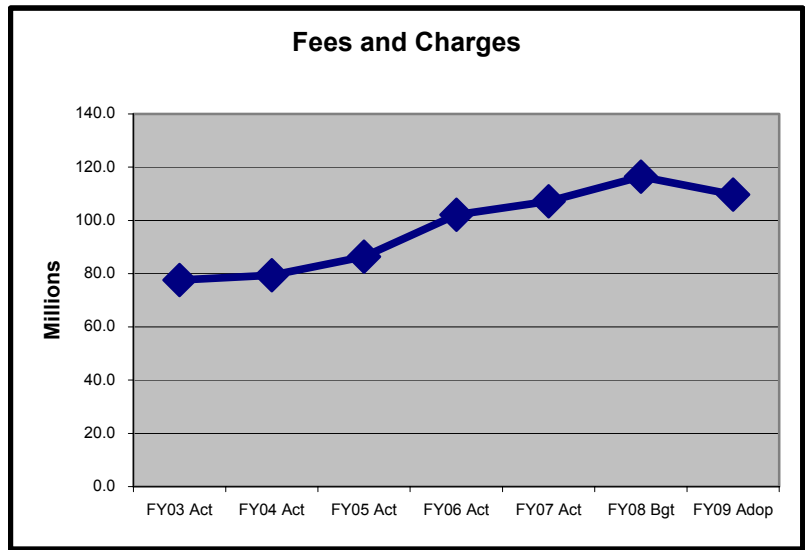
Congress did a one year extension through FY 07-08. Although Lane County is part of a coalition of state, local, school, and special interest groups working with Congress to extend the Act, the current assessment is that the funding, if approved, will not come in time to avoid large budget reductions.

External Revenues

Local grants and revenues amount to \$11.4 million and represent only 2.4% of the total budget. The combination of all revenue from external agencies including federal, state and local totals \$124.6 million and represents 26.3% of the total Lane County revenue.

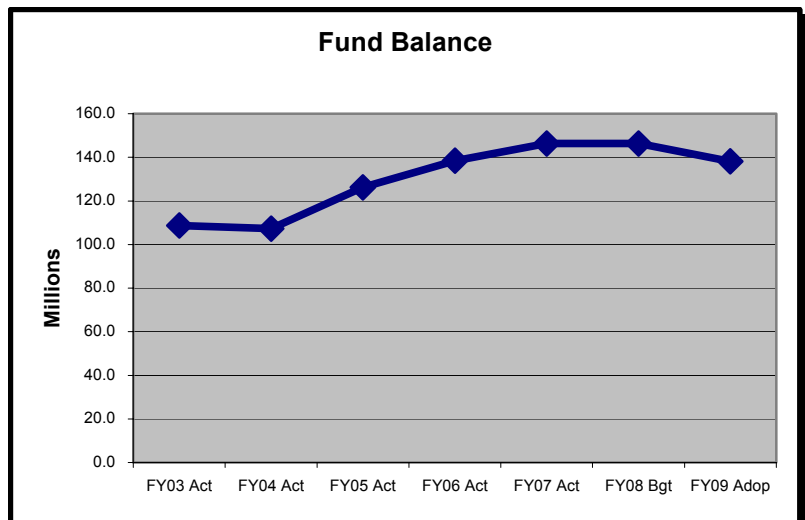
Fees and Charges

Fees and Charges total \$110.6 million and make up 23.3% of the budget. This category has seen an average annual growth approaching 6% for the previous five years. The change for next year amounts to a reduction of \$4.2 million or 3.7%. This change is due primarily to an accounting change in the amount budgeted for employee benefit costs. Where benefit estimates for FY 07-08 were based upon 100% of budgeted wages, the Adopted Budget estimate is based upon 95% of wages, a more accurate estimate based upon historical actuals.



Fund Balance

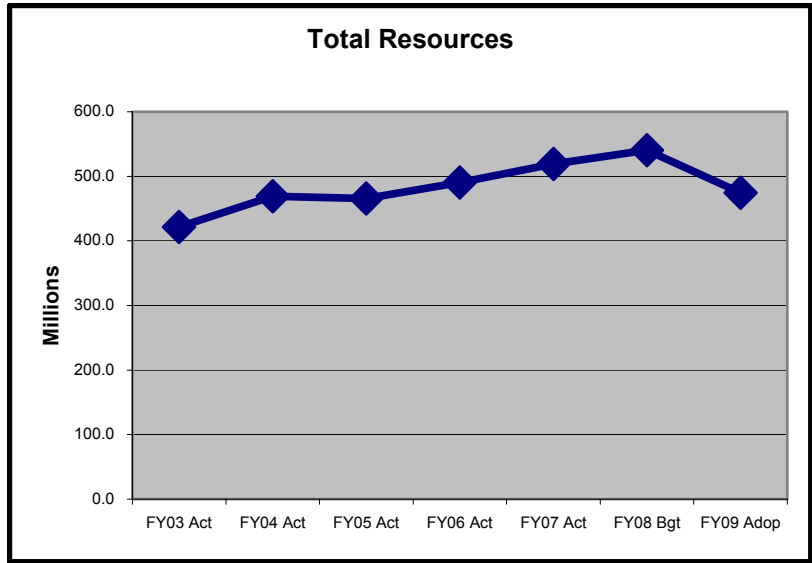
For FY 08-09 the overall fund balance is decreasing by 7.1% from \$146.2 million to \$139.2 million. Fund Balance increases in the General Fund (\$2.5 million), Road Fund (\$2.3 million) and the Retiree Medical Trust Fund (\$1.2 million) are offset by decreases in three other funds. Health & Human Services Fund and the LaneCare Fund for mental health services are down a combined \$5.6 million. The Waste Management Fund is down \$2.9 million due to the planned use of reserves to build out the next landfill cell.



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Total Resources

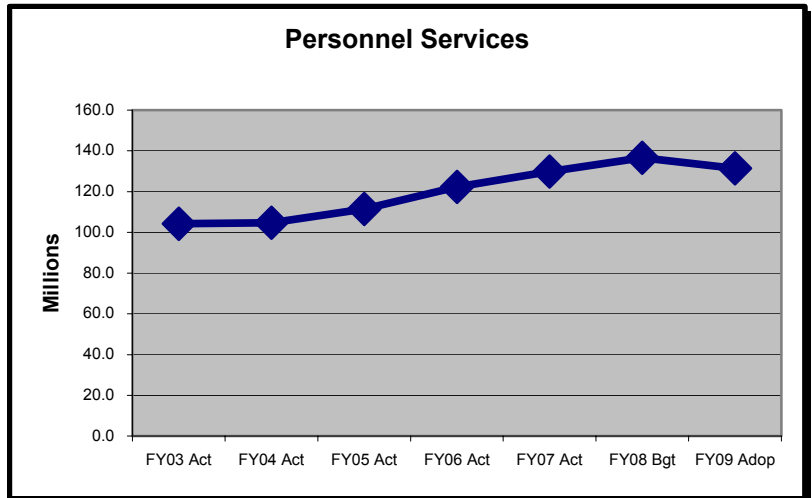
Resources for the County total \$474.4 million. This is a decrease of \$50.5 million from the current year's budget of \$540.5 million. Over the previous five years resources have fluctuated year-to-year with a 1.4% average annual growth.



Major Expenditure Trends

Personnel Services

Lane County's services, like most governmental agencies, are labor intensive. Wages and benefits are budgeted at \$131.4 million next year and represent 27.7% of the total budget. Overall, Personal Services are down 3.8% or \$5.2 million. Wages are being reduced primarily in the General Fund and the Health and Human Services. These cuts are all as a result of losing the federal Secure Rural Schools funding. Health and Human Services Fund is also transferring 44.19 FTE to the Special Revenue Fund with the transfer of responsibility for the Parole and Probation function to the Sheriff's Office.



The major reductions in dollars and Full-time equivalent (FTE) positions total 119.84 FTE with the biggest changes as follows:

- General Fund (\$6.5 million and 91.20 FTE)
- Health & Human Services Fund (\$4.7 million and 68.78 FTE)
- Special Revenue Fund +\$4.2 million and 44.19 FTE

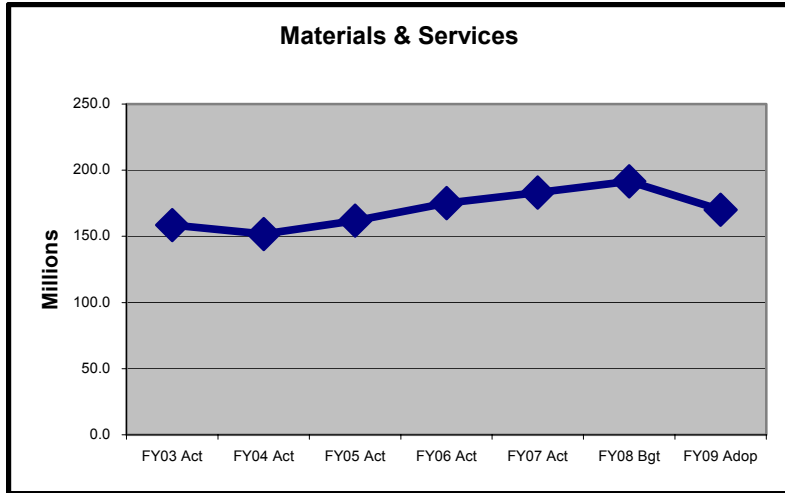
Individual employee health benefits costs are estimated to increase 13.7% next year. The health benefit cost is by far the largest component of total health care costs. Dental and vision costs continue to rise but the effect is not as dramatic. Over the past eight years total health care costs rose by an average of 13.2%. By FY 08-09 these costs will have more than tripled.

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Lane County's State of Oregon Public Employee Retirement System (PERS) rate will be nearly flat next year except for an adjustment to the PERS Bond payment which has gone down due to calling \$6.5 million in bonds. For FY 08-09 combined PERS rate stands at 23.3% 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 employees' 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. PERS costs have also tripled since FY 98-99.

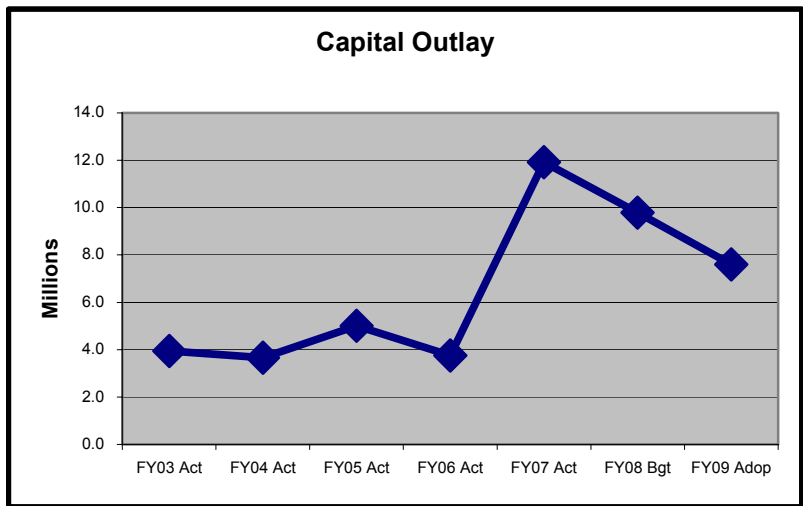
Materials & Services

This category totals \$170.1 million and represents 35.9% 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 staff and direct services to citizens. FY 08-09 is no different with a reduction of \$21.5 million or 11.2%. Reductions resulting from the loss of Secure Rural Schools funding total \$20.1 million.



Capital Outlay

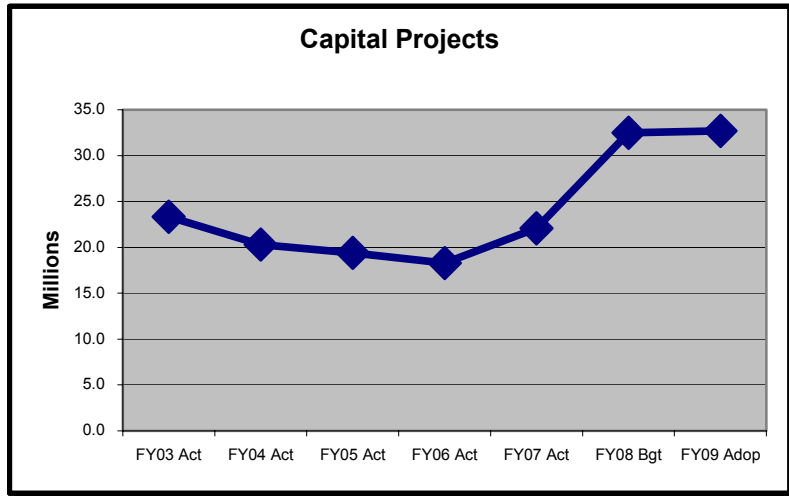
Capital Outlay expenditures are budgeted at \$7.6 million for various equipment purchases that make up only 1.6% of the County's overall budget. The major types of equipment purchased include heavy equipment for the Public Works department along with vehicles and data processing equipment for a variety of departments. All equipment is on a scheduled replacement cycle. Dollars are budgeted in various operating funds and are transferred to the replacement funds for holding until sufficient funds have built up to replace the equipment. For this reason, capital outlay expenditures are cyclical 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 08-09 the capital outlay budget has decreased by \$2.7 million or 26.4%.



