

# 2008-09 ADOPTED BUDGET

## SUMMARY SCHEDULES AND TRENDS

The Proposed Budget was adopted with minimal changes. The changes are summarized in Exhibit A on page ii of this document. Due to the limited scope of these changes, the charts, graphs, and financial summary analysis that follow, continue to reference amounts from the Proposed Budget. The Approved and Adopted columns for each organization unit and the Schedule of Appropriations fully reflect the budget as adopted by the Board of Commissioners. Changes from the Proposed to Adopted budget include encumbrances, carry-forwards and salary adjustments.

### Discretionary Revenue Sources

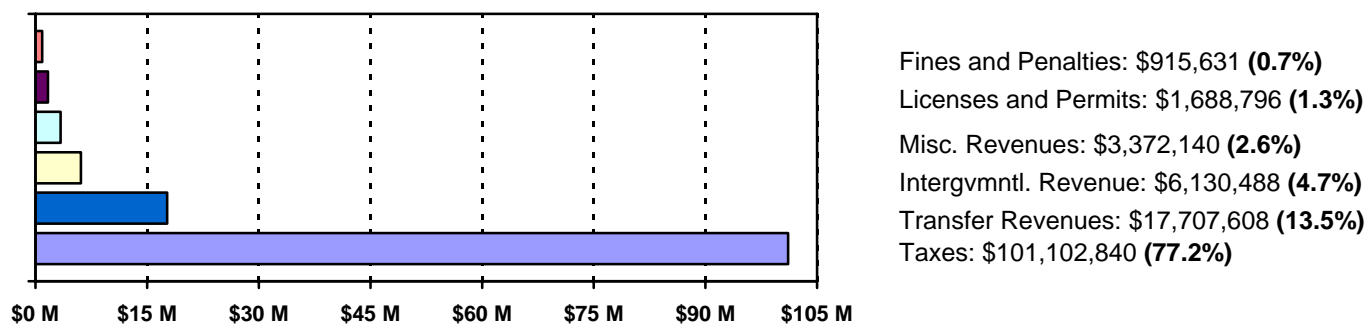
In the context of the Washington County budget system, revenues are classified into two broad categories: discretionary and departmental. Departmental revenues are those revenues that are directly attributable to departmental efforts/activities or are otherwise required to be allocated to specific activities or purposes. Revenues that fall into this category include building permits, sanitation inspection fees, dog licenses and various special purpose federal, state and local revenue sources.

Please review the explanatory comments for each organization unit within this document for an explanation of specific departmental revenues.

Discretionary revenues, as distinguished from departmental revenues, are accounted for in the General fund and are more generic in nature. They represent the primary sources of funds over which the governing body has some discretion regarding the activities/purposes to which they are allocated. The bottom line budget approach (focus on the level of General Fund subsidy to each organization unit) of this document is intended to highlight to the governing body the allocation of these discretionary funds. An identification and description of each discretionary revenue source is provided below.

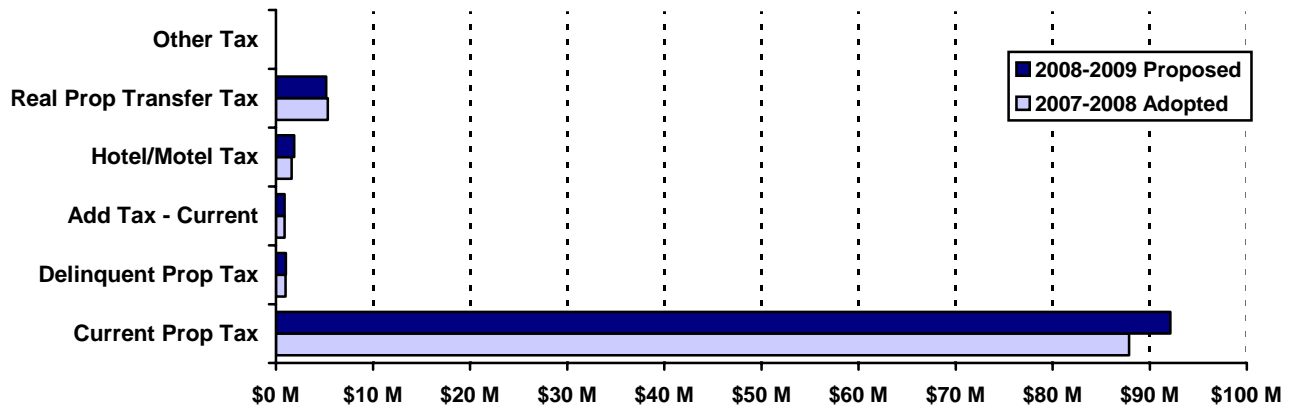
For fiscal year 2008-09, a total of \$130,917,503 is budgeted in the discretionary revenue category. These sources are expected to generate the following revenue amounts:

