

Lane County Quarterly Financial Report

Quarter Ended March 31, 2015
(Third Quarter of FY 14-15)



**Presented to Lane County Board of Commissioners:
May, 2015**

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Executive Summary

We are pleased to present you with Lane County's Quarterly Report for the Third Quarter of Fiscal Year (FY) 14-15. This report includes an update to the 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. Since the first quarterly report, the County has adopted a new Strategic Plan that focuses on the highest priority service areas and continues to address the declining revenues due to the instability of the Federal Secure Rural Schools payments. We continue to work with community partners in the short and long term to meet the needs of residents. Over time, we will review other funds as needed.

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 0.2 percent in March, 2015. 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 January-March 2015 showed losses of 23.3% for residential permits and 10.3% for commercial permits.
- The General Fund has received \$59.8 million, or 83% of its budgeted revenue, an increase of 4.07% over the same period last year (mainly due to the timing of federal Secure Rural Schools payments). General Fund operating expenses for the third quarter totaled \$42.1 million, or 66.84% of budget. Operating expenditures do not include budgeted transfers.
- Road Fund revenues totaled \$20.3 million, or 69.99% of budgeted revenue. Road Fund operating expenditures total \$23.4 million, or 62.06% of budget. Capital Projects are planned to increase in the fourth quarter.
- The Solid Waste Fund has received \$11.4 million, or 73.31% of its budgeted revenue, an increase of .15% over the same period last year. A fee increase took effect in September of 2014. Solid Waste operating expenses for the third quarter totaled \$10.2 million, or 54.55% of budget.

Steve Mokrohisky,
County Administrator

National Economic Indicators

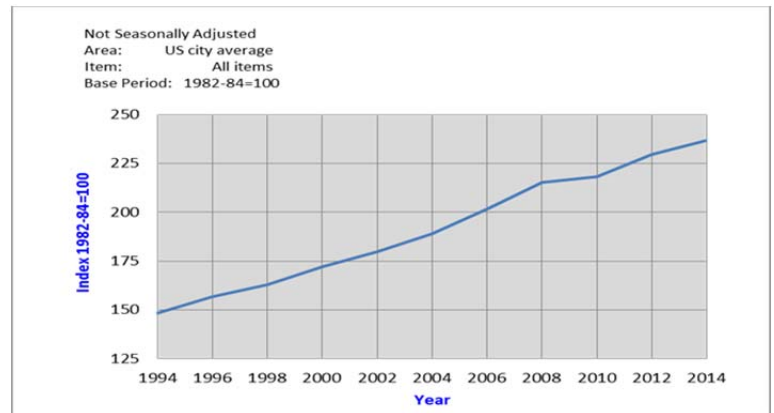
Consumer Price Index

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

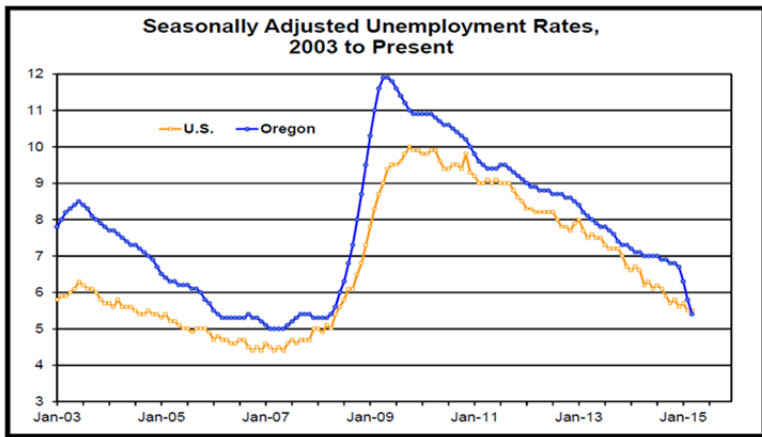
United States
 March 2015 236.199
 Year change -0.1%