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Capital Projects

Capital projects are budgeted at \$32.7 million and represent 6.9% of the total budget. This budget is primarily a reflection of the road and bridge projects approved for FY 08-09. These projects are based upon the Five-Year Capital Improvements Plan prepared by the Department of Public Works. This budget also reflects a new \$4.75 million payout to the Cities of Eugene and Springfield to exchange Road Fund dollars for General Fund dollars. This exchange will bring unrestricted dollars into the County to help preserve public health and safety programs for up to two years.

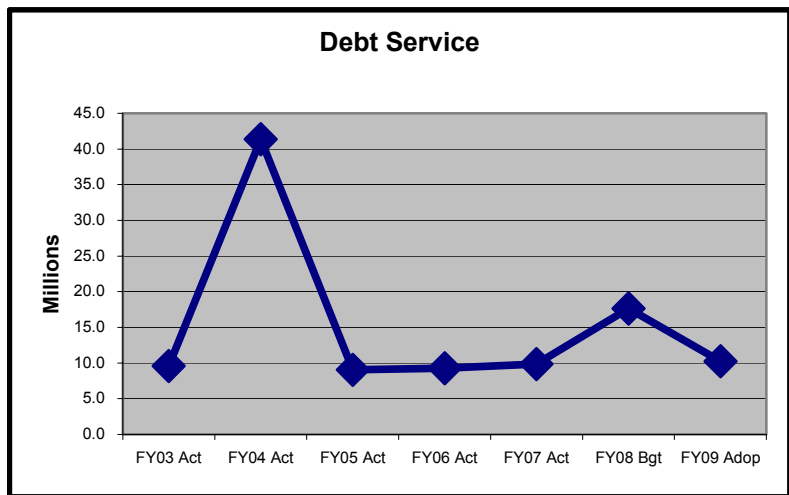


Although funding looks stable, the dollars available for road and bridge projects is actually shrinking. New revenue is not growing fast enough to keep up with the need and, in fact, is dependent in large part on the federal funding provided through the Secure Rural Schools and Community Self-Determination Act of 2000. While this Act sunsetted during FY 06-07, Congress did provide one additional year of full funding for FY 07-08. The FY 08-09 budget is built under the assumption that no additional SRS funding will be provided.

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 \$10.3 million and make up only 2.2% of the overall 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.



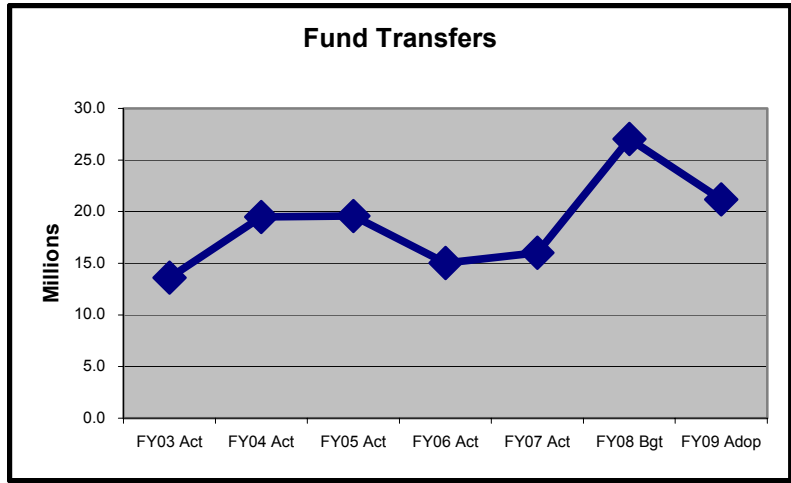
When the HVAC bond was refinanced, the amount saved was also refinanced to provide the additional cash needed for moving the elections office out of the decrepit Annex building into a newer, larger facility. A 2002 Refunding Bond for Public Service Building Re-roofing,

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Assessment & Taxation Software Conversion, and structural problems at the Jail was paid off in FY 07-08.

Fund Transfers

Transfers total \$21.2 million or 4.4% of the budget. This amount is down \$6.3 million from the current year. The nearly \$5.0 million transfer from the General Fund in the current year 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 is reduced by \$1.6 million due to the loss of SRS funding. A one-time PERS Bond transfer payment of \$6.8 million has been removed. These reductions are offset by a one-time transfer of \$1.2 million to various funds as a refund due to lower than budgeted health payment costs. A schedule of all fund transfers is included in Appendix B.



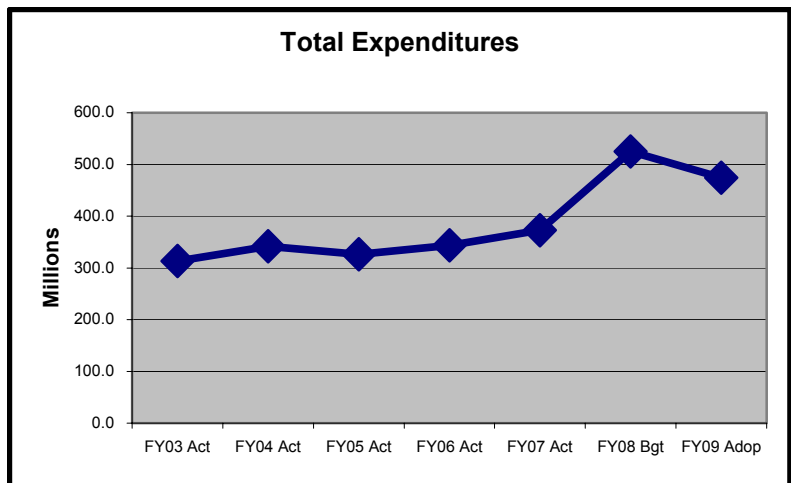
Reserves

The County's adopted financial policies direct that each fund should have a minimum 5% prudent person reserve. This budget category totals \$97.3 million overall next year and is 20.5% of the total budget. This includes reserves for operations as well as future capital projects. Reserves overall are down 9.6% or \$10.3 million primarily as a result of completed capital projects. Major changes include:

- General Fund up \$2.4 million
- Road Fund down \$13.2 million
- Waste Management Fund down \$2.6 million
- Capital Improvement Fund down \$1.4 million
- Special Revenue Fund up 2.0 million.
- Fleet Fund up \$2.8 million

Total Expenditures

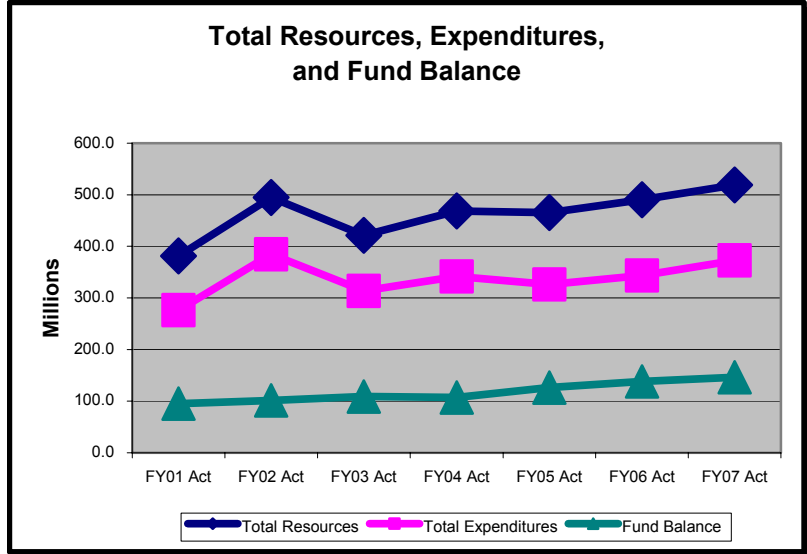
Total Expenditures across all funds for FY 08-09 are down \$50.5 million or 9.6% to live within total available revenue.



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Total Resources, Expenditures and Fund Balance

The chart at right combines the previous resource and expenditure charts and adds a line for the ending fund balance. As can be seen, as the overall resources have grown, the County has been closely watching its spending and has been maintaining or growing its ending fund balance.



Additional Tables and Charts

The following pages contain charts and graphs displaying the County's Adopted FY 08-09 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							
ADOPTED BUDGET							
	FY 05-06	FY 06-07	FY 07-08	FY 08-09	\$\$ Change	% Change	% of
	Actual	Actual	Budget	Adopted	from 07-08	from 07-08	Total Bdgt
Taxes & Assessments	35,104,692	36,604,982	38,814,703	40,232,943	1,418,240	3.65%	8.48%
Licenses & Permits	3,812,853	4,012,262	3,998,519	4,447,518	448,999	11.23%	0.94%
Fines, Forf., Penalties	3,553,490	3,276,440	3,853,615	4,441,621	588,006	15.26%	0.94%
Property & Rentals	8,256,501	8,038,690	7,685,954	6,752,824	(933,130)	-12.14%	1.42%
Federal Revenue	67,698,494	68,951,218	76,496,232	22,959,826	(53,536,406)	-69.99%	4.84%
State Grant Revenue	69,399,864	70,329,616	57,004,122	67,462,293	10,458,171	18.35%	14.22%
Other State Revenue	23,014,914	23,015,466	22,520,122	22,781,651	261,529	1.16%	4.80%
Local Grants	1,816,154	2,190,439	2,375,875	7,085,537	4,709,662	198.23%	1.49%
Local Revenues	4,009,489	3,886,837	4,435,548	4,273,429	(162,119)	-3.65%	0.90%
Fees & Charges	102,183,214	107,137,153	114,772,037	110,551,574	(4,220,463)	-3.68%	23.30%
Administrative Charges	12,001,394	13,531,975	13,866,533	14,960,768	1,094,235	7.89%	3.15%
Interest Earnings	5,297,016	7,260,523	4,005,616	4,049,219	43,603	1.09%	0.85%
Mortgage Assumption	0	6,326,603	0	0	0	0.00%	0.00%
Resource Carryover	139,058,287	148,759,350	146,683,702	139,338,184	(7,345,518)	-5.01%	29.37%
Interfund Loans	53,327	8,750	1,008,750	4,000,000	2,991,250	296.53%	0.84%
Fund Transfers	14,973,106	15,999,934	27,394,846	21,083,299	(6,311,547)	-23.04%	4.44%
Total Resources	490,232,795	519,330,239	524,916,174	474,420,686	(50,495,488)	-9.62%	100.00%
Personnel Services	122,356,463	129,754,950	136,653,652	131,404,941	(5,248,711)	-3.84%	27.70%
Materials & Services	175,160,566	183,193,440	191,604,267	170,094,166	(21,510,101)	-11.23%	35.85%
Capital Outlay	3,751,446	11,914,342	10,269,677	7,553,446	(2,716,231)	-26.45%	1.59%
Capital Projects	18,292,595	22,090,288	32,540,469	32,672,369	131,900	0.41%	6.89%
Other Fiscal Transactions	0	0	784,211	290,580	(493,631)	-62.95%	0.06%
Mortgage Issuance Costs	0	75,242	0	0	0	0.00%	0.00%
Mortgage Principal Pymt	0	18,782	100,000	85,000	(15,000)	-15.00%	0.02%
Mortgage Interest Pymt	0	85,148	520,000	530,000	10,000	1.92%	0.11%
Debt Service	9,249,068	9,682,874	16,370,151	9,361,194	(7,008,957)	-42.82%	1.97%
Int Pd Interfund Loan	873	771	350	0	(350)	-100.00%	0.00%
Fund Transfers	14,973,106	15,999,934	27,394,929	21,083,299	(6,311,630)	-23.04%	4.44%
Interfund Loan	53,327	8,750	1,008,750	4,000,000	2,991,250	296.53%	0.84%
Operational Contingency	0	0	35,416,229	32,573,085	(2,843,144)	-8.03%	6.87%
CIP Contingency	0	0	0	0	0	0.00%	0.00%
Operational Reserves	0	0	26,217,484	28,667,277	2,449,793	9.34%	6.04%
UEFB	0	0	9,980,733	13,734,643	3,753,910	37.61%	2.90%
Closure/Post Closure	0	0	13,659,689	10,253,961	(3,405,728)	-24.93%	2.16%
Future Projects	0	0	20,692,868	10,514,124	(10,178,744)	-49.19%	2.22%
Reserve - Comp Liability	0	0	1,500,000	1,500,000	0	0.00%	0.32%
Bonded Debt Res	0	0	202,715	102,601	(100,114)	-49.39%	0.02%
Total Requirements	343,837,444	372,824,521	524,916,174	474,420,686	(50,495,488)	-9.62%	100.00%

