

Lane County Quarterly Financial Report

Quarter Ended September 30, 2014
(First Quarter of FY 14-15)



**Presented to Lane County Board of Commissioners:
November, 2014**

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Executive Summary

We are pleased to present you with Lane County's Quarterly Report for the First Quarter of Fiscal Year (FY) 14-15. This report includes national and local economic indicators, budget vs. actual expenditures and year-over-year financial data.

The purpose of this report is to monitor the current year's budget. This report makes no representations about the level of budget or services and whether they are adequate. The County is currently working towards adoption of a Strategic Plan to focus on the highest priority service areas and continues to address the declining revenues due to the loss of Federal Secure Rural Schools payments. We continue to work with community partners in the short and long term to meet the needs of residents.

This report focuses on a one year period with budget comparisons and some economic information that may prove useful in developing future budgets. To learn more about the County's overall financial health, please refer to the Comprehensive Annual Financial Report, Debt Affordability Report and Investment Report located at www.lanecounty.org/Finance . For information on the development of the County's budget and the service levels provided, please visit www.lanecounty.org/budget .

The following is a brief summary of the report:

- The cost of living in the United States increased by a modest 0.1 percent in September, 2014. Unemployment levels at both the national and local levels continue to improve, and local residential housing prices and taxable values are increasing. Building permit activity within Lane County Land Management Division between July-Sept 2014 showed gains of 13.65% for residential permits and 27.5% for commercial permits when comparing to the same period in 2013.
- The General Fund has received \$6.7 million, or 9.91% of its budgeted revenue. Property Taxes, which make up over 50% of the total revenue, will begin being received in November. General Fund operating expenses for the first quarter totaled \$12.4 million, or 19.69% of budget. Operating expenditures do not include budgeted transfers.
- Road Fund revenues totaled \$4.6 million, or 15.83% of budgeted revenue. This is on pace for the quarter due to a one month delay in the transmission of State Highway Funds from the State. Road Fund operating expenditures total \$9.6 million, or 25.37% of budget. Road activity is typically highest during the summer months, which results in actuals being very close to budget in the first quarter.

Steve Mokrohisky,
County Administrator

National Economic Indicators

Consumer Price Index

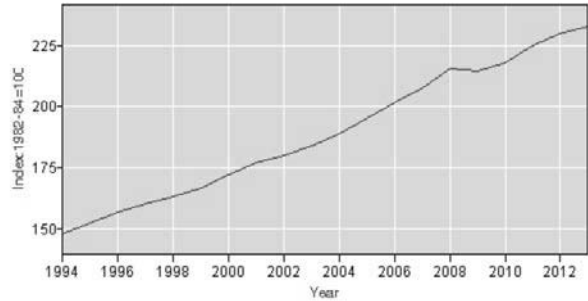
Consumer Price Index (CPI)
1982-1984 = 100
All Urban Consumers

Not Seasonally Adjusted
Area: U.S. city average
Item: All items
Base Period: 1982-84=100

United States
August 2014 237.852
Year change 1.7%

Portland-Salem MSA
July – Dec. 2013 239.751
Year Change 2.6%
July-Dec. 2014 available mid-Feb. 19, 2015

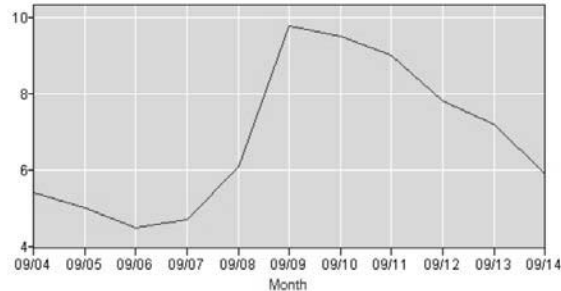
www.bls.gov/cpi



National Employment

The US Bureau of Labor Statistics reports that the national unemployment rate dropped to 5.9% in September, 2014. This is down from 7.2% in the same period last year.