Portland-Salem MSA
 Jul – Dec. 2014 242.679
 Year Change 2.3%
 Jan.-June 2014 available Aug. 19, 2015

www.bls.gov/cpi



National Employment

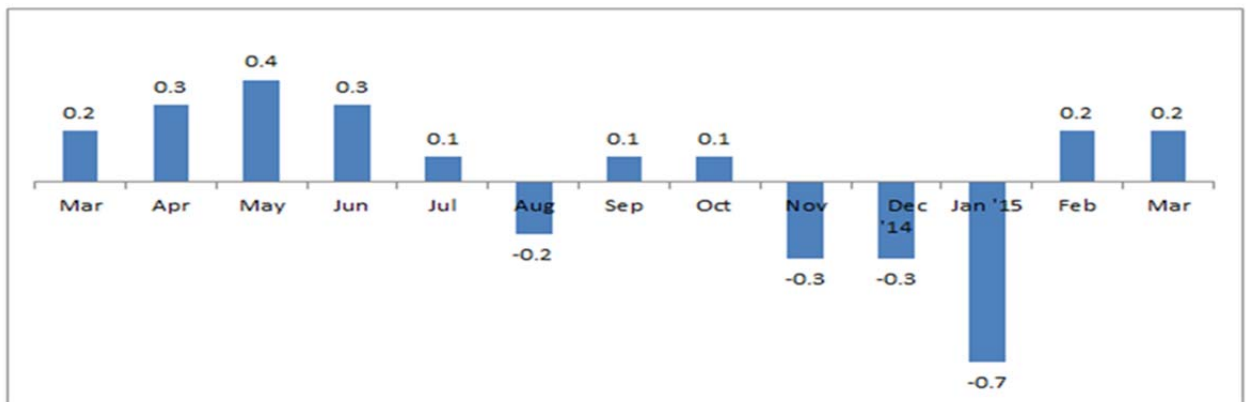


In March, Oregon’s unemployment rate fell below the U.S. rate for the first time since 1996, dropping to 5.4% in March. While the difference between the Oregon and the U.S. March unemployment rates was not statistically significant, the fact that Oregon’s rate is below the nation’s shows how much the state’s economy has improved over the last year.

State of Oregon Employment Department Labor Trends
 April, 2015

Inflation

The overall cost of living in the U.S. increased by 0.2% in March. Over the last 12 months, the all items index declined 0.1% before seasonal adjustment.



CPI Detailed Report March 2015. www.bls.gov/cpi

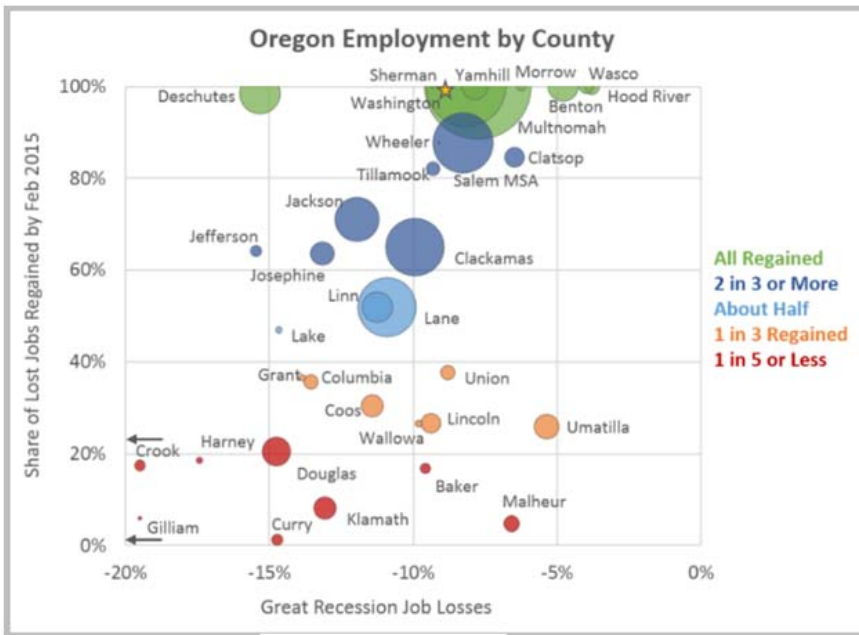
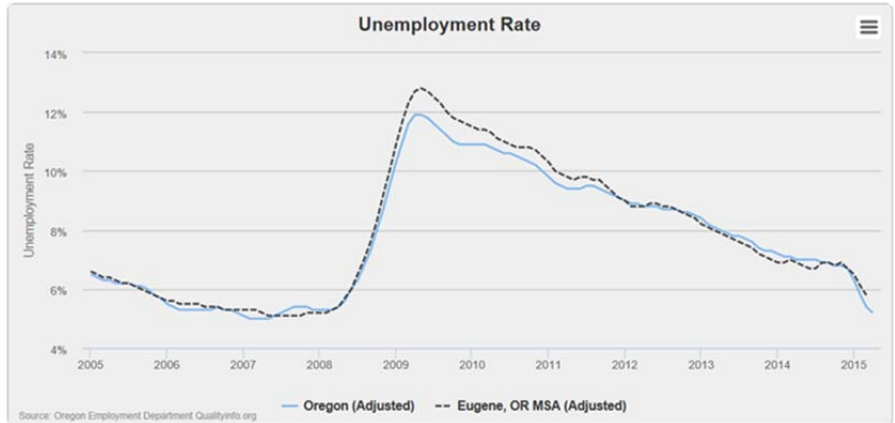
Health Insurance Costs