Financial Summary

FY 08-09 ADOPTED RESOURCES BY FUND TYPE & DEPARTMENT								
Department Name	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Services	Trust	Total Dept
Assessment & Taxation	397,000	0	0	0	0	0	0	397,000
Children & Families	0	3,306,141	0	0	0	0	0	3,306,141
County Administration	2,497,741	402,566	0	0	0	0	0	2,900,307
County Counsel	997,519	517,818	0	0	0	0	0	1,515,337
District Attorney	1,941,592	858,711	0	0	0	0	0	2,800,303
Fair Board	0	0	0	0	5,267,961	0	0	5,267,961
General Expense*	59,459,071	11,982,886	4,690,877	4,028,000	0	53,090,501	11,768,168	145,019,503
Health & Human Services	0	79,535,602	0	0	0	0	0	79,535,602
Human Resources	1,880,206	0	0	0	0	0	0	1,880,206
Information Services	0	0	0	0	11,102,219	10,142,991	0	21,245,210
Justice Courts	0	4,101,493	0	0	0	0	0	4,101,493
Management Services	6,164,231	423,902	0	10,009,182	0	907,620	0	17,504,935
Public Works	0	83,520,455	0	0	47,831,684	21,028,570	0	152,380,709
Sheriff's Office	12,588,473	13,763,416	0	0	654,595	2,937,226	0	29,943,710
Workforce Partnership	0	3,150,473	0	0	0	0	0	3,150,473
Youth Services	1,104,228	2,367,568	0	0	0	0	0	3,471,796
Total Fund Resources \$87,030,061 \$203,931,031 \$4,690,877 \$14,037,182 \$64,856,459 \$88,106,908 \$11,768,168 \$474,420,686								

FY 08-09 ADOPTED REQUIREMENTS BY FUND TYPE & DEPARTMENT								
Department Name	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Services	Trust	Total Dept
Assessment & Taxation	6,404,984	0	0	0	0	0	0	6,404,984
Children & Families	0	3,306,141	0	0	0	0	0	3,306,141
County Administration	2,504,120	402,566	0	0	0	0	0	2,906,686
County Counsel	1,091,514	517,818	0	0	0	0	0	1,609,332
District Attorney	8,019,879	858,711	0	0	0	0	0	8,878,590
Fair Board	0	0	0	0	5,267,961	0	0	5,267,961
General Expense*	15,861,141	11,982,886	4,690,877	4,028,000	0	53,090,501	11,768,168	101,421,573
Health & Human Services	2,836,099	79,535,602	0	0	0	0	0	82,371,701
Human Resources	1,920,325	0	0	0	0	0	0	1,920,325
Information Services	0	0	0	0	11,102,219	10,142,991	0	21,245,210
Justice Courts	0	4,101,493	0	0	0	0	0	4,101,493
Management Services	7,246,669	667,411	0	10,009,182	0	907,620	0	18,830,882
Public Works	0	82,724,462	0	0	47,831,684	21,028,570	0	151,584,716
Sheriff's Office	33,245,798	14,315,900	0	0	654,595	2,937,226	0	51,153,519
Workforce Partnership	0	3,150,473	0	0	0	0	0	3,150,473
Youth Services	7,899,532	2,367,568	0	0	0	0	0	10,267,100
Total Fund Requirements \$87,030,061 \$203,931,031 \$4,690,877 \$14,037,182 \$64,856,459 \$88,106,908 \$11,768,168 \$474,420,686								

* General Expense is a consolidation of non-departmental mandated and essential payments and services that cannot otherwise be allocated to individual departments

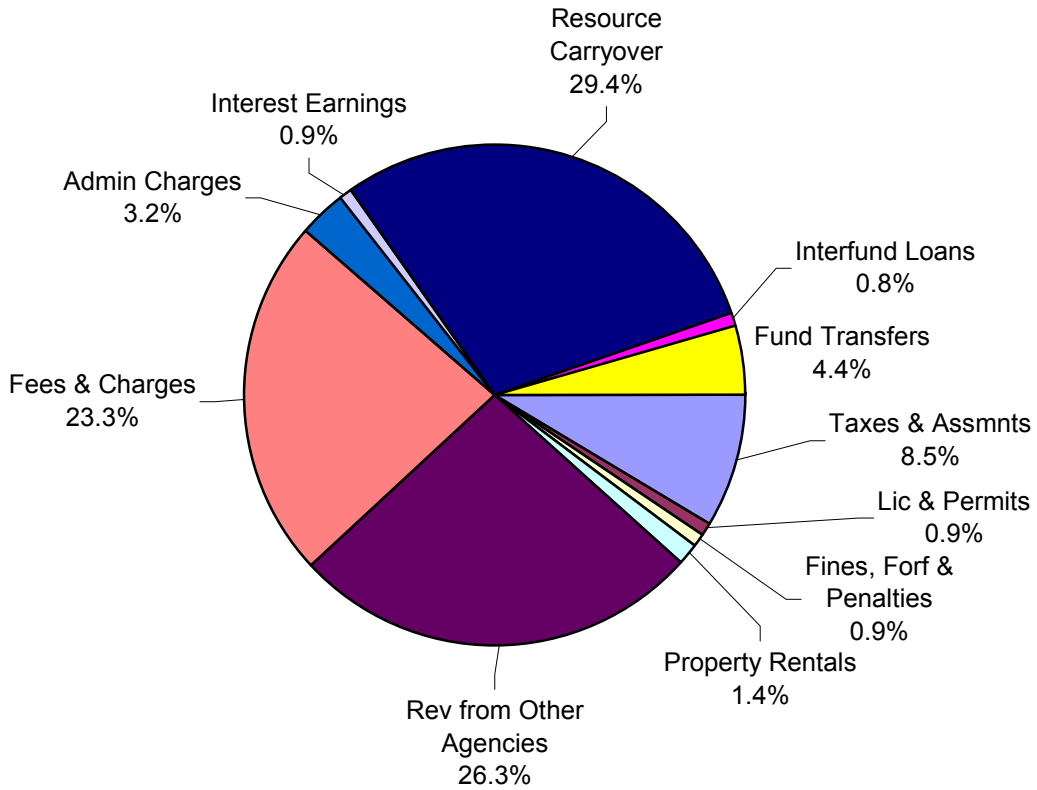
Financial Summary

FY 08-09 ADOPTED REVENUES BY SERVICE CATEGORY ALL FUNDS COMBINED								
Revenue	Culture & Recreation	Community Development	Gen Gov't	Public Health	Roads & Infrastructure	Public Safety	Non- Operating	Total
Taxes & Assessments	300,000	4,776,000	290,000	0	65,000	0	34,801,943	40,232,943
Licenses and Permits	0	2,533,792	62,000	773,000	200,000	534,729	343,997	4,447,518
Fines, Forf, Penalties	20,000	215,000	42,000	4,000	0	3,697,921	462,700	4,441,621
Property & Rentals	785,400	3,850,641	757,622	500	585,182	428,479	345,000	6,752,824
Revenue Other Agencies	390,000	1,868,144	688,034	56,052,809	28,606,380	27,442,983	9,514,386	124,562,736
Fees & Charges	132,673	6,292,050	19,386,991	5,984,223	21,012,954	9,517,639	48,225,044	110,551,574
Administrative Charges	0	287,000	9,662,449	25,000	2,584,454	239,984	2,161,881	14,960,768
Interest Earnings	24,610	177,500	783,791	14,000	1,661,582	94,740	1,292,996	4,049,219
Resource Carryforward	1,390,562	4,359,737	17,213,296	10,492,507	63,005,390	6,093,362	36,783,330	139,338,184
Interfund Loans	0	0	0	0	0	0	4,000,000	4,000,000
Fund Transfers	449,726	1,159,703	131,073	4,669,971	3,640,732	4,218,423	6,813,671	21,083,299
Total:	3,492,971	25,519,567	49,017,256	78,016,010	121,361,674	52,268,260	144,744,948	474,420,686

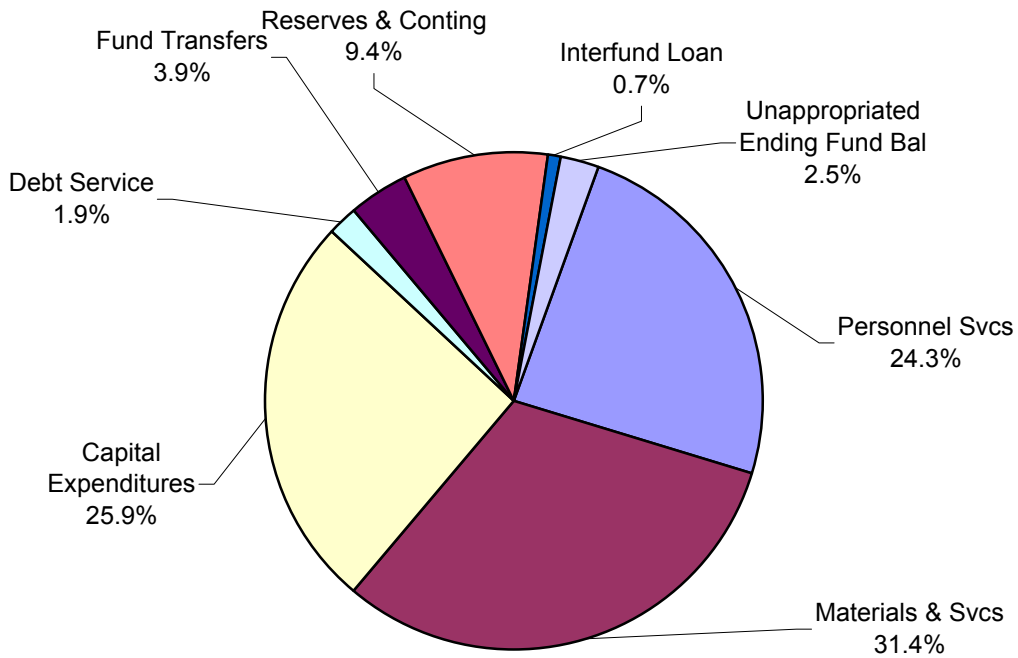
FY 08-09 ADOPTED EXPENDITURES BY SERVICE CATEGORY ALL FUNDS COMBINED								
Expenditure	Culture & Recreation	Community Development	Gen Gov't	Public Health	Roads & Infrastructure	Public Safety	Non- Operating	Total.
Personal Services	1,057,947	8,592,505	23,887,030	21,420,153	24,316,058	52,131,248	0	131,404,941
Materials & Services	1,055,763	8,376,129	14,722,664	46,963,853	27,014,441	24,174,562	47,786,754	170,094,166
Capital Outlay	322,000	826,391	2,738,752	195,434	26,605,819	3,990,981	5,546,438	40,225,815
Debt Service	0	94,813	0	0	0	0	10,171,961	10,266,774
Fund Transfers	0	2,166,575	89,275	5,139,966	5,210,594	3,497,811	4,979,078	21,083,299
Interfund Loans	0	0	0	0	4,000,000	0	0	4,000,000
Reserves/Contingencies	1,014,676	5,463,154	3,364,665	7,133,250	31,968,489	2,004,574	32,662,240	83,611,048
UEFB	42,585	0	11,689,294	0	2,002,764	0	0	13,734,643
Total:	3,492,971	25,519,567	56,491,680	80,852,656	121,118,165	85,799,176	101,146,471	474,420,686