#### Discretionary Revenues 2008-09



Compared to the 2007-08 adopted budget, the discretionary revenue projections for the 2008-09 proposed budget represents an increase of \$5,561,664 or 4.4%. The 2008-09 projections reflect an increase of \$4,377,653 in the Tax category, \$178,884 in the Transfer Revenue category, \$720,687 in the Intergovernmental Revenue category, \$341,186 in the License and Permit category, a decrease in miscellaneous revenues of \$169,654 and an increase in the Fines and Penalties category of \$112,908. The changes are discussed in more detail below.

## Taxes



**Property Tax:** Property taxes are revenues generated by a fixed rate levied against the assessed value of all taxable land and structures in the County. The County's permanent tax rate for the General fund is \$2.2484. Under state law, assessed values on existing property can increase by up to 3 percent per year. In addition, new construction is added to the tax rolls at its assessed value. The amount projected in this budget assumes a 4.25 percent increase in the County's assessed value (as compared to the 2007-08 actual assessed value), for a total estimated collection of \$92.11 million. This reflects an increase of approximately \$4.25 million from the 2007-08 adopted budget.

**Delinquent Taxes:** This account records the collections of delinquent property taxes that are not paid in the current year in which they are levied. The amount projected in this budget of \$1,036,681 is higher than the amount included in the 2007-08 adopted budget. This estimate is calculated using recent historical collection rates on the outstanding delinquent property tax balance from each year's levy.

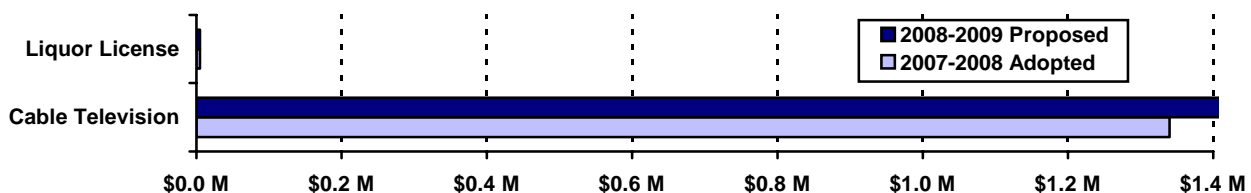
**Add. Tax - Current:** Includes payments from properties that are disqualified from a special assessment program including farm and forest land and historic property. Also included are fees charged for late filed personal property returns. The amount projected for 2008-09 totals \$895,140, a decrease of \$8,896 from the 2007-08 adopted budget.

**Hotel/Motel Tax:** Voters approved an increase of 2% in the Hotel/Motel tax effective July 1, 2006 to be used solely for the promotion of tourism. This brings the total tax to 9% throughout the County. Of that amount, 2/9ths is dedicated to the promotion of tourism, 1/9th is dedicated to the Fair Board, 1/9th is dedicated to tourism under the old statutes and is currently given to the Washington County Visitors Association. Of the remaining 5/9ths, cities are allocated one-half of that portion of the tax raised within their jurisdiction, and the County retains the other half. All of the 5/9ths revenue collected from operators outside incorporated city limits is retained exclusively by the County. The County administers this program on behalf of the cities within Washington County. The County amount projected in this budget of \$1,868,266, reflects an increase of approximately \$256,735 compared to the 2007-08 adopted budget.

**UUUUUUUUUUUUUUUReal Property Transfer Tax:** This accounts for revenue from the County's 1/10 of 1 percent tax on real estate transfers in Washington County. Based on the current year activity, the amount projected in this budget, \$5.1 million, is \$180,635 lower than the 2007-08 adopted budget due to the slow down in real estate activity.