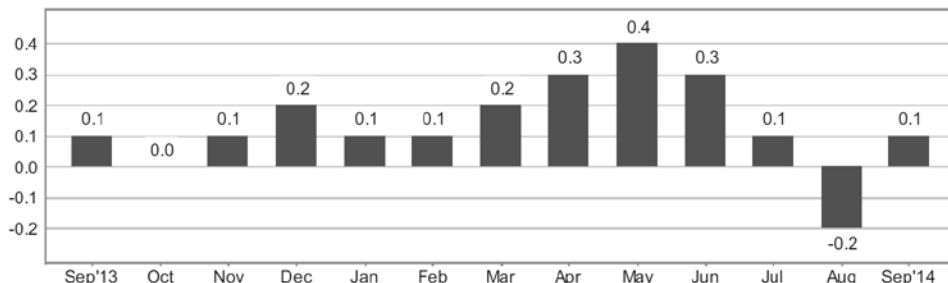
Seasonally Adjusted
Series title: (Seas) Unemployment Rate
Labor force status: Unemployment rate
Type of data: Percent or rate
Age: 16 years and over



Inflation

The overall cost of living in the United States increased modestly by 0.1 percent in September for a total increase of 1.7 percent over the past twelve months. Increase in shelter and food prices, outweighed declines in energy costs. This increase matches the September, 2013 increases of 0.1 percent.

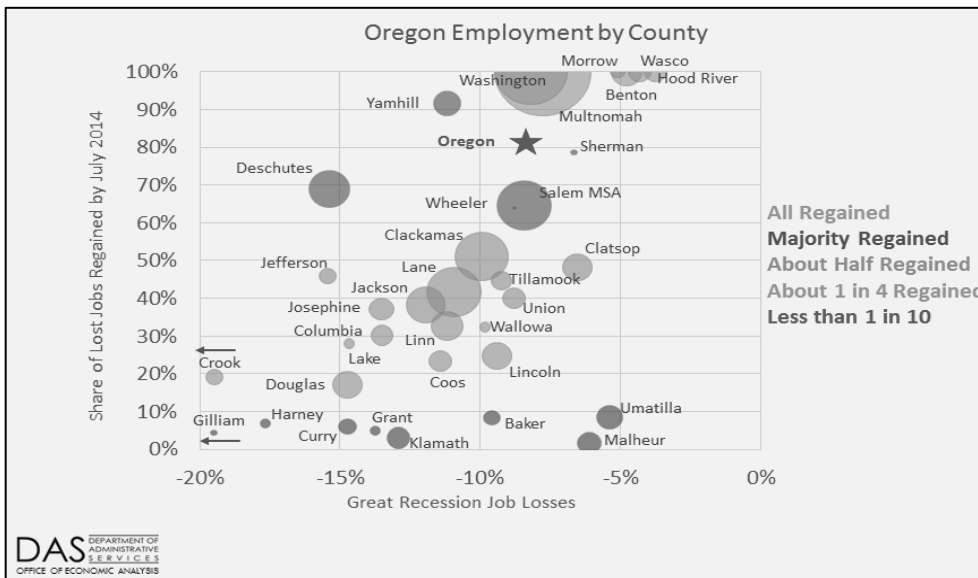
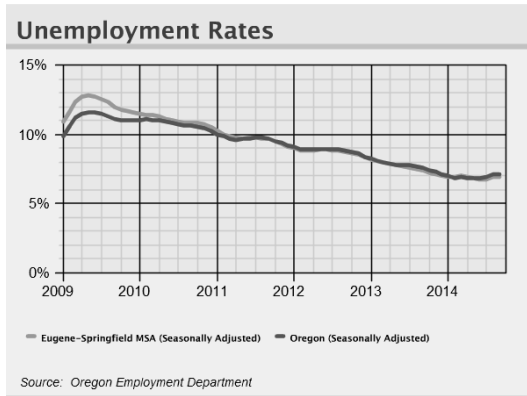
Chart 1. One-month percent change in CPI for All Urban Consumers (CPI-U), seasonally adjusted, Sep. 2013 - Sep. 2014
Percent change



Local Economic Indicators

Employment Data

Lane County's seasonally adjusted unemployment rate stayed at 6.9 percent in September, following the same rate in August. However, unemployment rates as a whole continue a positive trend over the past 5 years with the rate in September being down 0.5 percentage points from the 7.4 percent recorded in September 2013.



When looking at the recovery of employment following the Great Recession, the Oregon Department of Administrative Services indicates that by July 2014, Lane County had gained back about half of the jobs lost.