CPI for Medical Care gained 1.2% in the quarter ending in March 2015, while Health Insurance also increased 2.1%. Lane County saw a 3.46% increase in Health Rates for FY 14-15.

Local Economic Indicators

Employment Data

Unemployment in Lane County has declined over the last 3 months. January was 6.5%, February was 6.1%, and March was 5.8%. National Rate for March was 5.5% and Oregon was 5.4%.

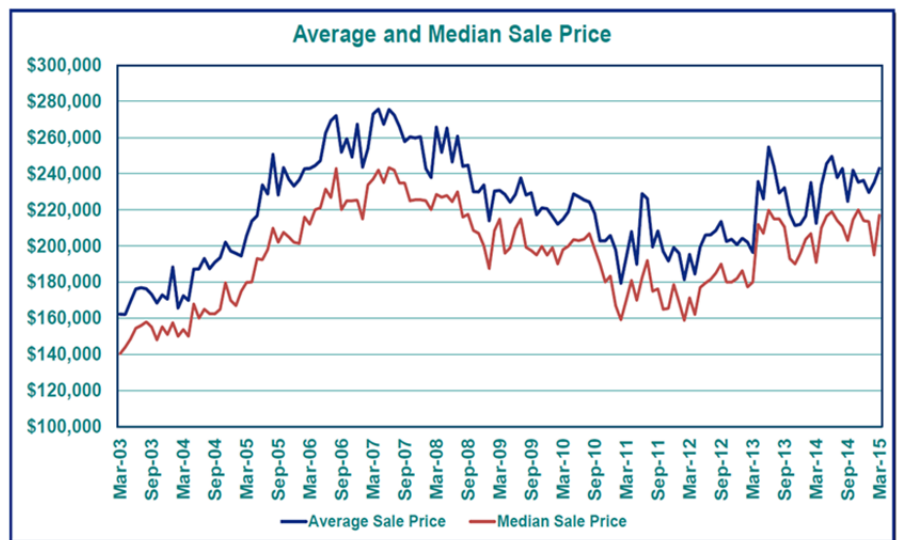


Lane County lost a higher percentage of jobs during the recession (17,900 jobs). As of March 2015, the county has regained 10,000 jobs (56% of the jobs lost).

Oregon Office of Economic Analysis

Real Estate Statistics

Comparing the average price of homes sold in the twelve months ending in March 31, 2015 (\$237,900) with the average price of homes sold in the twelve months ending March 31, 2014 (\$228,800) shows an increase of 4.0%. The same comparison of the median shows an increase of 3.9% over that same period. (Market Action RMLS January 2015, Lane County)



Building Permit

activity within Lane County Land Management has shown a 23.3% decrease in residential permits for the period between January - March 2015. When comparing residential permits in the twelve month period ending March 2015, they increased 4.9%. Commercial permits decreased 10.3% from the prior quarter, and decreased a total of 6.9% in the twelve month period ending March 2015.