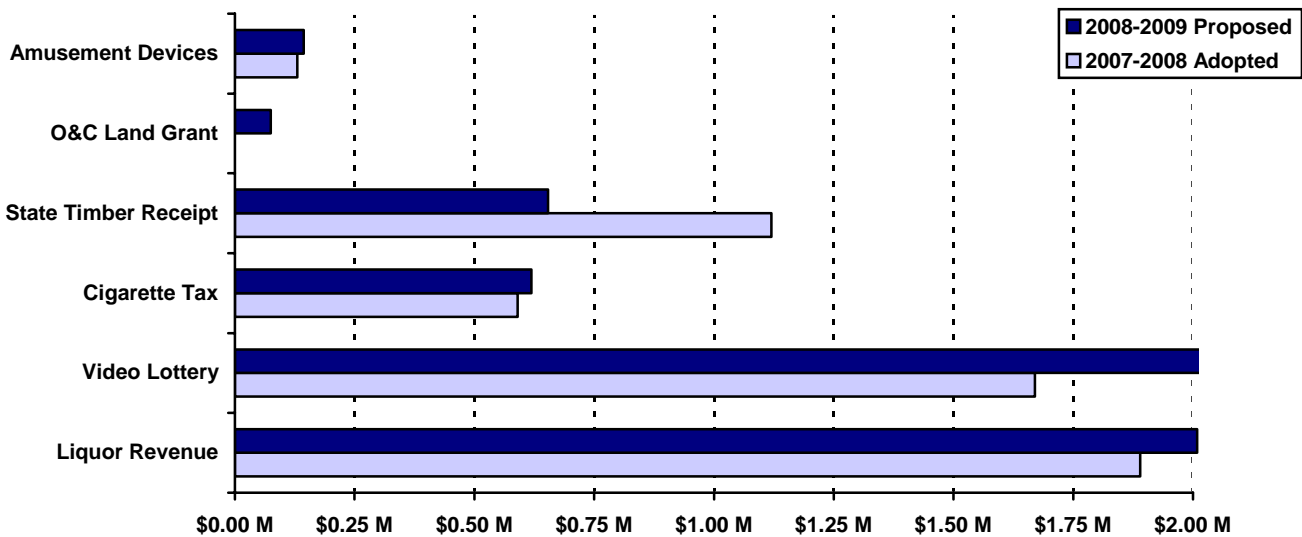
**Other Tax:** This item accounts for miscellaneous taxes that might be received by Washington County including the Western Oregon Small Tract Forestland Option (STF) Severance Tax.

## Licenses & Permits



Cable TV Franchise Fees: These fees are collected from cable television firms operating within unincorporated Washington County. The estimate for 2008-09 is \$1,684,024, reflecting an increase of \$341,274 compared to the adopted budget for 2007-08.

## Intergovernmental Revenues



Cigarette Tax: This revenue is a state-shared revenue produced by a state tax on the sale of cigarettes. A portion of this tax is set aside for distribution to counties based upon the population of individual counties in relation to the total population of the state. The amount projected in this budget of \$624,471 is based on estimates using historical trends from the past five years.

Liquor Tax: This is a state-shared revenue produced by a state tax on the sale of alcoholic beverages. A portion of this revenue is set aside for distribution to counties based on their total population. Another portion of the liquor tax revenue is distributed to the County for use in Mental Health programs and is included in the Human Services budget. The amount projected in this budget of \$2,008,895 reflects an increase of \$118,259 compared to the 2007-08 adopted budget.