Financial Summary

FY 08-09 Adopted Revenues – All Funds



FY 08-09 Adopted Expenditures – All Funds



Financial Summary

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES						
Government Funds – Major and Aggregated Nonmajor						
Three-Year Comparison						
	General Fund			Road Fund		
	FY07 Actuals	FY08 Estimated	FY09 Budget	FY07 Actuals	FY08 Estimated	FY09 Budget
REVENUES						
Taxes and assessments	28783509	30,444,149	32,043,956	\$ -	\$21,259	65,000
Fees, Licenses and permits	2,755,409	721,331	566,272	182,335	164,360	200,000
Intergovernmental	34,365,297	31,761,907	22,973,587	3,6327,483	37,215,659	28,606,380
Charges for services	5,919,398	2,979,801	2,960,936	5,037,853	1,887,566	3,951,224
Fines, forfeitures and penalties	693,553	684,121	625,700	-	-	-
Administrative and facility charges	10,070,644	10,286,210	9,640,190	825,851	596,128	2,584,454
Investment earnings	785,677	667,109	609,000	1,747,139	1,710,305	1,116,302
Sale and rental of property	1,272,971	1,187,356	814,251	157,891	2,504,959	135,982
Interfund transfers in	248,355	1,024,471	2,458,891	868,674	662,500	1,136,131
Intrafund transfers in	-	-	-	-	-	-
Interfund loan received	-	-	-	-	-	-
Interfund loan repayment received	-	-	-	-	-	-
Assumed mortgage	-	-	-	-	-	-
Bonds issued	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-
Total revenues	84,894,813	79,756,455	72,692,783	45,147,226	44,762,736	37,795,473
EXPENDITURES						
Current:						
General government	18,373,190	18,284,294	19,445,843	194,347	223,089	243,509
Public safety	55,745,062	54,295,462	48,638,894	-	-	-
Public health	-	-	-	-	-	-
Parks	-	-	-	-	-	-
Roads and bridges	-	-	-	31,760,132	29,853,435	37,404,280
Community development	4,973,360	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	40,000	-	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay	174,572	19,189	-	15,146,311	11,870,755	22,800,108
Other financing sources (uses):						
Interfund transfers out	7,940,811	8,688,909	5,219,572	-	1,200,000	1,790,000
Intrafund transfers out	-	-	-	-	-	-
Interfund loan repaid	-	-	-	-	-	-
Interfund loan granted	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Total expenditures	87,206,995	81,287,854	73,344,309	43,147,279	62,237,897	62,237,897
Net change in fund balances	(2,312,182)	(1,531,399)	(651,526)	(1,953,564)	1,615,457	(24,442,424)
Fund balances, beginning of year as previously reported	14,246,247	11,934,065	14,337,278	40,804,071	38,850,507	41,135,011
Prior period adjustment	-	-	-	-	-	-
Fund balances, beginning restated	14,246,247	11,934,065	14,337,278	40,804,071	38,850,507	41,135,011
Increase (decrease) in inventories	-	-	-	-	-	-
Fund balances, end of year	\$11,934,065	\$10,402,666	\$13,685,752	\$38,850,507	\$40,465,964	\$16,502,498

Financial Summary

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES								
Government Funds – Major and Aggregated Nonmajor								
Three-Year Comparison								
Special Revenue/Services Fund			Health and Human Services Fund			Other Governmental Funds		
FY07	FY08	FY09	FY07	FY08	FY09	FY07	FY08	FY09
Actuals	Estimated	Budget	Actuals	Estimated	Budget	Actuals	Estimated	Budget
\$ 3,813,970	\$ 3,252,013	\$ 4,776,000	\$ -	\$ -	\$ -	\$ 4,048,176	\$ 3,246,611	\$ 3,348,487
-	-	-	730,411	785,232	773,000	344,108	339,735	374,454
11,767,729	10,502,531	15,756,050	42,517,775	29,130,977	26,383,383	43,147,238	42,235,804	30,506,134
648,953	726,057	1,838,237	4,281,885	4,785,714	5,710,107	5,840,289	4,701,528	5,124,230
2,529,219	2,064,076	3,675,921	2,588	2,689	4,000	50,165	59,412	56,000
27,393	26,095	46,010	-	-	-	1,616,125	1,624,859	1,614,015
145,754	113,954	101,340	376,481	295,247	-	1,069,906	1,143,269	328,906
146,818	88,522	176,000	13,934	946	500	1,500,230	2,134,693	977,200
963,940	1,346,851	2,409,055	4,241,709	3,980,975	2,655,233	4,619,824	5,126,853	4,561,279
1,485,056	403,675	4,068,433	1,266,132	1,543,059	1,161,381	711,887	675,348	727,087
-	-	-	-	-	-	-	1,000,000	4,000,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	6,326,603	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
21,528,832	18,523,774	29,847,046	53,430,915	40,524,839	36,687,604	69,274,551	62,288,112	51,617,792
982,799	982,639	824,670	-	-	-	15,003,297	13,815,120	3,713,040
10,165,290	10,064,483	17,106,532	7,341,333	8,065,077	2,858,969	1,679,406	17,719	53,892
2,701,025	2,356,887	3,300,203	45,364,365	33,323,723	34,380,848	31,957,624	30,070,431	32,426,263
66,992	34,647	17,215	-	-	-	2,015,764	1,928,764	2,096,495
-	-	-	-	-	-	61,954	68,829	123,642
2,643,934	3,750,320	3,644,120	-	-	-	2,922,807	2,924,952	3,150,473
-	-	-	-	-	-	3,338,782	3,522,221	3,235,000
-	-	-	-	-	-	1,729,815	2,075,447	1,966,526
-	-	-	-	-	-	75,242	-	-
1,060,891	1,739,880	1,038,000	22,159	31,031	214,617	9,467,778	1,033,158	5,868,438
1,746,860	2,843,716	3,846,540	320,770	424,921	240,943	1,808,361	1,779,138	2,121,740
1,485,056	403,675	1,068,433	1,266,132	1,409,591	1,161,381	711,886	641,528	727,087
-	-	-	-	-	-	8,750	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
20,852,847	22,176,247	30,845,713	54,314,759	43,254,343	38,856,758	70,781,466	57,877,307	55,482,596
675,985	(3,652,473)	(998,667)	(883,844)	(2,729,504)	(2,169,154)	(1,506,915)	4,410,805	(3,864,804)
3,607,904	4,283,889	5,790,015	7,280,452	6,396,608	3,620,836	21,112,326	19,605,411	16,193,213
-	-	-	-	-	-	-	-	-
3,607,904	4,283,889	5,790,015	7,280,452	6,396,608	3,620,836	21,112,327	19,605,412	16,193,213
-	-	-	-	-	-	-	-	-
\$ 4,283,889	\$ 631,416	\$ 4,791,348	\$ 6,396,608	\$ 3,667,104	\$ 1,451,682	\$ 19,605,412	\$ 244,016,217	\$ 12,328,409

Financial Summary

Road Fund Summary

Road Fund revenue is down \$7 million or 15.6% from \$44.8 million to \$37.8 million. Meanwhile, costs continue to go up, resulting in an increase in expenditures from \$43.5 million to \$62.2 million, a 44.2% increase from FY 07-08. The result is a sizeable spending down of Road Fund reserves and a much smaller fund balance going into FY 09-10.

Federal Revenue: The decrease in federal revenue of over \$19 million is the change from the Secure Rural Schools formula of revenue sharing (\$20.9 million in FY 07-08) to revenue sharing based on actual timber harvest (\$2 million for FY 08-09).

State Revenue: There is one-time revenue of \$9.9 mil from the State of Oregon Department of Transportation for road maintenance and construction which offsets the loss of nearly half of the Secure Rural Schools revenue – but only for FY 08-09.

Fees & Charges: The FY 08-09 budget includes a \$2 million increase in fees and charges as the department enhances entrepreneurial opportunities, providing services for other agencies and other Lane County departments.

Materials & Services Expenses: The cost of materials for road repairs and construction is rising steeply. Asphalt and other petroleum products are in high demand and short supply creating escalating prices in both material costs and equipment costs to process the materials.

Capital Budget: Capital projects for roads and bridges are highly dependent on petroleum products and are growing along with direct material costs. Capital Outlay includes \$2.1 million for a radio communications system upgrade that will greatly enhance the ability of the radio system; and \$14.6 for County road projects.

County-City Fund Exchange: As discussed in the General Fund Analysis, a one-time fund exchange of Road Fund for general fund with the Cities of Eugene (\$4.5 million) and Springfield (\$250,000) made it possible for the County's General Fund to purchase crucial public safety and public health services by drawing down the Road Fund reserves.

Fund Balance: The FY 08-09 Road Fund budget draws down the fund balance by \$24 million to support the current level of services through the fiscal year, leaving only a projected \$16.7 million fund balance going into FY 09-10 – a 58.7% drop in the fund balance over the fiscal year. Significant reductions to road and transportation services will need to be made to the FY 09-10 Road Fund budget.

Planning for the Future: Maintaining the current level of service through FY 08-09 enables the Department to avoid disruptions to service while planning for the future. It also provides the opportunity to fund one-time strategic initiatives that will better position the County to effectively provide service with reduced resources. The department will review services currently provided and prepare recommendations for service reduction priorities for the FY 09-10 year.

Financial Summary

General Fund Analysis

An Historical Perspective

For well over 80 years, Lane County citizens have relied on 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 adult jail, criminal prosecution, youth detention, and public health. As a result, it was not necessary to increase the property tax base over the years to provide these critical services as many other Oregon cities and counties have done. For FY 07-08 this revenue made up 25.0% of unrestricted or discretionary revenues.

With the loss of the federal timber monies in 2008, the need to raise property taxes becomes paramount. However, in 1997 Oregon voters locked in all property tax rates thereby establishing “permanent” rates. As a result, increasing this tax base is no longer a possibility.

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

FY 2006-2007 COUNTY COMPARISON				
Comparable Counties	Lane	Washington	Clackamas	Marion
2007 Population ¹	343,140	511,075	372,270	311,070
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) ²	\$1.28	\$2.25	\$2.40	\$3.02
Net Assessed Value ³	\$22.2 bil.	\$39.1 bil.	\$29.6 bil.	\$15.9 bil.
Avg. Tax Rate/1,000 ³	\$15.47	\$15.01	\$15.12	\$16.20
Prop. Tax Imposed (All Dist.) ⁴	\$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.

¹ Table 3, 2007 Annual Population Report dated March 2008, Population Research Center, Portland State University.

² 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.

³ 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).

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

In fact, the 2006-2007 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 into 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.

Discretionary General Fund Budget Cuts in the Last Fifteen Years				
Fiscal Year	Discretionary General Fund	Actual Reduction	Annual % Reduction	Cumulative Total
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
	5-Year Subtotal	\$7,613,215	4.71%	
96-97	31,969,193	0 ¹	0.00%	7,613,215
97-98 ²	32,556,034	2,026,127	6.22%	9,639,342
98-99 ³	45,649,863	0 ¹	0.00%	9,639,342
99-00	44,531,956	0 ¹	0.00%	9,639,342
00-01	44,071,668	253,474	0.58%	9,892,816
	5-Year Subtotal	\$2,279,601	1.36%	
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
	5-Year Subtotal	\$8,114,886	3.02%	
15-Year Reduction Total		<u>\$18,007,702</u>		
Annual Budget Cuts		12 out of the last 15 years		
Average Annual Reduction		<u>\$1,200,000</u>	<u>3.03%</u>	
Footnotes:				
¹ Stability due primarily to aggressive cost control measures and cash on hand				
² Measure 47/50 did a 10% Property Tax cut and rolled back assessed values two years				
³ Measure 47/50 rolled Extension Svcs and Corrections serial levies into General Fund				

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

Financial Summary

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 pursued an aggressive strategy of raising 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 \$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 expenditure growth has averaged between 5% and 6% while growth in overall General Fund revenue has been closer to 3% to 3.5%.

General Fund Budget

Although there is still a remote possibility that Congress and the President will approve another year of SRS funding, no renewal was approved prior to the adoption of this budget. The Board of Commissioners has therefore directed the following:

- Two years of reductions will be made in one year to buy two additional years of stability without further cuts.
- If additional SRS funding becomes available, the funds are to be used primarily to buy down operational costs to reduce the current General Fund structural deficit and better position the County in future years.

During Budget Committee deliberations over 300 citizens provided public testimony on which services to restore in the Adopted Budget. As a result, the Budget Committee restored nearly \$2 million in General Fund services for public health, public safety, and animal services. A detailed list of service adjustments to the Proposed Budget can be found in Appendix C, Legal Forms, in Attachment D. The Board of Commissioners made \$373,057 in additional adjustments/service restorations as shown in the same appendix, Attachment A.

The General Fund overall is down \$10.0 mil. or 10.3% from \$97.1 mil. to \$87.0 mil. An \$18.0 million reduction in SRS funding is partially offset by a \$4.7 million payment from the Cities of Eugene and Springfield in exchange for county Road Fund dollars. This resource will be used to fund Sheriff's Office and Youth Services treatment programs for up to two years. There is also \$2.4 million growth in the resource carry over from FY 07-08, \$1.1 million growth in Taxes and Assessment revenue, and \$694,400 in one-time revenue transfers from the Health Benefits, Capital Improvements, and PC Replacement Funds.