**ALL COUNTY FUNDS
FY 14-15**

RESOURCES	First Quarter	Second Quarter	Third Quarter	Year to Date	Adopted Budget	% Actual to Budget
Beginning Fund Balance/Reserves	175,181,056	2,037,027	(193,645)	177,024,439	144,542,890	122.47%
<u>Revenues</u>				-		
Taxes & Assessments	-	51,495,774	3,684,992	55,180,765	59,392,659	92.91%
Federal Revenue	-	5,966,170	12,952,909	18,919,079	37,580,404	50.34%
State & Local Revenue	16,202,550	23,085,657	19,864,389	59,152,595	77,874,856	75.96%
Fees & Charges	25,157,451	30,796,489	28,353,712	84,307,652	116,129,959	72.60%
Other Revenues	7,968,847	7,870,280	7,259,005	23,098,132	30,271,867	76.30%
Total Revenue	49,328,848	119,214,370	72,115,005	240,658,223	321,249,745	74.91%
Transfers In	3,848,062	9,895,362	3,387,489	17,130,913	26,455,056	64.75%
TOTAL RESOURCES	228,357,966	131,146,759	75,308,849	434,813,575	492,247,691	88.33%

REQUIREMENTS	First Quarter	Second Quarter	Third Quarter	Year to Date	Adopted Budget	% Actual to Budget
<u>Expenditures</u>						
Salaries & Wages	16,912,136	22,964,826	19,366,477	59,243,439	88,287,463	67.10%
Employee Benefits	12,782,424	14,733,867	13,542,157	41,058,449	63,780,770	64.37%
Material & Services	36,175,042	38,869,132	39,287,248	114,331,422	173,120,992	66.04%
Capital Expenses	2,894,209	2,040,641	1,149,786	6,084,636	18,237,494	33.36%
Debt Service	0	3,829,365	62,610	3,891,975	13,946,184	0.00%
Other Fiscal Transactions	0	0	0	-	800	0.00%
Total Expenditures	68,763,811	82,437,831	73,408,279	224,609,921	357,373,703	62.85%
Transfers Out	3,848,062	9,873,906	3,408,944	17,130,912	26,455,056	64.75%
Ending Fund Balance/Reserves					108,418,932	
TOTAL REQUIREMENTS	72,611,873	92,311,737	76,817,223	241,740,834	492,247,691	49.11%

Net Revenue (Expense) (19,434,963) 36,776,539 (1,293,274) 16,048,302 (36,123,958) *

*The net expense shown in the Adopted 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.

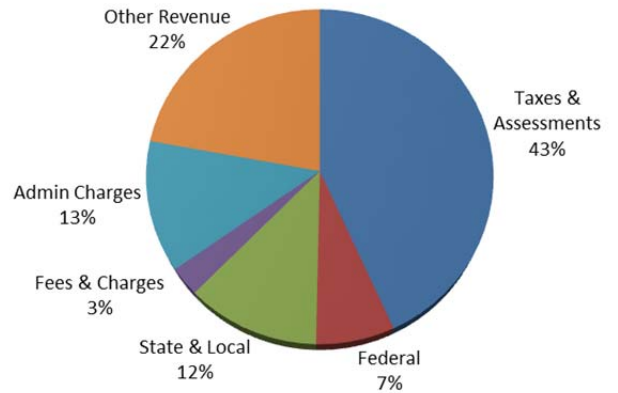
General Fund

Positive and Within Budget

Revenues:

At the end of the third Quarter of FY 14-15, the County has received 82.84% of its budgeted annual General Fund revenue. This is an increase of 4.07% over the same period last year. This increase is primarily the result of timing of federal (SRS) payments to the County.

