BEFORE THE BOARD OF COMMISSIONERS
County of Lake County
State of Oregon

REGULAR SESSION

The Lake County Board of Commissioners met in Regular Session on Wednesday, January 18, 2012 at 10:00 a.m. The following members were present: Chairman Bradley J. Winters, Vice Chair Ken Kestner and Commissioner Dan Shoun. Also present: Administrative Assistant Denise Thorsted.

Additions: None
Deletions: None

2:00 a.m. — PUBLIC COMMENT:
No public comment received.

Other Business:
Meeting Minutes:
Commissioner Shoun moved to approve the January 3, 2012 Meeting Minutes as presented. Commissioner Kestner second. Motion carried.

Commissioner Shoun moved to approve the January 4, 2012 Meeting Minutes as presented. Commissioner Winters second. Motion carried.

2:05 pm: Mid-Year Budget Review
Budget Committee members present in addition to the Board of Commissioners for this discussion were Tallulah Chiono, Jon Jones and Chuck Graham.

Department heads present included: Treasurer Ann Crumrine, Assessor Larry Reeder, Business Department Nicki Alves, Business Manager Jay Collins, Property and Lands Manager Bob Pardee, Road Master Rick DuMiliue, Sheriff Phil McDonald and Jail Lieutenant Paul Havel. Also present were Tom Rohrer from the Lake County Examiner and Frank Vaughn citizen.

Mrs. Crumrine began by providing information regarding the stipulations for what could and could not be discussed during this meeting. Following the directions, Mrs. Crumrine discussed each of the handouts provided.

The first report was titled “Estimated Cash Flow Summary 2011/2012 General Fund” and provided information on revenue sources and expenditures. Budget amounts for the year were provided along with the actual amounts broken down by month. Discussion followed on the amount of taxes received from the Ruby Pipeline Project. Without these taxes Mrs. Crumrine felt that collections would have been lower than anticipated.
Under the “Expenditures” section, salaries were showing as a negative impact to cash. Mrs. Crumrine explained that this was mainly due to the delay in the settlement of Union Contracts. With the vacant position and the change in holiday pay, it was possible that salaries would come within budget prior to June 30th.

Mrs. Crumrine supplied information regarding the new accounting standard that had changed how special revenue funds were to be classified. These funds were required to be classified according to the revenue funds received. Mrs. Crumrine also provided clarification on the transfers that were to occur. Discussion followed on the building of reserves for future capital expenditures.

Mrs. Crumrine confirmed that she anticipated the need to supply General Fund dollars to the Building Department to offset the department’s deficit. The June 30, 2012 Cash Balance was anticipated to be $1,795,315.

Next, Mrs. Crumrine discussed the Budget Analysis for General Fund report provided. This report was broken down by department with the adopted budget, actual expenditures, over/under budget amount and percent expended. Mrs. Crumrine confirmed that all departments were under budget except for County Counsel and that resolutions were to be brought forward in the near future for approval including County Counsel and salaries.

The Budget Variance Report was provided and included the following information: Revenue Year to Date, Revenue Budget Amount, Variance and Percent Variance for each fund. The Lake County Round-Up was described to have been a success and had created a large variance percentage (116%). Discussion continued on the percentages for each department.

Mrs. Crumrine next addressed the Budget Analysis report for all other funds. This report also included: Adopted Budget, Actual Expenditures, over/under Budget and the percentage expended for General Fund accounts. Departments discussed were CC&F, Fairgrounds (Fair Board), Round-Up Association, Economic Development, Liquor Enforcement, Veterans Services, Airport (fuel) and Community Development (salaries)

A report entitled “Historical Fund Balance” was provided for comparisons but was not discussed.

Mr. Jones asked how the building reserves for vehicle purchases was being handled and asked if these reserves were being built as per prior discussions. Mrs. Crumrine discussed recent budgeting that had occurred for vehicle purchases. Vehicle purchases (per the new GASB requirements) would in the upcoming budget be placed into a separate department within General Fund and budgeted as the program dictates. Discussion followed on building of reserves with Mr. Jones expressing his concern for this to be done and the new accounting standards.