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The loss of SRS funding (a 76.9% reduction in federal dollars) is so severe that many programs and services are either being completely eliminated or severely cut back. As a result, the additional revenue generated by these lost programs and services is also reduced or eliminated. The additional revenue loss totals \$1.3 million and comes from the areas of Licenses and Permits (\$101,000), Property and Rentals (\$340,641), and Administrative Charges (\$905,569).

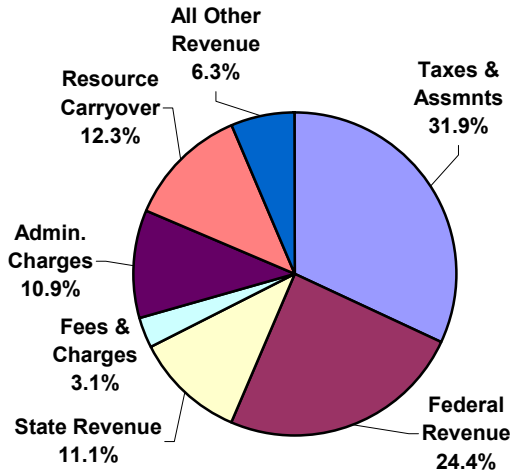
Personal Services costs are reduced from \$56.7 million to \$50.2, a \$6.5 million, 11.4% reduction, as a direct result of losing SRS funding. In prior years Public Safety and Public Health services were preserved while other services were reduced. These services currently use 73% of operating revenue. When it came time to make reductions, the cuts came from services with the most money rather than wiping out entire service areas like elections, property taxation and collection, deeds and records, and the support services departments.

The number of General Fund FTE drops 15.4% from 594.88 to 502.98, a cut of 91.20 FTE.

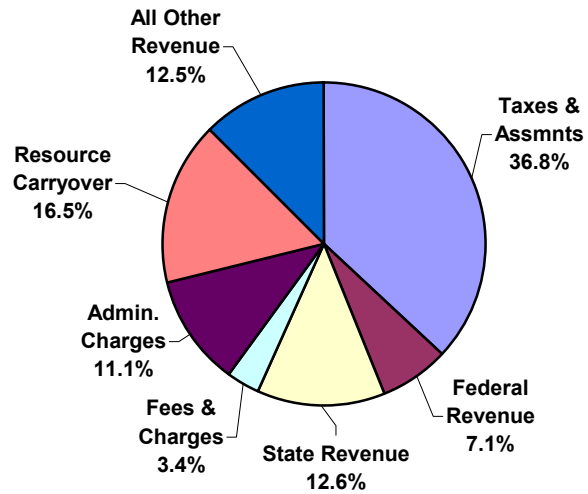
General Fund Resources

General Fund resources fall into seven main categories as shown in the charts at right and below. The resource categories are described in more detail on the following pages. The major change between FY 07-08 and FY 08-09 can be seen in the percentage drop of Federal Revenue resulting from the loss of Secure Rural Schools funding. The FY 08-09 chart also shows the county's reliance on property tax revenues has grown. This is the revenue source artificially restricted to 3% annual growth plus the value of new construction.

General Fund Resources – FY 07-08

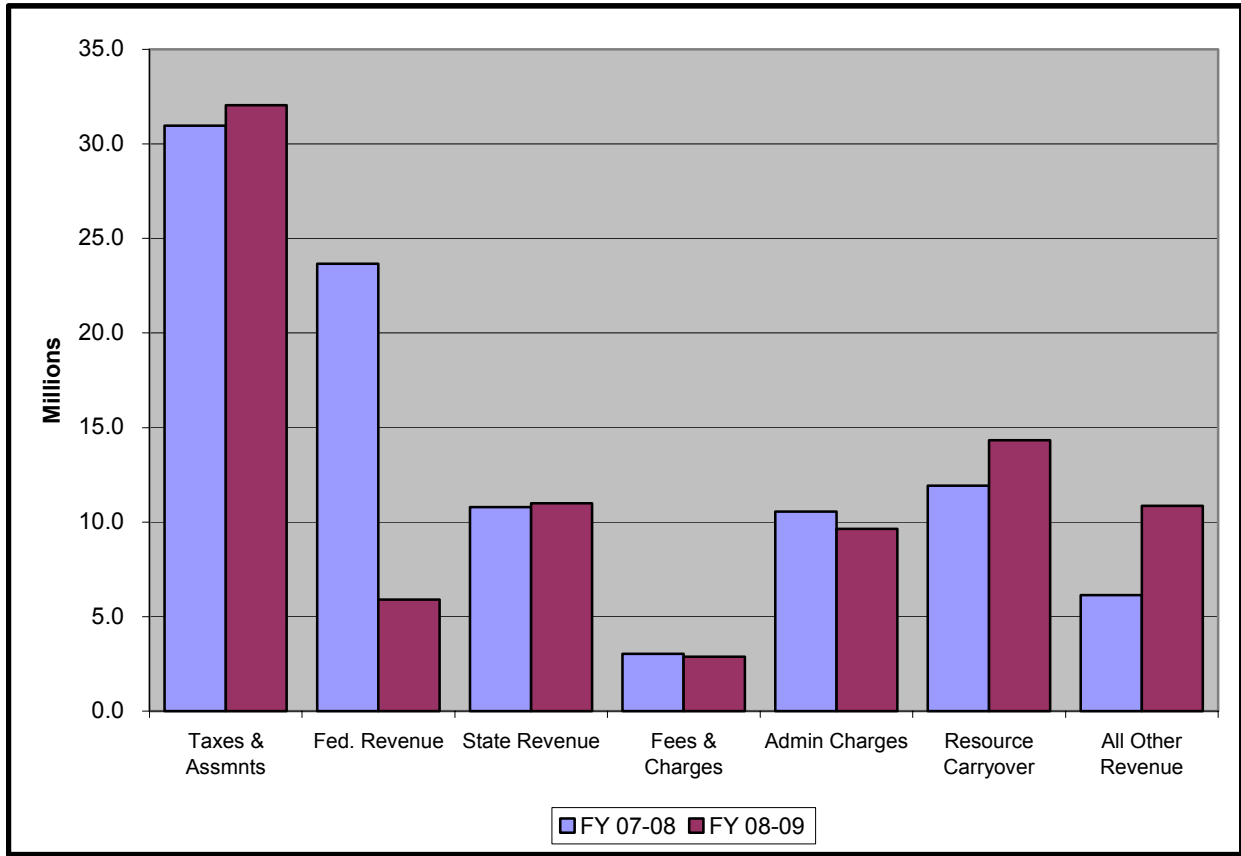


General Fund Resources – FY 08-09



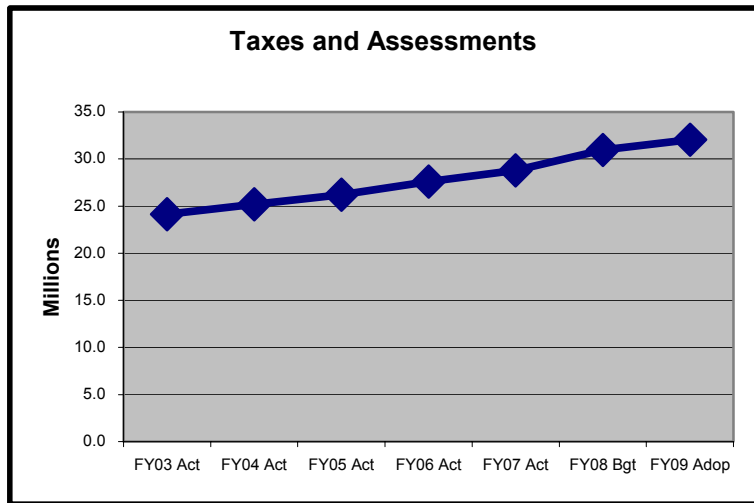
Financial Summary

Changes in General Fund Resources



Taxes and Assessments

In FY 08-09, Taxes and Assessments will make up 36.8% of General Fund revenue and will total \$32.0 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 3.5% next year. Average growth has been 4.3% the previous five years. This level of growth is projected to slow with the weakening Oregon and Lane County's economy.

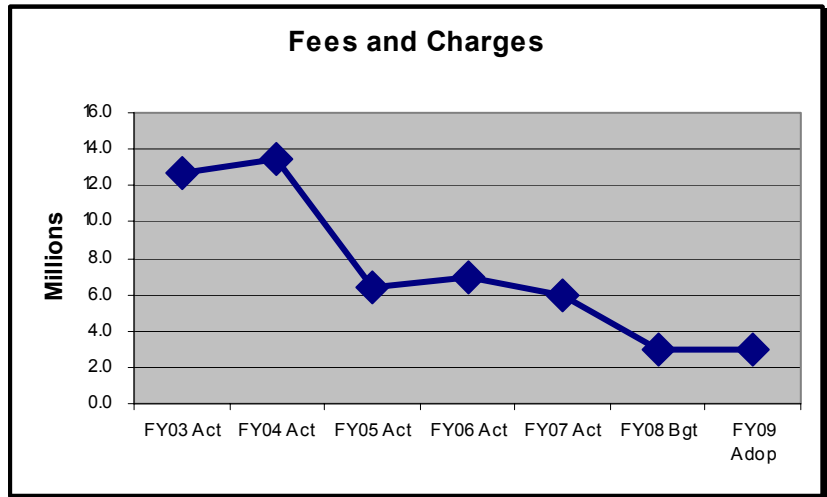


Financial Summary

Fees and Charges

User fees and charges for services are budgeted at \$3.0 million and represent 3.4% of the General Fund budget. The large decline in FY 04-05 reflects the movement of the Information Services Department out of the General Fund and into its own internal service fund. In FY 07-08 the Land Management Division of Public Works was also moved out of the General Fund into a separate enterprise fund. The fees and charges for both departments went with them into their own funds.

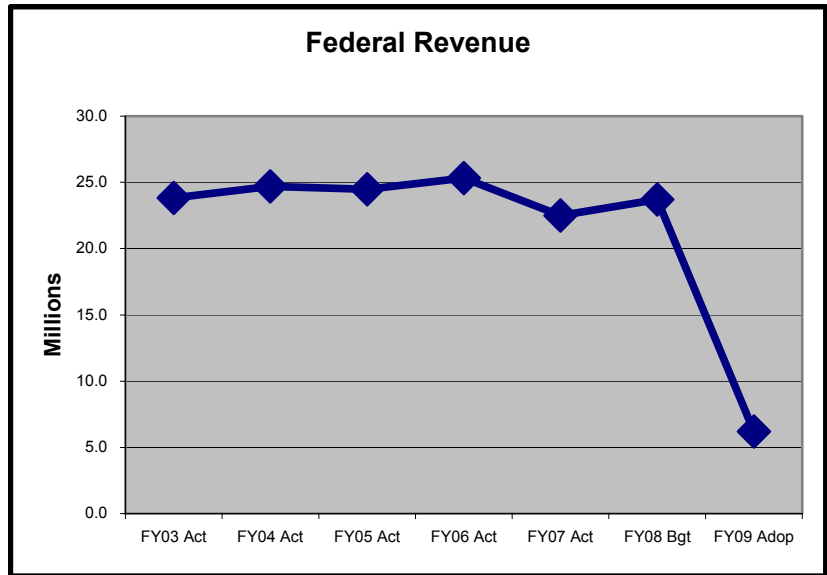
The remaining fees are declining by 2.3% or \$69,611 in the Deeds and Records area. This is due to the banking crunch which has tightened credit lending and home building/refinancing.



Federal Revenue

Federal revenues drop \$17.5 million from \$23.7 million to \$6.2 million, a 73.8% drop. The percent of overall budget drops from 25.2% of the General Fund budget to only 7.1%. This reduction is due entirely to the loss of the O&C timber revenue from the Secure Rural Schools Act amounting to \$15.3 million along with an additional \$2.7 million from federal reimbursements from Title II and Title III of the Secure Rural Schools Act. These dollars sunsetted in the fall of 2006, however, Congress renewed funding for one additional year.

The FY 08-09 budget is built under the assumption the federal act will not be renewed.