Real Estate Statistics

The average price of a home in Lane County grew to \$235,200 over the first nine months of 2014. This is a 3.2% increase over the same period in 2013. In the same period, the median price rose by 3.4% from \$203,000 to \$210,000. The impact of this growth is also seen in initial assessed and taxable values currently being completed by the Assessor for 2014. Those values indicate over 4% growth as compared to 2013.



Building Permit activity within Lane County Land Management has also shown increases for the period between July-September 2014 as compared to the same period in 2013. Residential permits have increased 13.65%, while commercial permits have increased by 27.5%.

**ALL COUNTY FUNDS
FY 14-15**

RESOURCES	First Quarter	Year to Date	Current Budget	% Actual to Budget
Beginning Fund Balance/Reserves	175,181,056	175,181,056	144,542,890	121.20%
<u>Revenues</u>				
Taxes & Assessments	1,727,440	1,727,440	59,392,659	2.91%
Federal Revenue	645,965	645,965	37,580,404	1.72%
State & Local Revenue	16,202,550	16,202,550	77,874,856	20.81%
Fees & Charges	25,157,451	25,157,451	116,129,959	21.66%
Other Revenues	7,968,847	7,968,847	30,271,867	26.32%
Total Revenue	51,702,253	51,702,253	321,249,745	16.09%
Transfers In	3,848,062	3,848,062	26,455,056	14.55%
TOTAL RESOURCES	230,731,372	230,731,372	492,247,691	46.87%

REQUIREMENTS	First Quarter	Year to Date	Current Budget	% Actual to Budget
<u>Expenditures</u>				
Salaries & Wages	16,912,136	16,912,136	88,287,463	19.16%
Employee Benefits	12,782,424	12,782,424	63,780,770	20.04%
Material & Services	36,175,042	36,175,042	173,120,992	20.90%
Capital Expenses	2,894,209	2,894,209	18,237,494	15.87%
Debt Service	0	0	13,946,184	0.00%
Other Fiscal Transactions	0	0	800	0.00%
Total Expenditures	68,763,811	68,763,811	357,373,703	19.24%
Transfers Out	3,848,062	3,848,062	26,455,056	14.55%
Ending Fund Balance/Reserves			108,418,932	
TOTAL REQUIREMENTS	72,611,873	72,611,873	492,247,691	14.75%

Net Revenue (Expense)	(17,061,558)	(17,061,558)	(36,123,958) *
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*The net expense shown in the Current Budget column is the result of spending reserves, rather than new revenue, on continuing services. This is a planned spend down in many areas and represents the lag of the Secure Rural schools payments, and the receipt of multi-year grant revenues which are carried forward for multi-year service delivery.

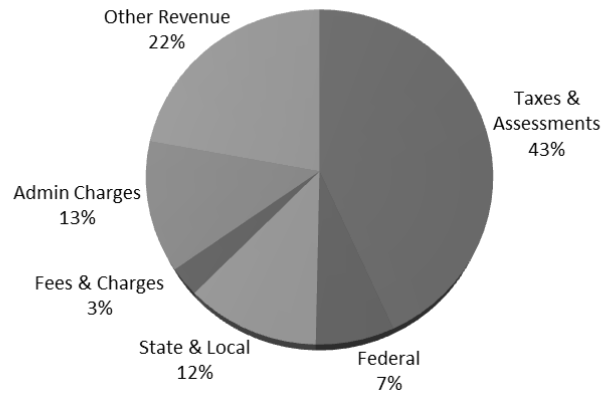
General Fund

Positive and Within Budget

Revenues:

At the end of the first Quarter of FY 14-15, the County has received 9.91% of its budgeted annual General Fund revenue. This is an increase of 1.17% over the same period last year. However, this increase does include a higher than usual amount of Car Rental Tax, historically received in October, which may mean that the percent of revenue collected will likely balance out after the second quarter. Property Taxes, which make up over 50% of the total General Fund Revenue, will begin being received in November. Total budgeted revenue as compared to FY 13-14 is down by 4.9%, due to the loss of Secure Rural Schools Revenue.