Budgeted Revenue



General Fund Operating Revenues					
Quarter ended March 31	11-12	12-13	13-14	14-15	
Quarter 3 YTD Actual	61,593,296	60,984,015	56,411,016	59,854,531	
Total Annual Budget	74,142,597	72,534,839	71,618,361	72,249,491	
Actual as % of Budget	83.07%	84.08%	78.77%	82.84%	

General Fund Operating Revenues						14-15 vs. 13-14 Variance	
Quarter Ended March 31	11-12	12-13	13-14	14-15	\$	%	
Taxes & Assessments	32,163,332	33,229,824	34,247,146	35,795,337	1,548,192	4.52%	
Federal Revenue	6,371,581	5,625,483	1,242,385	4,010,895	2,768,510	222.84%	
State & Local Revenue	8,563,361	7,418,863	7,055,871	6,653,207	(402,663)	-5.71%	
Fees & Charges	2,332,718	2,165,441	2,430,027	2,102,546	(327,481)	-13.48%	
Administrative Charges	8,307,419	8,737,564	7,953,141	8,008,037	54,896	0.69%	
All Other Revenue	3,854,885	3,806,840	3,482,447	3,284,509	(197,938)	-5.68%	
Total	61,593,296	60,984,015	56,411,016	59,854,531	3,443,515	6.10%	

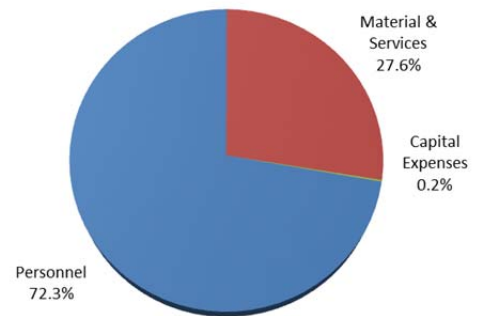
General Fund

Positive and Within Budget

Budgeted Operating Expenses

Expenditures:

At the end of the third Quarter of FY 14-15, the County has expended 66.84% of its budgeted annual General Fund operating expense budget. This is an increase of 1.53% over the same period last year. The bulk of this increase occurs within the Personnel Services category due to increased expenses associated with benefits and a difference in vacancy rates between years.



General Fund Operating Expenses				
Quarter Ending March 31	11-12	12-13	13-14	14-15
Quarter 3 YTD Actual	52,703,384	45,988,243	40,997,004	42,111,713
Total Annual Budget	77,744,119	68,851,186	62,772,835	63,006,745
Actual as % of Budget	67.79%	66.79%	65.31%	66.84%

General Fund Operating Expenses					14-15 vs. 13-14 Variance	
Quarter Ended March 31	11-12	12-13	13-14	14-15	\$	%
Personnel Services	38,744,437	32,956,024	29,534,785	30,520,679	985,894	3.34%
Materials & Services	13,917,887	13,022,219	11,420,598	11,551,873	131,275	1.15%
Capital Projects/Outlay	41,060	10,000	41,621	39,161	(2,461)	-
Total	52,703,384	45,988,243	40,997,004	42,111,713	1,114,709	2.72%

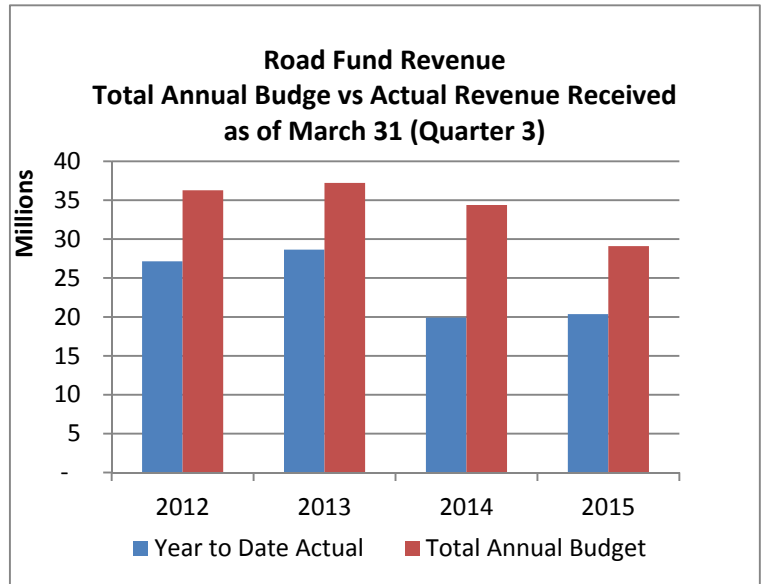
Road Fund

Positive and Within Budget

Revenues:

As of the end of the third Quarter of FY 14-15, the County has received 69.99% of its budgeted annual Road Fund operating revenue. This is an increase of 12.11 from the same period last year. The net increase of \$463,944 results from Timber receipts that were received in the 3rd quarter of 2015 vs. the 4th quarter of 2014. Budgeted operating revenue for FY 14-15 is down by 15.4%, due to the budgeted loss of Secure Rural Schools revenue. Recently approved SRS for FY 14-15 has yet to be added to the budget. When \$5.9 million is added to the FY 14-15 budget, it will increase to \$35,074,003; 2.01%. This will occur through the supplemental process in June 2015.

Budget v. Actual Revenue



Road Fund Operating Revenues	2012	2013	2014	2015
Quarter 3 YTD Actual	27,140,204	28,654,630	19,901,751	20,365,696
Total Annual Budget	36,269,382	37,225,960	34,382,105	29,099,908
Actual as % of Budget	74.83%	76.97%	57.88%	69.99%

Road Fund Operating Revenues	2012	2013	2014	2015	14-15 vs. 13-14 Variance	
Quarter Ended March 31st	2012	2013	2014	2015	\$	%
SRS/Federal Timber Receipts	7,614,627	7,282,762	-	845,449	845,449	
State Highway Fund Transfer	12,026,949	12,423,354	13,026,355	12,669,411	(356,945)	-2.74%
Other Intergovernmental	2,866,127	4,162,299	2,208,868	2,740,648	531,780	24.07%
Fees and Charges	528,705	1,165,051	690,109	813,118	123,010	17.82%
Property Sales & Rentals	169,198	370,991	624,175	279,775	(344,400)	-55.18%
Department Indirect Revenue	3,582,029	2,919,193	3,108,513	2,815,793	(292,720)	-9.42%
Other Revenues	352,568	330,982	243,731	201,502	(42,229)	-17.33%
Total	27,140,204	28,654,630	19,901,751	20,365,696	463,944	2.33%

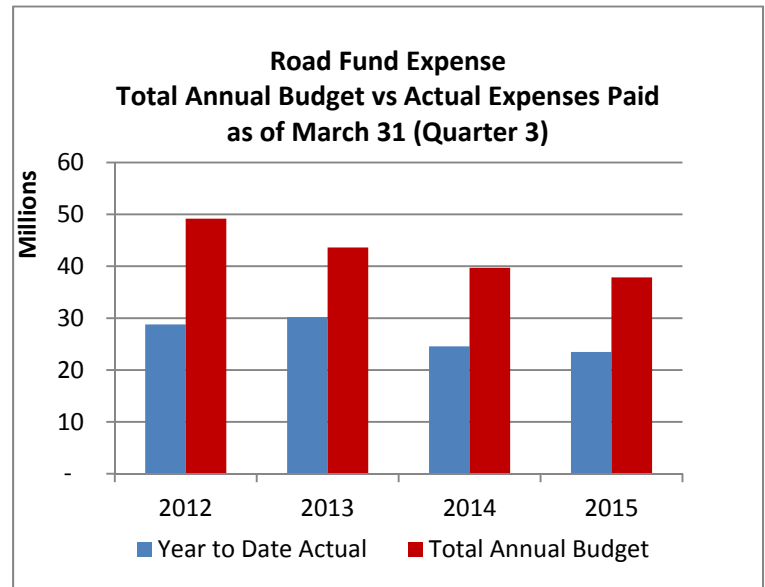
Road Fund

Positive and Within Budget

Budget v. Actual Operating Expenses

Expenditures:

As of the end of the third Quarter of FY 14-15, the County has expended 62.06% of its budgeted annual Road Fund Operating expense budget. This is an increase of .21% over the same period last year due to changes in the budget. The actual Operating Expenses total decreased by \$1,069,986. This is the result of open positions and timing of Capital Projects. Capital Projects are planned to increase in the fourth quarter.