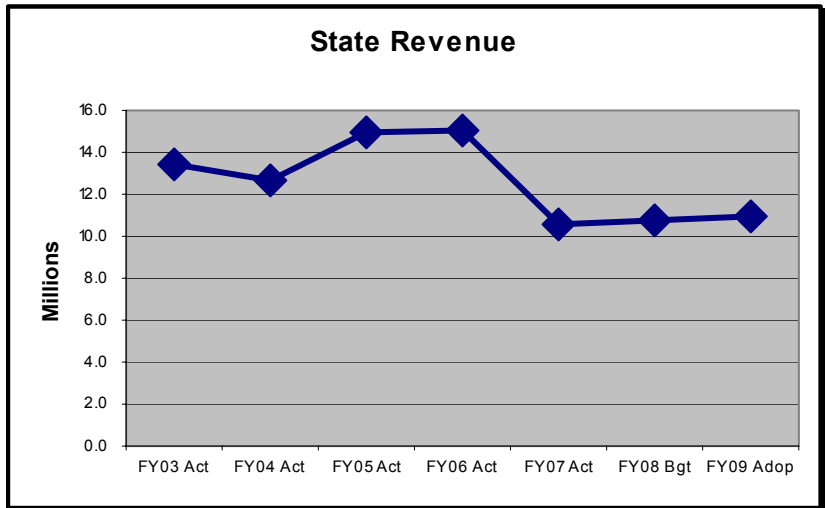


Financial Summary

State Revenue

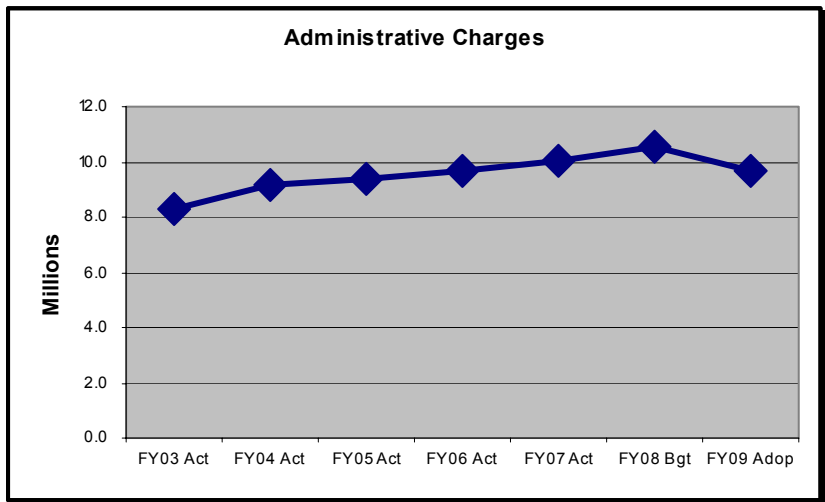
State revenues make up 12.6% of the General Fund and are budgeted at \$11.0 million. This is an increase of \$200,000.

\$1.9 million or 17.6% of state revenue comes as revenue sharing in the form of cigarette, liquor taxes, and amusement device taxes. These dollars have no strings attached and are therefore unrestricted or discretionary dollars. This revenue is projected to remain flat for the next several years.



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. Some departments are also able to recover a department overhead charge for services provided to programs not in the General Fund.

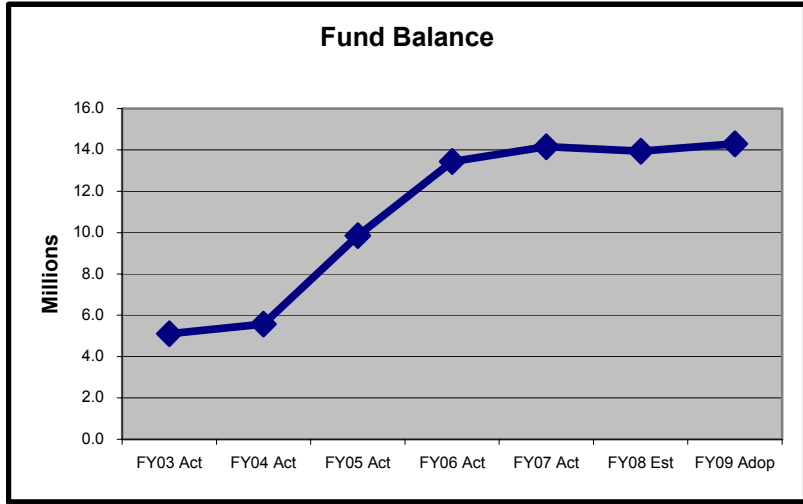
Administrative charges are \$9.6 million or 11.1% of General Fund revenue next year. The Adopted FY 08-09 budget reflects an 8.6% decrease of \$905,569 from the current year due primarily to the Sheriff's Office no longer being able to charge an indirect to Special Revenue programs whose federal SRS funding is going away, thus eliminating those programs.

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Fund Balance

The fund balance carryover from the current year is projected to be \$14.2 million, up \$2.5 million. This resource makes up 16.3% of the General Fund. This is a direct result of Senate Bill 808 passed by the 2007 Oregon Legislature which allowed for the first time that National Forest Timber receipts going to the restricted Road Fund can now be used up through January 2014 for general road patrol purposes. As a result, \$1.2 million will be transferred to the Special Revenue Fund to support Traffic Team operations.

The same amount of Fine revenue that would have normally supported the Traffic Team is then freed up for transfer to the General Fund. The \$2.5 million increase in Fund Balance represents two years of a revenue exchange/transfer that had not previously been built into the budget.

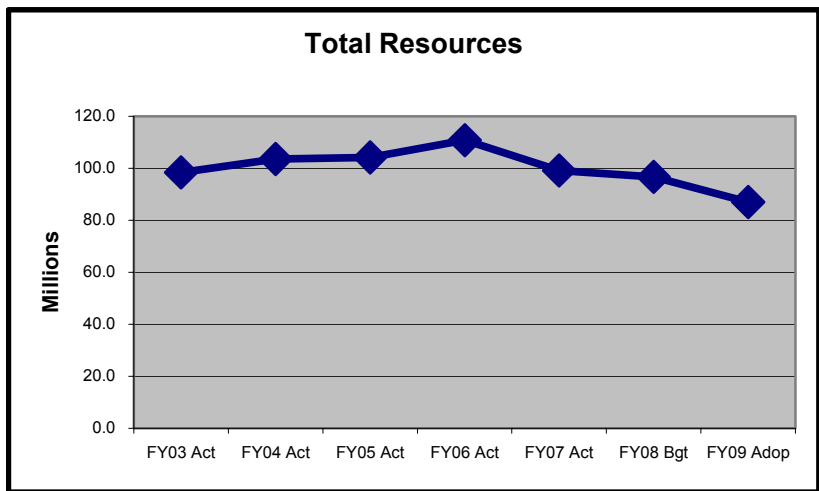


All Other Revenue

All other revenue makes up 12.7% of the General Fund budget. It consists of: Licenses and Permits \$566,272; Fines, Forfeitures & Penalties \$625,700; Property Rentals \$814,251; Interest Earnings \$609,000; and Fund Transfers \$2.6 million. It also includes Local Revenues of \$5.8 million for a total of \$11.0 million. Local Revenue is up from \$1.5 million in the current year due to the one-time exchange of funds with the Cities of Eugene and Springfield.

Total General Fund Resources

General Fund resources are down \$10.0 million or 10.3% for the reasons explained above.

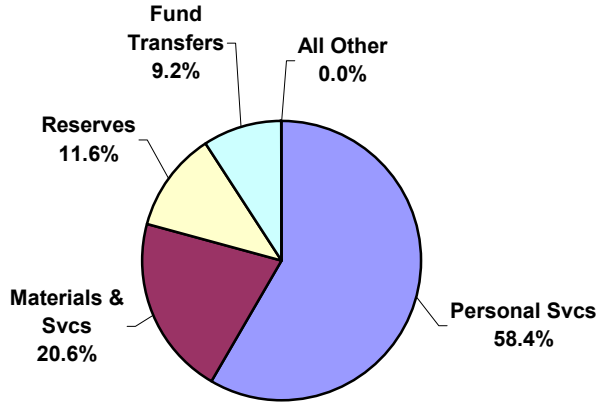


Financial Summary

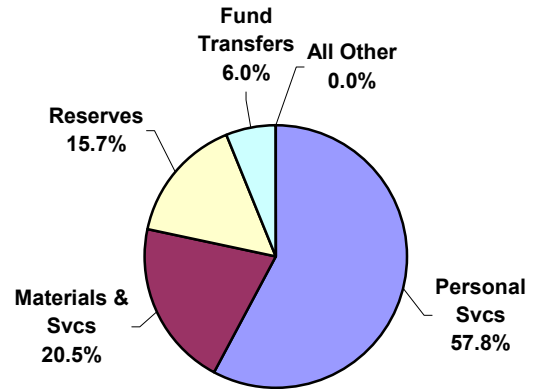
General Fund Expenditures

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. A complete listing of General Fund services can be found in the Balancing Options section of this document. It shows which services are funded and which are being reduced or eliminated.

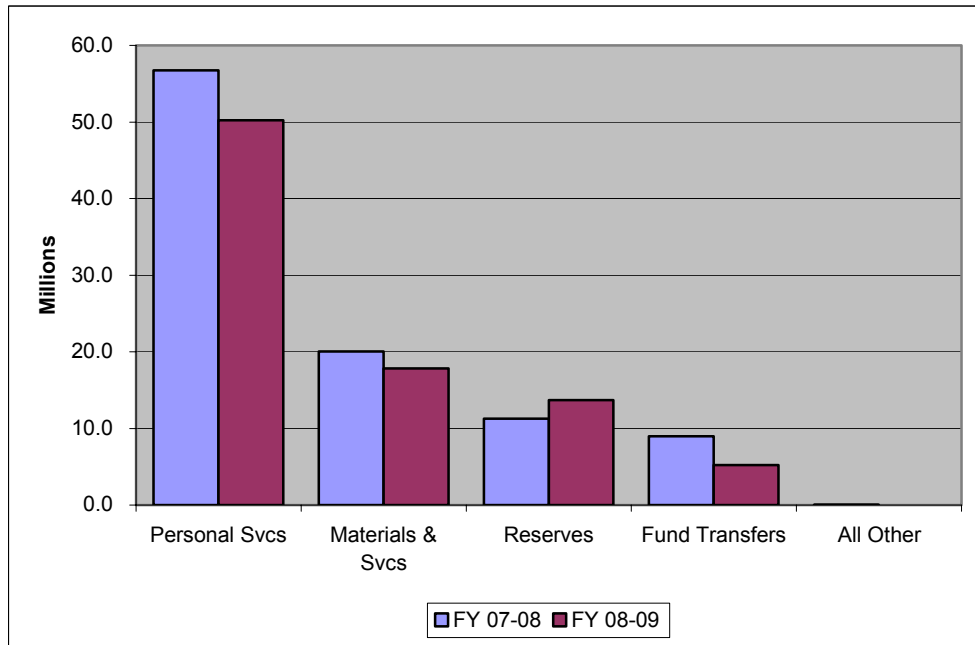
General Fund Expenses – FY 07-08



General Fund Expenses – FY 08-09



Changes in General Fund Expenditures

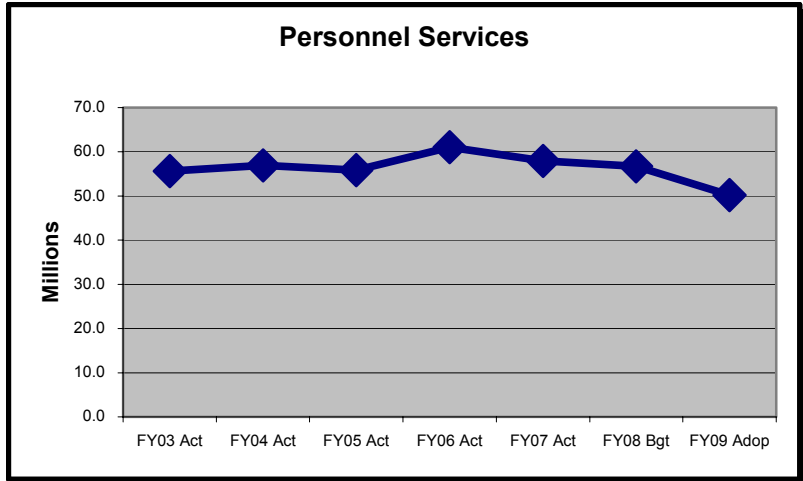


Financial Summary

Personnel Services

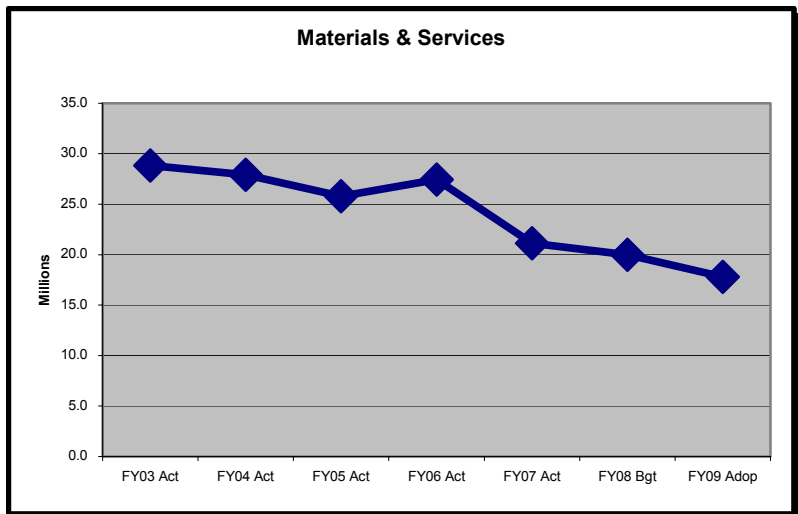
Personnel Services are budgeted at \$50.2 million next year, a decrease of \$6.5 million or 11.4%. This reduction eliminates 91.90 FTE positions due to the loss of Secure Rural Schools with the largest changes as follows:

- Sheriff's Office (\$7.3 million and 89.70 FTE)
- District Attorney \$69,532 and (1.0 FTE)



Materials and Services

Materials and Services are budgeted at \$17.8 million, down \$2.2 million from the current year. \$1.8 million is taken from the Sheriff's Office. An additional \$1.2 million is reduced in non-departmental expenses in the form of a payment to Oregon State University for Extension services, association membership dues, federal lobbying costs, and data processing projects costs.