Budgeted Revenue



General Fund Operating Revenues				
Quarter ended September 30	11-12	12-13	13-14	14-15
Quarter One YTD Actual	6,726,222	7,197,736	6,256,913	6,746,902
Total Annual Budget	74,142,597	72,534,839	71,618,361	68,081,011
Actual as % of Budget	9.07%	9.92%	8.74%	9.91%

General Fund Operating Revenues	11-12	12-13	13-14	14-15	14-15 vs. 13-14 Variance	
					\$	%
Taxes & Assessments	691,781	723,568	728,108	804,925	76,816	10.55%
Federal Revenue	401,396	371,855	178,298	352,854	174,556	97.90%
State & Local Revenue	1,674,009	2,269,639	1,716,080	2,010,302	294,222	17.15%
Fees & Charges	592,138	609,944	582,719	524,380	(58,339)	-10.01%
Administrative Charges	2,768,729	2,885,284	2,642,950	2,660,471	17,521	0.66%
All Other Revenue	598,170	337,445	408,758	393,969	(14,788)	-3.62%
Total	6,726,222	7,197,736	6,256,913	6,746,902	489,989	7.83%

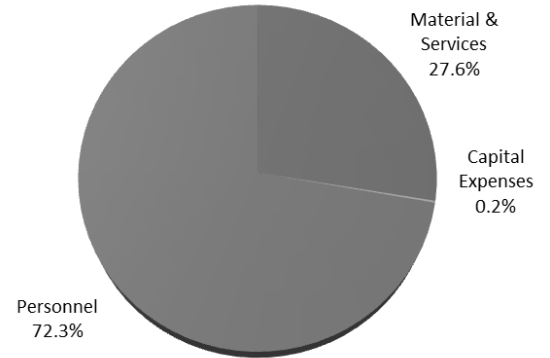
General Fund

Positive and Within Budget

Expenditures:

At the end of the first Quarter of FY 14-15, the County has expended 19.69% of its budgeted annual General Fund operating expense budget. This is an increase of 2.01% over the same period last year. The bulk of this increase occurs within the Material & Services category due to timing of payment for services and purchase of materials for annual use. Despite the increased spending in the first quarter, this category is well within budget with 19.91% of budget being spent 25% of the way through the fiscal year. Similarly, actual personnel expenses total 19.65% of the annual budget after the first quarter. Personnel expenses fluctuate throughout the year based on vacancy rates and timing of merit or cost of living increases.

Budgeted Operating Expenses



General Fund Operating Expenses				
Quarter Ending September 30	11-12	12-13	13-14	14-15
Quarter 1 YTD Actual	15,494,291	13,197,452	11,099,470	12,405,135
Total Annual Budget	77,744,119	68,851,186	62,772,835	63,006,745
Actual as % of Budget	19.93%	19.17%	17.68%	19.69%

General Fund Operating Expenses					14-15 vs. 13-14 Variance	
Quarter Ended September 30	11-12	12-13	13-14	14-15	\$	%
Personnel Services	11,438,510	10,121,379	8,629,837	8,946,985	317,148	3.68%
Materials & Services	4,041,755	3,076,073	2,469,634	3,456,398	986,764	39.96%
Capital Projects/Outlay	14,026	-	-	1,752	1,752	-
Total	15,494,291	13,197,452	11,099,470	12,405,135	1,305,665	11.76%

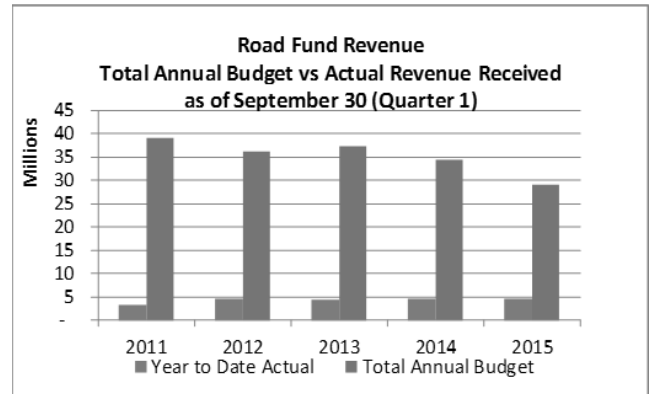
Road Fund

Positive and Within Budget

Revenues:

As of the end of the first Quarter of FY 14-15, the County has received 15.8% of its budgeted annual Road Fund operating revenue, which is an increase of 2.75% over the same period last year. This is on pace for the year given the one month delay in receipt of the State Highway Fund Transfer. The net increase of \$110,206 results from a FEMA reimbursement of \$40,000 and ODOT revenue for Engineering and Transportation Planning services of \$174,000 netted with decreases in other revenue areas. Total budgeted revenue as compared to FY 13-14 is down by 15.4%, due to the loss of Secure Rural Schools Revenue.