Mrs. Crumrine asked for feedback in regard to potential criteria for the upcoming Open Requests during the budget process. The members of the Budget Committee agreed that these requests had always been a concern and asked to have all requests prior to budget hearings. Following discussion, it was agreed that setting of criteria would be discussed with department heads at the upcoming staff meeting to be held January 31st.
Mr. Graham and Mr. Jones agreed that they wanted to see each department present a base budget (explained as being what was needed to complete duties of the department) with anything above that base to be presented as an Open Request. Discussion followed.

Commissioner Winters confirmed that the Budget Committee wanted to be part of the Open Request process as requests moved through to the budget process and to have criteria in place that would need to be met. Mr. Graham asked for the opportunity to review the criteria once it had been drafted. All agreed they wanted to be part of the process moving forward.

Mrs. Crumrine provided information on the budget schedule as follows:
- 1/31/2012  Staff Meeting-Budget Strategy
- 2/15/2012  Review assumptions and methodology for budget preparations
- 3/5/2012  Distribute budget packets to Departments
- 4/9/2012  Budget Packet due
- 4/18/2012  Public Notices of Budget Meeting Publications

Discussion followed on above schedule and Open Request criteria. Budget Committee member discussed items they wanted included and did not want included in the criteria: requests were to not include items for the day to day operation of the department but items that were above and beyond normal operation.

Building of reserves for future projections and in order to fill ending revenue streams was addressed. Impacts such as the decline in the tax revenue structure with the closure of businesses occurring in the County and federal funding such as PILT were discussed as well.

Mr. Graham felt that it would be prudent to include in the open request criteria to list priorities (such as public safety and roads) with items scaled down in order of importance and showing some type of long term economic benefit for the County in terms of efficiencies or savings. Mr. Jones and Commissioner Winters both felt it would be a positive to include wording in the criteria that the requested item also protected the County from exposure. Discussion continued.

Mr. DuMiliieu pointed out that it was going to be necessary for the Road Department to make a million dollar cut to their budget this coming year and added that if it had not been for the reserves being built in the past, the Road Department would have filed for bankruptcy. Discussion followed on the need for fair and equitable compensation for lands within the County (including those State and federally owned).

Mrs. Chiono asked if it would be possible to have revolving reviews for each department (on a rotating schedule) for the purpose of analyzing potential cuts in the future. Discussion followed on loss of revenue due to property repossessions in the County and the building reserves.

Commissioner Winters expressed his support for creating savings for the future but stressed that there were needs for items to be repaired/replaced in the county. He added that the Board and Budget Committee needed to be realistic of the spending in terms of the unanticipated dollars received but priorities needed to be set to ensure that there was vision for the future and a savings.
Mr. Jones confirmed that Mrs. Crumrine would not only send the Open Request criteria but also the Budget Assumptions once they were prepared. Mrs. Crumrine agreed.

Mrs. Crumrine explained that the reason budget meetings had occurred in the past prior to May 1st was the requirement that the Assessment and Taxation Grant (A&T) was to be signed by the Board of Commissioners prior to May 1st. The Board was going to be asked this year to sign the Grant for the “Budget Proposal” with communication to occur with the Department of Revenue if drastic changes were to occur following the budget process. Drastic changes were not anticipated however.

Mrs. Crumrine expressed her appreciation to the members of the Budget Committee for their commitment and time for this process and was looking forward to the criteria and the guidelines that would come from that framework. The Board agreed.

**Legal Updates:**
No legal updates provided

**Executive Session:**
There was no business for Executive Session.

There being nothing further to come before the Board, the Lake County Board of Commissioners Regular Session adjourned at 4:02 p.m.

Respectfully Submitted

[Signature]

Denise Thorsted
Administrative Assistant

Board Approval,

[Signature] [Signature] [Signature]
Bradley J. Winters  Ken Kestner  Dan Shoun
Chairman  Vice Chairman  Commissioner