Road Fund Operating Expenses				
Quarter Ended March 31st	2012	2013	2014	2015
Quarter 3 YTD Actual	28,799,543	30,218,736	24,553,863	23,483,877
Total Annual Budget	49,167,236	43,631,198	39,700,466	37,843,255
Actual as % of Budget	58.57%	69.26%	61.85%	62.06%

Road Fund Operating Expenses					14-15 vs. 13-14 Variance	
Quarter Ended March 31st	2012	2013	2014	2015	\$	%
Personnel Services	12,422,773	11,463,512	11,750,947	11,567,348	(183,599)	-1.56%
Materials & Services	11,923,404	10,724,646	9,474,930	9,576,109	101,179	1.07%
Capital Projects/Outlay	4,453,365	8,030,579	3,327,985	2,340,420	(987,565)	-29.67%
Total	28,799,543	30,218,736	24,553,863	23,483,877	(1,069,986)	-4.36%

Road Fund Net Operating Balance				
Quarter Ended March 31st	2012	2013	2014	2015
YTD Actual	(1,659,340)	(1,564,106)	(4,652,112)	(3,118,182)
Total Annual Budget	(12,897,854)	(6,405,238)	(5,318,361)	(8,743,347)
Actual as % of budget	12.87%	24.42%	87.47%	35.66%

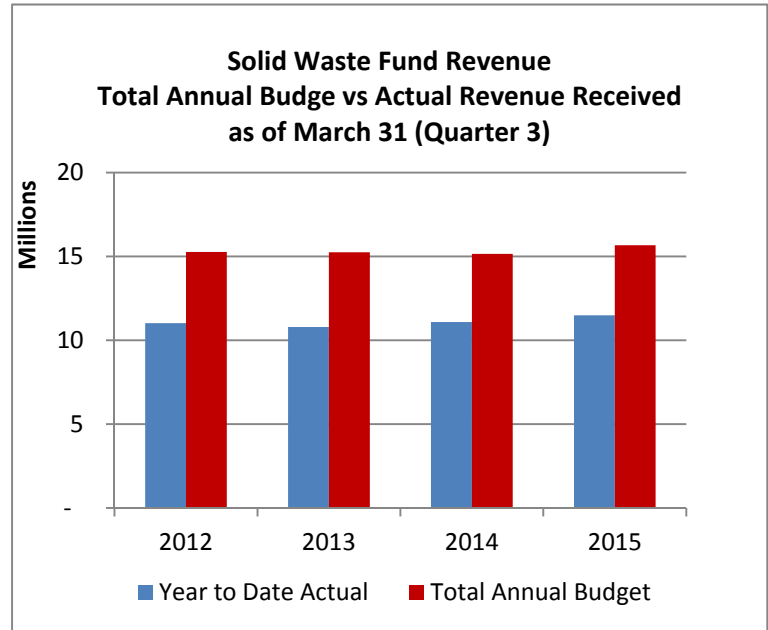
Solid Waste Fund

Positive and Within Budget

Revenues:

At the end of the third Quarter of FY 14-15, the County has received 73.31% of its budgeted annual Solid Waste Disposal Fund revenue. This is an increase of .15% over the same period last year. Actual year to date, third Quarter revenue increased by \$403,812 including the accounting change for the Land Management designated "Other Fee". Calculated without the LMD revenue change, the increase is \$1,241,975. This 12.12% increase is due to a fee increase effective September 1, 2014.