Budget v. Actual Revenue



Road Fund Operating Revenues				
Quarter Ended September 30	11-12	12-13	13-14	14-15
Quarter One YTD Actual	4,578,214	4,345,099	4,496,149	4,606,355
Total Annual Budget	36,269,382	37,225,960	34,382,105	29,099,908
Actual as % of Budget	12.62%	11.67%	13.08%	15.83%

Road Fund Operating Revenues					14-15 vs. 13-14 Variance	
Quarter Ended September 30	11-12	12-13	13-14	14-15	\$	%
SRS/Federal Timber Receipts	-	-	-	-	-	-
State Highway Fund Transfer	2,861,936	2,929,032	3,162,406	3,178,295	15,889	0.50%
Other Intergovernmental	223,795	237,030	-	215,231	215,231	-
Fees and Charges	80,492	18,866	81,391	93,180	11,789	14.48%
Property Sales & Rentals	73,166	115,384	142,814	120,756	(22,058)	-15.45%
Department Indirect Revenue	1,189,945	962,842	1,033,672	937,930	(95,742)	-9.26%
Other Revenues	148,881	81,946	75,867	60,963	(14,904)	-19.65%
Total	4,578,214	4,345,099	4,496,149	4,606,355	110,206	2.45%

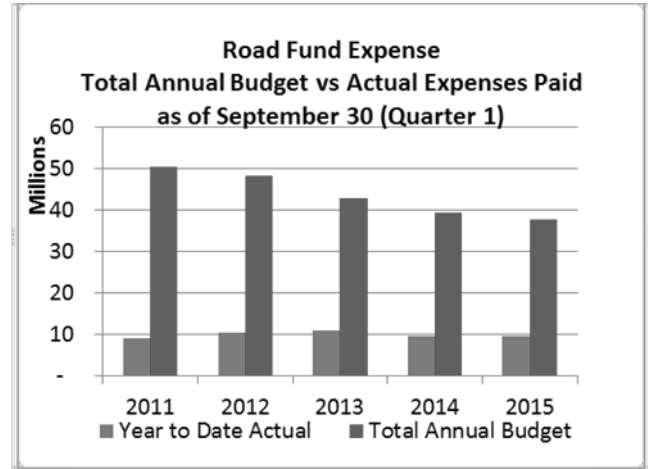
Road Fund

Positive and Within Budget

Budget v. Actual Operating Expenses

Expenditures:

As of the end of the first Quarter of FY 14-15, the County has expended 25.37% of its budgeted annual Road Fund operating expense budget. This is an increase of 1.36% over the same period last year. The total net increase of \$112,097 is the result of an increase in Materials and Services combined with decreases in Personnel and Capital. Increases for Road Work Supplies and Services are the bulk of the increased costs. These costs are typically higher in the first and fourth quarters.



Road Fund Operating Expenses				
Quarter Ended September 30th				
	11-12	12-13	13-14	14-15
Quarter 1 YTD Actual	10,439,504	10,935,446	9,493,130	9,605,226
Total Annual Budget	48,387,581	42,962,724	39,532,099	37,861,051
Actual as % of Budget	21.57%	25.45%	24.01%	25.37%

Road Fund Operating Expenses					14-15 vs. 13-14 Variance	
Quarter Ended September 30						
	11-12	12-13	13-14	14-15	\$	%
Personnel Services	3,747,953	3,479,495	3,630,355	3,546,231	(84,124)	-2.32%
Materials & Services	4,406,193	4,134,877	3,625,508	4,164,264	538,756	14.86%
Capital Projects/Outlay	2,285,358	3,321,073	2,237,267	1,894,731	(342,535)	-15.31%
Total	10,439,504	10,935,446	9,493,130	9,605,226	112,097	1.18%