

General Fund Financial Plan  
Footnotes

- (a) The 2003 Actual column reflects actual amounts as reported in the 2003 Consolidated Annual Financial Report (CAFR).
- (b) Revenue estimates for 2003 - 2007 are based on the following assumptions. The percentages indicate the expected annual percent change over the previous year, except for interest earnings, which is stated as the projected annual rate of return.

	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Property Tax (net debt service)	Actuals	3.78%	0.73%	2.86%	2.23%
Sales Tax	Actuals	1.50%	6.14%	3.95%	4.50%
Interest Earnings	Actuals	2.35%	3.23%	4.75%	5.00%
All Other	Actuals	Individual Estimates	Individual Estimates	Individual Estimates	Individual Estimates

- (c) The debt service schedule for 2003 - 2007 is based on the following table:  
(in millions)

Debt Service Element	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Prior Debt Issues	13.721	10.185	10.073	10.049	9.462
A) Kent Pullen RCECC		2.198	2.199	2.200	2.199
B) Courthouse Seismic Project			6.545	6.540	6.547
C) Courthouse Lobby Reserve					0.040
D) NIO					0.064
E) Technology Bond Placeholder					0.599
E) KCCF ITR Project					0.217
F) Integrated Security Project & Jail Health					0.766
<b>Total Debt Service</b>	<b>13.721</b>	<b>12.383</b>	<b>18.818</b>	<b>18.789</b>	<b>19.894</b>

- (d) In the 2005 budget, the criminal justice fund was consolidated into the current expense subfund. In the financial plan, those revenues and expenditures are shown separately. A reserve was created in the financial plan to hold unspent fund balance. Existing fund balance in the CJ fund was transferred and shown in "other transactions" in 2005.
- (e) The general fund financial plan assumes an underexpenditure rate of 2.00% of total expenditures. The 2005 adopted budget includes a 1.25% underexpenditure contra in each CX operating and CX transfer budget. This will directly budget for assumed underexpenditure levels. A remaining central contra of .75% is being held in the general fund financial plan, for a total assumption of 2.0% underexpenditure in many operating and CX transfer budgets. This is the same policy as was enacted in prior budgets. A list of agencies exempt or partially exempt from the underexpenditure requirement is provided in footnote (m).
- (f) An amount equal to 25% of the additional .2% sales tax is set aside in the sales tax reserve fund until it reaches a threshold of \$15 million. This amount is set by the Council and is to be kept in reserve for emergency needs. The 2005 budget assumes full use of the sales tax reserve collections (\$4.2 million) for major maintenance. The sales tax reserve is held steady at \$15 million for 2004-2005 by programming all of the excess collection to major maintenance activities during those years.
- (g) An amount equal to 25% of the additional .2% sales tax is set aside in the children and family services fund. This reserve also includes the inmate welfare fund balance.
- (h) "Other Reserves" include the following for each of the years:  
(in millions)

	<b>2003 Actual</b>	<b>2004 Adopted</b>	<b>2004 Revised</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Prepayment	(0.021)		(0.021)	(0.021)	(0.021)	(0.021)
Loans	(0.300)	(0.300)	(0.300)	(0.300)	(0.300)	(0.300)
Animal Control	(0.392)	(0.329)	(0.392)	(0.392)	(0.392)	(0.392)
Crime Victim Compensation Program	(1.100)	(0.669)	(0.850)	(0.600)	(0.551)	(0.301)
Drug Enforcement Program	(0.144)	(0.182)	(0.144)	(0.144)	(0.144)	(0.144)
Anti-Profitteering Program	(0.393)	(0.394)	(0.393)	(0.273)	(0.153)	(0.033)
Dispute Resolution	(0.114)		(0.026)	(0.026)	(0.026)	(0.026)
Sheriff Laptop Replacement	(0.542)	(0.734)	(0.542)	(0.542)	(0.542)	(0.542)
Real Property Title Insurance	(0.025)	(0.025)	(0.025)	(0.025)	(0.025)	(0.025)
Designated for Net Unrealized Gains	(1.119)	(3.536)	(1.119)	(1.119)	(1.119)	(1.119)
Risk Abatement			(6.300)	(6.800)	(6.800)	(6.800)
Jail Population	(2.000)	(2.000)	(2.000)	(2.000)	(2.000)	(2.000)
Class Comp Appeals	(0.200)	(0.200)				
LEOFF				(0.278)	(0.278)	(0.278)
PSERS				(0.300)	(0.300)	(0.300)
Elections Cycle				(1.700)	(1.700)	(1.700)
Benefits Rate				(1.890)	(1.890)	(1.890)
Council Reserve	(1.937)	(1.482)	(4.348)	(3.441)	(3.441)	(3.441)
Outyear Revenue Impacts	(11.963)					
<b>Total "Other Reserves"</b>	<b>(20.251)</b>	<b>(9.850)</b>	<b>(16.460)</b>	<b>(19.852)</b>	<b>(19.682)</b>	<b>(19.312)</b>

(i) 2004 Operating Expenditures

Adopted Budget	475,224,125
2003 Operating Carryovers	5,394,337
Supplemental Activity	3,824,607
Total	<u>484,443,069</u>

(j) 2004 CIP/Other Contributions

2003 CIP Carryovers	2,472,761
CIP Supplementals	1,572,104
OIRM CIP	7,790,715
Major Maintenance- Sales Tax Reserve & CX	8,328,606
General Government - CX	4,727,398
Total	<u>24,891,584</u>

(k) In 2004, the central underexpenditure increase \$2.6 m for anticipated benefit savings.

(l) 2005 CIP/Other Contributions

Major Maintenance- Sales Tax Reserve & CX	8,516,388
General Government CX	1,440,933
OIRM	7,295,767
	<u>17,253,088</u>

(m) Agencies exempt from 2.00% Underexpenditure

Drug Enforcement Forfeits  
Antiprofitteering  
State Auditor  
Special Programs  
Salary and Wage Contingency  
Executive Contingency  
Internal Support  
Finance - CX

Agencies partially exempt:

Sheriff  
Prosecuting Attorney's Office  
District Court  
CX Transfers  
Dept of Adult and Juvenile Detention  
Public Defense

(n) Expenditure estimates for 2006 - 2007 are based on the following assumptions. The percentages indicate the expected annual percent change over the previous year.

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Labor	As Proposed	4.84%	4.39%
Benefit	As Proposed	14.68%	9.09%
Services/Other Charges	As Proposed	3.24%	3.13%
Supplies	As Proposed	1.30%	1.30%
All Others	As Proposed	2.0% - 5.0%	2.0% - 5.0%

(o) The Outyear Estimated Financial Plan requires ongoing reductions of:

\$11.3 m in 2006                      \$11.1 m in 2007

These additional reductions to Current Expense agency budgets are necessary to accommodate a shrinking revenue base and an increasing salary and benefit growth rate beyond inflation.