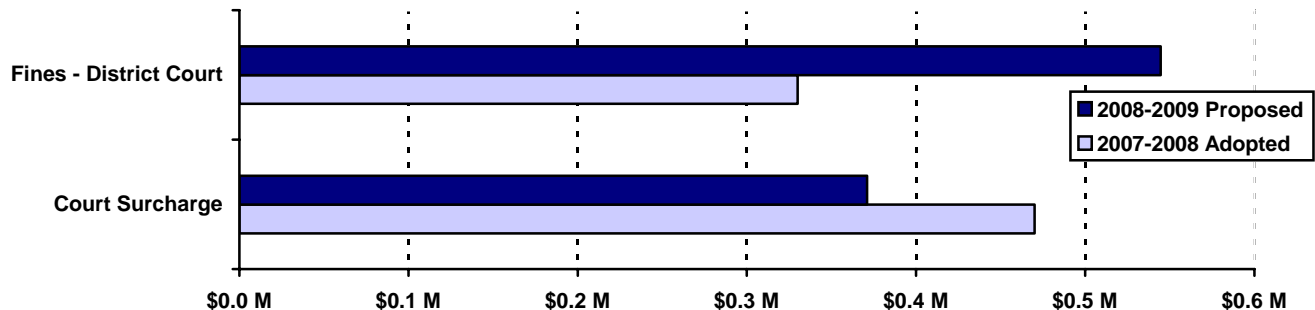
Oregon and California Railroad Timber (O&C) Sale Revenue: O&C funds are distributed to counties in western Oregon from the sale of timber cut on the lands originally granted to the O&C Railroad by the federal government. Revenue derived from these sales is placed in a special fund in the U.S. Treasury and distributed to the 18 counties using a formula defined in the Act. Washington County receives these funds by virtue of congressional action. Estimates of revenue under this program are made annually by the Association of O&C Counties and placed in the budget as anticipated income for the following fiscal year. O&C funds were anticipated to have ended after FY 2006-07. They have been extended and funds continue to be distributed to the County. The amount projected in this budget of \$75,000 is a reduction of approximately \$545,000 from prior years.

State Timber Receipt: This line item accounts for the County's share of timber tax distributions that are made by the State of Oregon for managing state forest lands within the county. The total proceeds from this tax are distributed to the taxing districts within Washington County that have timberlands within their districts. The budget anticipates collecting \$653,711 in 2008-09, a \$466,997 decrease from the previous year. Estimates are based on information obtained from the Oregon State Department of Forestry and are based on booked timber contracts.

Amusement Device Tax: This tax is a state-shared revenue, which is raised by statewide collection of a flat fee per amusement device (pinball game, etc.). The state retains 60 percent of the tax and distributes the remaining 40 percent among counties based on total population. This revenue is projected to increase \$9,980 for a total of \$143,798.

Video Lottery: This is a state-shared revenue that is raised from monies generated by video poker machines located throughout the state. According to state law, counties receive 2.5 percent of net receipts for economic development. Each individual county's share is based on a formula that emphasizes the proportion of total state video poker sales made in that county. Revenues for economic development are considered discretionary revenues and budgeted at \$2,624,613 for the 2008-09 fiscal year, reflecting an increase of \$954,829 as compared to the 2007-08 adopted budget.

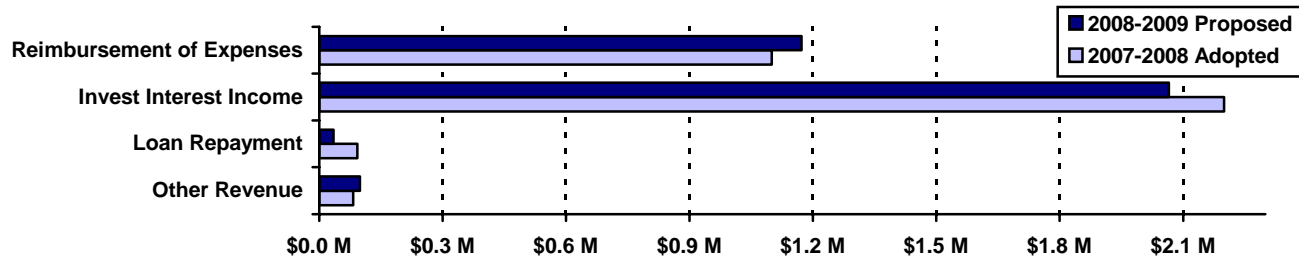
## Fines & Penalties



Fines - District Court: This represents the County's share of District Court revenues collected on citations issued within Washington County. The County receives a fixed percentage of the revenue generated from this activity. The projection for this budget is \$371,066, an increase of \$38,228 as compared to the 2007-08 adopted budget.