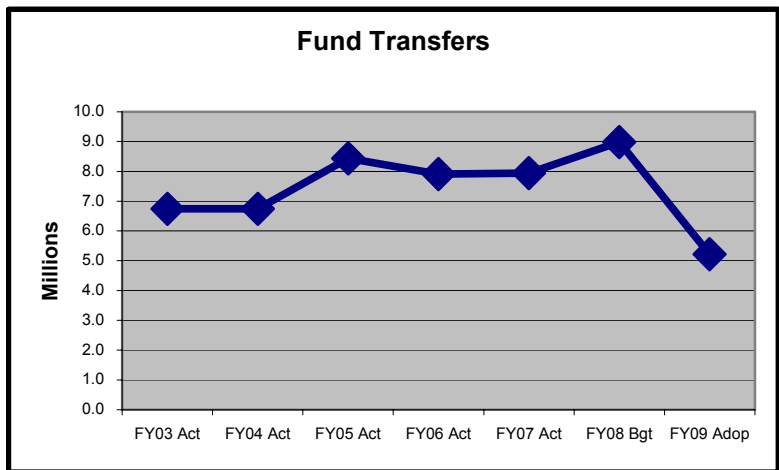


Capital Outlay/Capital Projects

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. With the County facing the loss of SRS funding, the Adopted Budget does not include any capital spending within the General Fund.

Fund Transfers

Fund transfers are 6.0% of the General Fund or \$5.2 million. This is a 41.9% reduction from \$9.0 million in the current year. The nearly \$5.0 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 is reduced by \$1.6 million to \$3.4 million. Within non-



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departmental expenditures the following changes were made:

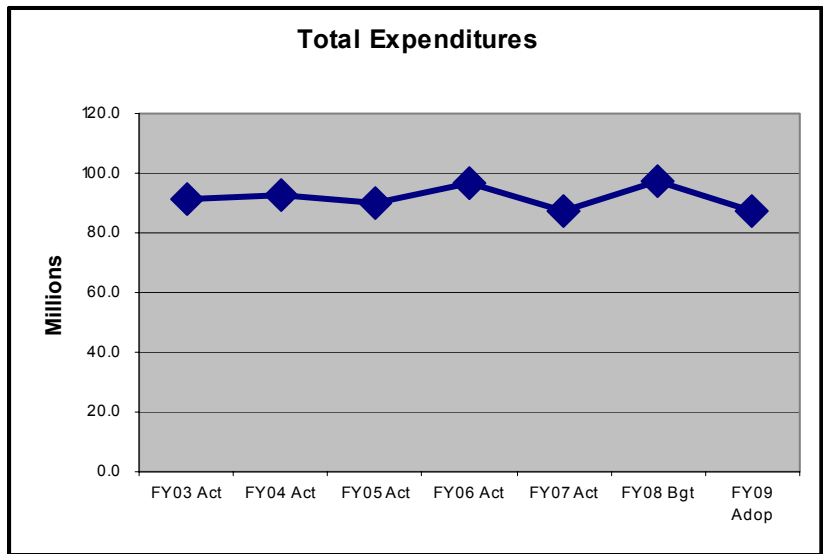
- A one-time payment of \$501,000 to the Sheriff's Office Fleet Fund reserve was eliminated.
- A one-time transfer of \$1.2 million to the Land Management Enterprise Fund has been eliminated.
- A 2002 Refunding Bond for Public Service Building Re-roofing, Assessment & Taxation Software Conversion, and structural problems at the Jail was paid off in FY 07-08. This reduced the transfer to debt service by nearly \$400,000.

Reserves

General Fund reserves are budgeted at \$13.7 million and represent 15.7% of the General Fund. This is a \$2.4 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 due to reserving the additional savings achieved by making accelerated reductions brought about by the loss of Secure Rural Schools funding and direction to achieve several additional years of stability. It also includes the second year of funding paid by the City of Eugene for public health and safety programs.

Total General Fund Expenditures

General Fund expenditures overall are down \$10.0 million to \$87.0 million to live within available revenues. This level of funding is only projected to last for one year beyond FY 08-09 at which time the County will be looking at further reductions since the structural deficit problem has not yet been solved.



Unrestricted or Discretionary General Fund Revenues and Expenses

Unrestricted, discretionary revenue that comes to the County without any strings attached totals \$59.3 million for FY 08-09. This is a \$4.9 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 a 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 which would include the area within each of the 12 incorporated cities 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

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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.

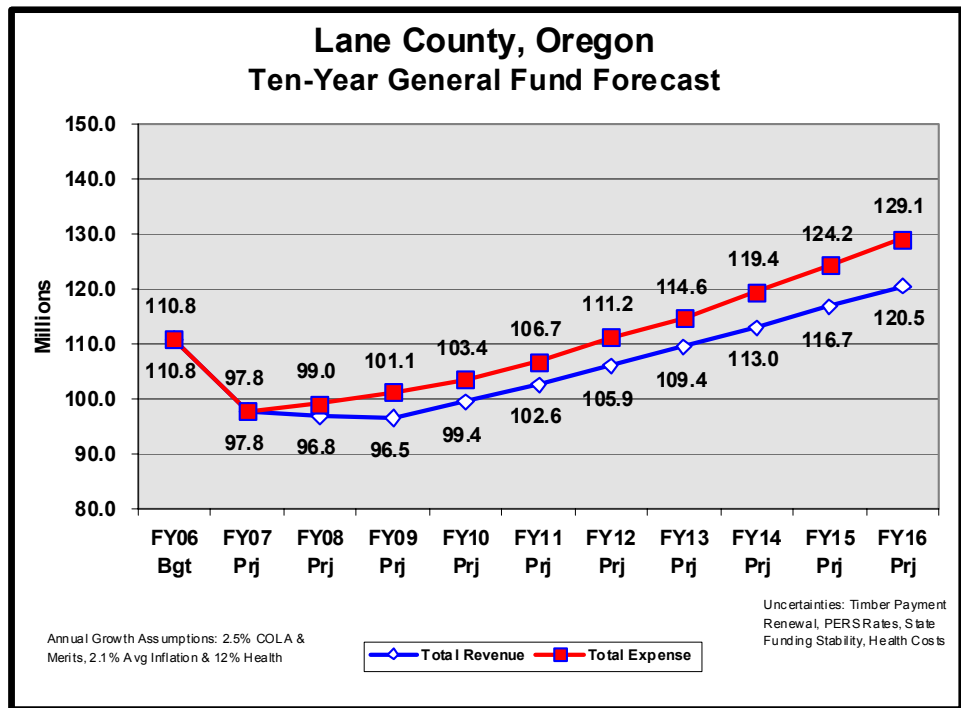
The County has also been working on two additional fronts. One is getting congressional renewal of the Secure Rural Schools and Community Self-Determination Act of 2000 (County Federal Payments) which sunset in September 2006. As mentioned previously, Congress approved a one-year extension of the Act at the full funding level for FY 07-08 but is not expected to renew it again for FY 08-09.

A second effort had been to seek voter approval of a new income tax measure dedicated to public safety services. This approach 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 placed 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. The Lane County Board of Commissioners has asserted that the County needs to exist at a level the public supports. As such, the Board does not intend to initiate any new revenue measures in the foreseeable future.

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 without additional revenue. 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.

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 the best information available at that specific time. 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.

Financial Summary

The FY 08-09 Proposed Budget Five-Year General Fund Forecast was used for developing the FY 08-09 Proposed Budget and can be found after the General Fund Spending Limit section below. The Adopted Budget reflects significant changes to General Fund spending and reserve assumptions used to develop the Proposed Budget. As a result, the Five Year General Fund Forecast has been updated. This updated forecast is also included here. The main assumptions for each line of the model are listed on the far right side along with the projected 5-year average growth rates.

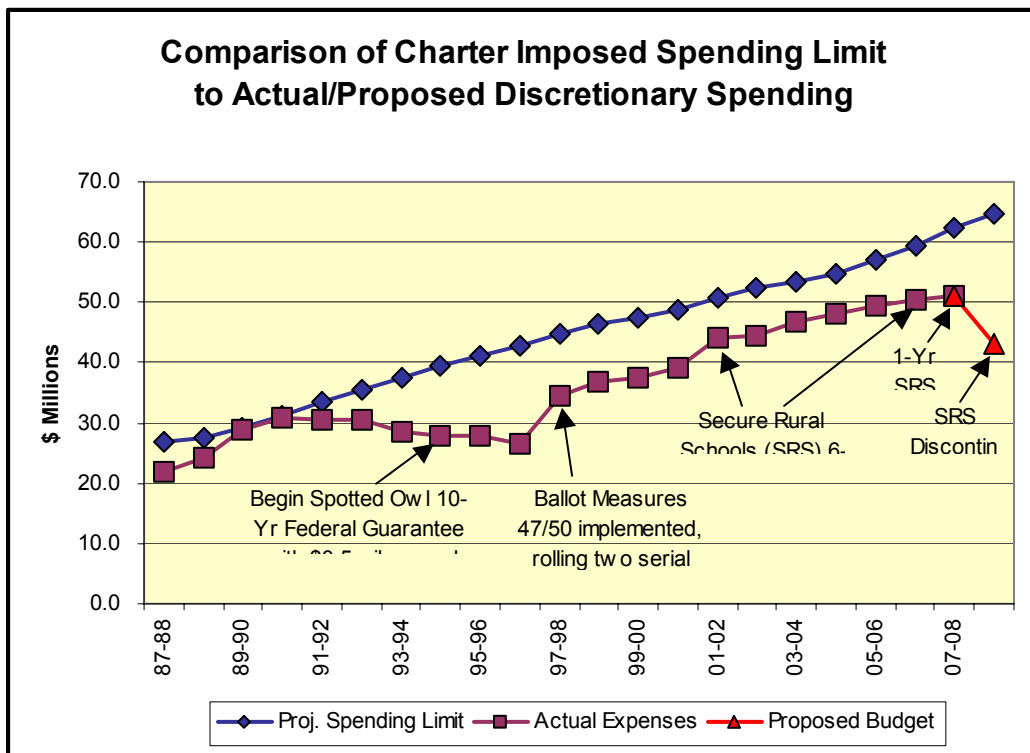
General Fund Spending Limit

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 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 State 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.

The FY 08-09 financial forecast projects a discretionary spending limit of up to \$64.6 million. However, due to the loss of Secure Rural Schools funding and after factoring in the General Fund reserve requirement, expenses are forecast at \$43.0 million. This is approximately \$21.5 million below the charter imposed spending limit. This is the size of the gap between what is actually available to spend for services to the citizen and what the citizens have allowed the County to spend based upon annual inflation and population adjustments.

The chart below shows how actual spending has compared to the allowable spending limit over time. Several key factors which have had a tremendous influence on spending levels are also shown.