Budget v. Actual Revenue



Solid Waste Fund Operating Revenues				
Quarter Ended March 31st	2012	2013	2014	2015
YTD Actual	11,020,143	10,788,286	11,081,554	11,485,366
Total Annual Budget	15,260,117	15,246,577	15,148,017	15,667,858
Actual as % of Budget	72.22%	70.76%	73.16%	73.31%

Solid Waste Fund Operating Revenues					14-15 vs. 13-14 Variance	
Quarter Ended March 31st	2012	2013	2014	2015	\$	%
Garbage Fees	5,959,091	5,892,226	6,122,837	6,516,139	393,302	6.42%
System Benefit Fee	3,421,950	3,405,046	3,565,332	4,404,305	838,973	23.53%
Recycled Materials & Scrap Metal Sales	614,124	422,020	427,481	431,165	3,685	0.86%
Other Fee (LMD)	827,817	897,134	838,163	-	(838,163)	-100.00%
Other Revenues	197,162	171,859	127,741	133,756	6,015	4.71%
Total	11,020,143	10,788,286	11,081,554	11,485,366	403,812	3.64%

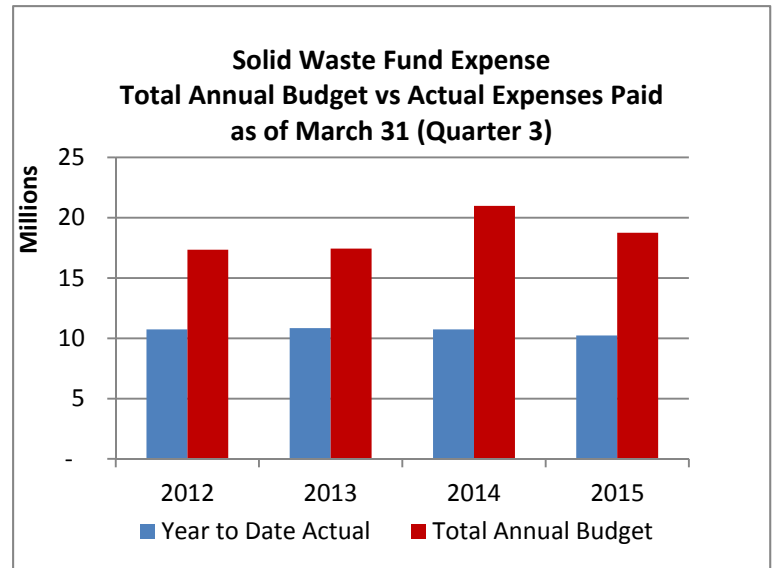
Solid Waste Fund

Positive and Within Budget

Budget v. Actual Operating Expenses

Expenditures:

As of the end of the third Quarter of FY 14-15, the County has expended 54.55% of its budgeted annual Solid Waste Disposal Fund Operating expenses budget. This is an increase of 3.37 % over the same period last year due to budget reductions for FY 14-15. The actual Operating expenses decreased by \$509,903, due to a change in accounting methodology for the transfer to Land Management. This transfer is no longer recorded as an expense to Waste Management.



Solid Waste Fund Operating Expenses				
Quarter Ended March 31st	2012	2013	2014	2015
YTD Actual	10,732,284	10,848,112	10,737,815	10,227,912
Total Annual Budget	17,341,699	17,438,119	20,980,115	18,749,922
Actual as % of Budget	61.89%	62.21%	51.18%	54.55%

Solid Waste Fund Operating Expenses					14-15 vs. 13-14 Variance	
Quarter Ended March 31st	2012	2013	2014	2015	\$	%
Personnel Services	5,067,234	5,179,208	5,293,103	5,423,962	130,859	2.47%
Materials & Services	4,171,716	4,431,825	4,535,193	4,702,292	167,099	3.68%
Capital Projects/Outlay	665,517	339,945	96,898	101,658	4,760	4.91%
Transfer to LMD	827,817	897,134	812,621	-	(812,621)	-100.00%
Total	10,732,284	10,848,112	10,737,815	10,227,912	(509,903)	-4.75%

Solid Waste Fund Net Operating Balance				
Quarter Ended March 31st	2012	2013	2014	2015
YTD Actual	287,860	(59,827)	343,739	1,257,454
Total Annual Budget	(2,081,582)	(2,191,542)	(5,832,098)	(3,082,064)
Actual as % of budget	-13.83%	2.73%	-5.89%	-40.80%