Court Surcharge: This accounts for revenues received from the "County Assessment" levied per ORS 137.309. County assessments are additional charges placed by circuit and traffic courts on top of fines imposed by the courts. Fines are placed in the General Fund and used to support Community Corrections and Juvenile programs. The total proceeds expected to be available in the 2008-09 fiscal year total \$544,565, an increase of \$74,680 as compared to the 2007-08 adopted budget. This projection is based on historical trends.

## Miscellaneous Revenues



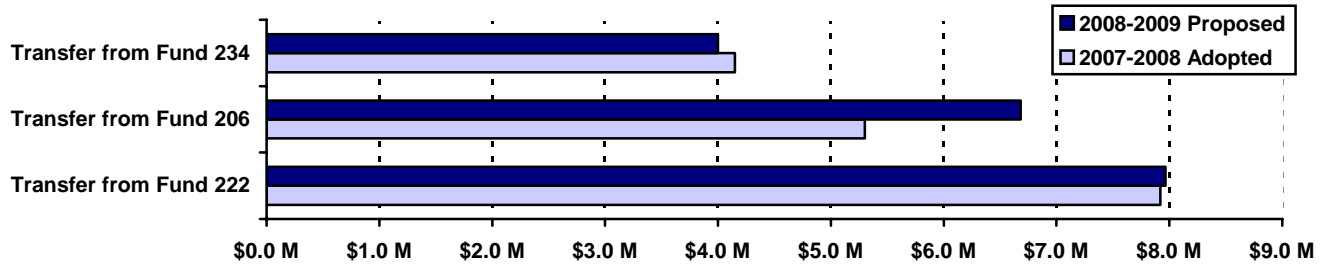
Interest Earnings: Washington County invests its temporarily idle funds in a variety of investments as identified and authorized through Oregon Revised Statutes. For the 2008-09 fiscal year, interest earnings are projected to be \$2,065,547, a decrease of \$142,317 from the current year's adopted budget. The decrease is the result decreases in interest rates.

Loan Repayment: The 2003-04 fiscal year adopted budget included a \$1.3 million loan repayment for the Housing Authority. The loan was refinanced with the County and will be repaid over a five year period. Minimum payments are established at \$100,000 per year including interest. The final Housing loan payment is scheduled to be received in 2010. In addition, the County loaned the Fair Board just over \$120,000 for the purchase of portable bleachers. The loan will be repaid over a four year period with the final payment of \$35,000 due on January 1, 2009. This revenue source includes only the principal portions of the loan payments. The interest portions are included in interest earnings above.

Reimbursement of Expenses: For the 2008-09 fiscal year Reimbursement of Expenses is budgeted to be \$1,172,729. In fiscal year 2001-02 the County made a lump sum general fund payment to PERS to retire a portion of the County's unfunded actuarial liability. This payment is being recovered from the benefited departments over the next 25 years.

Other Revenues: Other revenues include charges to the State Courts, the Public Defender and to the Bar Association for facilities and information services provided by the County estimated to be \$98,864 for the 2008-09 adopted budget.

## Transfer Revenues



Transfer From Fund 222: This represents the revenue generated from the cost allocation plan which reimburses the General Fund for the amount of support (overhead) effort provided to the non-General Fund programs. The 2008-09 adopted budget reflects revenues from this source of approximately \$7,966,134 million, a \$112,590 decrease from the 2007-08 adopted level.

Transfer From Fund 206 – 1999 SIP: A transfer of \$5,679,935 from the 1999 Strategic Investment fund is included in the 2008-09 adopted budget. This fund collects revenues, essentially a payment in lieu of property taxes, from Intel Corp. based on an agreement between the County and the company as part of the State’s economic development program. The Adopted budget reflects an increase of \$379,935 compared to the 2007-08 adopted budget.

Transfer From Fund 234: In the fiscal year 2007-08, the County made an inter-fund loan to the Local Option Levy fund needed to cover cash flow requirements. The loan was in the amount of \$4,000,000 and will be repaid with interest after tax collections are realized in the 2008-09 fiscal year. A transfer totaling \$4,000,000 is budgeted in this account for the repayment of the principal amount.