LANE COUNTY, OREGON Five-Year General Fund Forecast				FY 2007-2008 PROPOSED BUDGET "Secure Rural Schools NOT Renewed"					
ALL DEPARTMENTS, ENTIRE GENERAL FUND	Sec Rur Sch 6-Yr Guarantee		1-Yr Extension	FY 08-09 Forecast	FY 09-10 Projected	FY 10-11 Projected	FY 11-12 Projected	FY 12-13 Projected	5-Yr Avg Growth Assumptions thru 12-13
	FY 05-06 Actual	FY 06-07 Actual	FY 07-08 Estimated						
RESOURCES									Assumes Fed Guarantee NOT Renewed
Taxes & Assessments	27,616,174	28,783,509	30,761,198	31,992,000	33,271,680	34,602,547	35,986,649	37,426,115	4.00% Car & Prop Up, PY Taxes down
Licenses & Permits	2,637,340	2,755,409	594,402	606,000	618,120	630,482	643,092	655,954	2.00% Conc. Weapon, Cable Franchise
Fines, Forf. & Penalties	3,261,163	693,553	597,285	601,000	604,005	607,025	610,060	613,110	0.50% Flat Traffic Team activity
Property & Rentals	1,216,916	1,272,971	1,304,795	1,328,000	1,354,560	1,381,651	1,409,284	1,437,470	2.00% Parking & misc. rentals
Federal Revenues	25,308,850	22,493,119	23,233,052	5,602,232	5,630,243	5,658,394	5,686,686	5,715,120	1.50% O&C and T2/T3 not renewed
State Grant Revenues	10,009,567	6,153,789	6,138,789	6,227,000	6,320,405	6,415,211	6,511,439	6,609,111	1.50% CCA & Title XIX up slightly
Other State Revenues	5,013,070	4,400,648	4,272,954	4,296,000	4,317,480	4,339,067	4,360,763	4,382,567	0.50% Declining Cig, flat liquor tax
Local Revenues	2,717,911	1,317,741	1,350,685	1,387,000	1,421,675	1,457,217	1,493,647	1,530,988	2.50% Jails beds & inmate crew rev.
Fees & Charges	6,935,569	5,919,400	3,194,979	3,195,000	3,195,000	3,195,000	3,195,000	3,195,000	0.00% Recording feels declining
Administrative Charges	9,683,237	10,070,643	10,545,759	10,968,000	11,406,720	11,862,989	12,337,508	12,831,009	4.00% Countywide & departmental
Interest Earnings	562,687	785,677	736,182	743,544	750,979	769,754	788,998	808,722	1.90% Growth to match PY actuals
Fiscal Transactions	15,860,507	14,494,602	13,537,442	15,697,513	16,158,624	13,499,594	9,939,961	10,022,705	-4.62% Add'l cash spent out by 11-12
TOTAL RESOURCES	110,822,991	99,141,061	96,267,522	82,643,289	85,049,491	84,418,931	82,963,088	85,227,871	-1.50% Loss of SRS & declining cash
EXPENDITURES									
Permanent Wage Costs	38,282,411	34,833,566	32,282,953	35,178,815	27,002,892	27,893,987	28,675,019	27,273,201	3.64% 2% COLA, Merits, BGU Agmnts
Extra Help	990,444	902,453	914,703	923,850	678,651	685,437	692,292	648,202	1.00% Within dept. control
Employee Benefits	21,540,037	22,026,052	20,288,457	20,822,703	19,436,313	20,644,003	21,125,753	21,376,012	1.11% 12% Hlth,PERS up then leveling
Risk Management Benefits	239,779	193,769	230,261	234,866	176,457	179,986	183,586	172,289	2.00% Inflation
Pers. Svcs Adjustments	0	0	0	0	0	0	0	0	0.00%
Personnel Services Total	61,052,671	57,955,840	53,716,373	57,160,235	47,294,313	49,403,414	50,676,650	49,469,704	-2.28% Average Growth w/Cuts
Total FTE	726.00	650.17	595.00	471.54	471.54	471.54	446.83	439.86	
Materials & Services	27,438,601	21,135,772	19,355,463	20,380,407	19,519,469	20,241,690	20,970,390	21,372,877	3.62% Inflation + fixed cost growth
Capital Outlay	172,113	174,573	8,440	0	0	0	0	0	0.00%
Capital Proj-Publ Hlth Bldg	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	7,913,359	6,440,811	7,351,867	5,784,645	5,934,526	6,088,904	6,247,913	6,411,693	-1.41% Transfers for HHS & Debt Svc
Reserves & Contingencies	0	0	10,864,763	6,694,578	6,889,087	7,091,934	7,302,313	7,520,517	10.00% Operating Revenues *
TOTAL EXPENDITURES	96,576,744	87,206,996	92,796,906	91,518,985	81,137,395	84,325,941	86,697,266	86,274,791	-1.29% Average Growth w/Reductions
Reductions to Balance			0	(15,742,525)	0	0	(3,734,178)	(1,046,920)	(20.5 mil) Cumulative Reductions
Additional Reduction			0	(6,865,949)	0	0	0	0	
Estimated FTE Cut			0.00	(123.46)	0.00	0.00	(24.71)	(6.98)	(155.14 FTE) Cum. Reductions
ADJUSTED TOTAL EXPENSE	96,576,744	87,206,996	92,796,906	75,777,340	81,137,395	84,325,941	82,963,088	85,227,871	
Less 2% Minimum Lapse	0	0	0	1,235,962	1,336,276	1,392,902	1,358,257	1,395,913	3.00% FY07-08, 2% lapse thereafter
Less Reserves/Contingencies	0	0	10,864,763	6,694,578	6,889,087	7,091,934	7,302,313	7,520,517	* Excludes Cash and Transfers
YEAR-END EXPENSE	96,576,744	87,206,996	81,932,143	67,848,800	72,912,033	75,841,105	74,302,518	76,311,441	
2% Minimum Lapse	1,896,952	1,633,265	2,270,615	1,235,962	1,336,276	1,392,902	1,358,257	1,395,913	
Reserves and Contingencies	8,427,804	8,249,033	10,864,763	6,694,578	6,889,087	7,091,934	7,302,313	7,520,517	
Additional Lapse	3,921,491	2,051,767	1,200,001	6,865,949	3,912,096	92,990	0	0	Additional cash to carry forward
ENDING FUND BALANCE	14,246,247	11,934,065	14,335,378	14,796,489	12,137,459	8,577,826	8,660,570	8,916,430	
Percent of Oper. Revenue	12.9%	12.0%	14.9%	17.9%	14.3%	10.2%	10.4%	10.5%	Year-End Fund Balance %

LANE COUNTY, OREGON Five-Year General Fund Forecast				FY 2008-2009 ADOPTED BUDGET "Secure Rural Schools NOT Renewed"						
ALL DEPARTMENTS, ENTIRE GENERAL FUND	Sec. Rur. Sch. 6-Yr Guar.		SRS 1-Yr Ext.	FY 08-09 Forecast	FY 09-10 Projected	FY 10-11 Projected	FY 11-12 Projected	FY 12-13 Projected	5-Yr Avg Growth	Assumptions FY 08-09 Through FY 12-13
	FY 05-06 Actual	FY 06-07 Actual	FY 07-08 Estimated							
RESOURCES										
Taxes & Assessments	27,616,174	28,783,509	30,515,438	32,043,956	33,325,714	34,658,743	36,045,093	37,486,896	4.00%	Car & Prop Up; PY Taxes Down
Licenses & Permits	2,637,340	2,755,409	810,708	566,272	577,597	589,149	600,932	612,951	2.00%	Conc. Weap; Cable Fran.
Fines, Forf, & Penalties	3,261,163	693,553	686,424	625,700	628,829	631,973	635,133	638,308	0.50%	Flat Traffic Team activity
Property & Rentals	1,216,916	1,272,971	1,193,008	814,251	830,536	847,147	864,090	881,371	2.00%	Parking & Misc. Rentals
Federal Revenues	25,308,850	22,493,119	22,818,526	7,398,899	7,435,893	7,473,073	7,510,438	7,547,991	0.50%	O&C 50/50 formula @ \$1.2M
State Grant Revenues	10,009,567	6,153,789	6,204,514	6,257,855	6,351,723	6,446,999	6,543,704	6,641,859	1.50%	Cmty Corr & Title XIX
Other State Revenues	5,013,070	4,400,648	4,143,363	4,733,731	4,757,400	4,781,187	4,805,093	4,829,118	0.50%	Declining Cig; Flat Liquor Tax
Local Revenues	2,717,911	1,317,741	1,250,395	5,783,102	1,033,102	1,058,930	1,085,403	1,112,538	-14.4%	Lose 1-Time Eugene \$ 09-10
Fees & Charges	6,935,569	5,919,400	3,002,031	2,960,936	2,960,936	2,960,936	2,960,936	2,960,936	0.00%	Record. fees \$2.2 M declining
Administrative Charges	9,683,237	10,070,643	10,286,210	9,640,190	10,025,798	10,426,830	10,843,903	11,277,659	4.00%	Countywide and Departmental
Interest Earnings	562,687	785,677	655,506	609,000	615,090	630,467	646,229	662,385	1.90%	Growth to match PY Actuals
Fiscal Transactions	15,860,507	14,494,602	12,604,012	14,656,012	15,535,387	10,058,336	9,763,402	9,966,954	-2.76%	Spend extra cash then flat
TOTAL RESOURCES	110,822,991	99,141,061	94,170,136	86,089,904	84,078,005	80,563,768	82,304,354	84,618,966	-1.9%	W/O Fiscal Txn; 2.2% With FT
EXPENDITURES										
Permanent Wage Costs	38,282,411	34,833,566	32,054,617	29,824,481	30,808,689	31,810,142	29,134,655	28,875,968	3.44%	2% COLA, Merits, BGU Agmts
Extra Help	990,444	902,453	888,901	802,688	810,715	818,421	734,854	717,453	1.00%	within dept. control
Employee Benefits	21,540,037	22,026,052	20,255,547	19,337,691	21,520,185	22,157,625	21,871,180	22,778,584	2.57%	12% Anual Hlth, PERS up then flat
Risk Management Benefits	239,779	193,769	230,261	273,392	278,860	284,331	265,269	263,553	2.00%	Inflation
Pers. Svcs Adjustments	0	0	0	0	0	0	0	0	0.00%	
Personnel Services Total	61,052,671	57,955,840	53,429,326	50,238,252	53,418,449	55,070,520	52,005,958	52,635,559	-1.05%	Avg Growth w/Reductions
Total FTE	726.00	650.17	594.88	502.98	502.79	463.66	451.93	446.04		
Materials & Services	27,438,601	21,135,772	19,551,979	17,846,485	18,471,112	19,151,902	19,223,986	19,760,122	3.62%	Inflation + fixed cost growth
Capital Outlay	172,113	174,573	19,432	0	0	0	0	0	0.00%	1-time expenses
Capital Projects-Pub Hlth Bldg	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 Bldg Debt Svc
Fund Transfers	7,913,359	6,440,811	7,655,494	3,759,572	3,860,595	3,964,649	4,071,824	4,182,215	-4.79%	HHS, Debt Svc, Pub Hlth Bldg
Reserves & Contingencies	0	0	10,864,763	11,545,595	6,854,262	7,050,543	7,254,095	7,465,201	10.00%	Operational Reserve
TOTAL EXPENDITURES	96,576,744	87,206,996	93,020,994	84,889,904	84,104,417	86,737,614	84,055,863	85,543,097	-1.53%	Avg Growth w/Reductions
Reductions to Balance			0	0.00	(26,413)	(6,173,845)	(1,751,509)	(924,131)		
Additional Reduction			0	0	0	0	0	0		
Estimated FTE Cut			0.00	0.00	(0.19)	(39.14)	(11.73)	(5.89)		
ADJUSTED TOTAL EXPNS	96,576,744	87,206,996	93,020,994	84,889,904	84,078,005	80,563,768	82,304,354	84,618,966		Total After Reductions Applied
Less Lapse Requirement	0	0	0	1,185,517	1,599,800	1,108,584	1,108,584	1,108,584		
Less Resrves/Contingencies	0	0	10,864,763	7,023,389	6,854,262	7,050,543	7,254,095	7,465,201		
Less Additional Lapse				4,522,206						
YEAR-END EXPENSE	96,576,744	87,206,996	82,156,231	72,158,792	75,623,943	72,404,641	73,941,675	76,045,181		
Minimum Lapse Requirement	1,896,952	1,633,265	1,149,142	1,185,517	1,599,800	1,108,584	1,108,584	1,108,584	2.00%	of Discretionary Revenues
Reserves & Contingencies	8,427,804	8,249,033	10,864,763	7,023,389	6,854,262	7,050,543	7,254,095	7,465,201		
Additional Lapse	3,921,491	2,051,767	0	5,722,206	0	0	0	0		Additional cash above lapse and reserve
ENDING FUND BALANCE	14,246,247	11,934,065	12,013,905	13,931,112	8,454,061	8,159,127	8,362,679	8,573,785		
Ending Fund Balance %	12.9%	12.0%	12.8%	16.2%	10.1%	10.1%	10.2%	10.1%		Year-End Fund Balance Percentage

