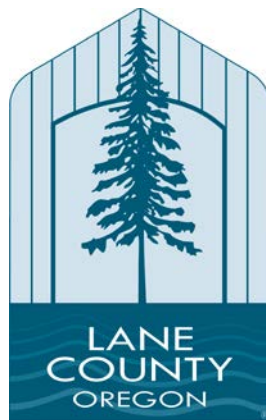


# Lane County Quarterly Financial Report

Quarter Ended December 31, 2015  
(Second Quarter of FY 15-16)



**Presented to Lane County Board of Commissioners:  
March 15, 2016**

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## Executive Summary

We are pleased to present you with Lane County's Quarterly Report for the Second Quarter of Fiscal Year (FY) 15-16. 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 has adopted a Strategic Plan that focuses 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](http://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](http://www.lanecounty.org/budget).

The following is a brief summary of the report:

- The cost of living in the United States decreased by a modest 0.1 percent in December, 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 Oct-Dec 2015 showed gains of 17.7% for residential permits and an increase of 1.4% for commercial permits when comparing to the same period in 2014.
- The General Fund has received \$48.3 million, or 64.9% of its budgeted revenue. Property Taxes, which make up over 50% of the total revenue, were received in November. General Fund operating expenses for the second quarter totaled \$27.7 million, or 43.9% of budget. Operating expenditures do not include budgeted transfers.
- Road Fund revenues totaled \$12.9 million, or 35.9% of budgeted revenue. Road Fund operating expenditures total \$16.3 million, or 47.6% of budget. Actual expenses are down in most categories for the Road Fund.

Steve Mokrohisky,  
County Administrator

# National Economic Indicators

## Consumer Price Index

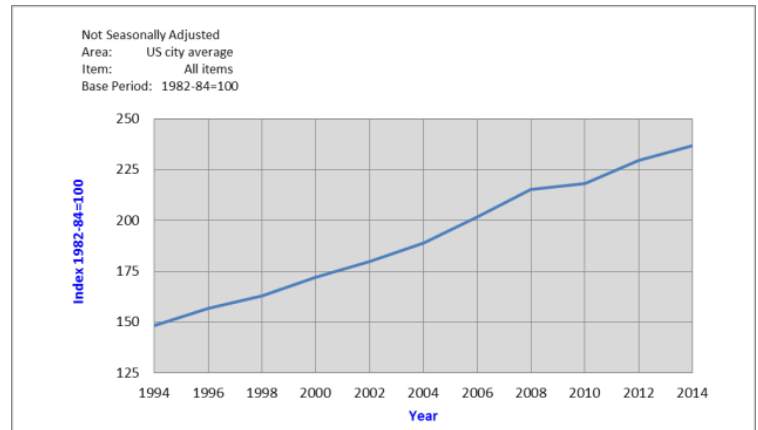
United States

December 2015 236.525  
Year Change 0.7%

Portland-Salem MSA

Jan - June 2015 242.976  
Year Change 1.3%  
Jun - Dec 2015 245.405  
Year Change 1.1%

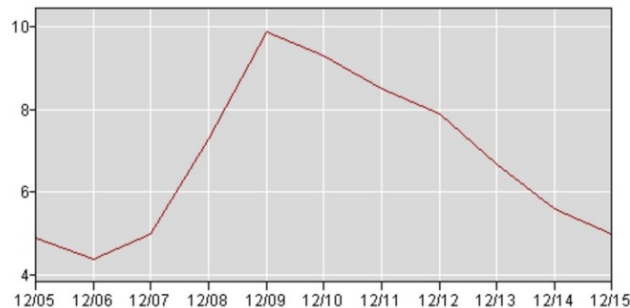
[www.bls.gov/cpi](http://www.bls.gov/cpi)



## National Employment

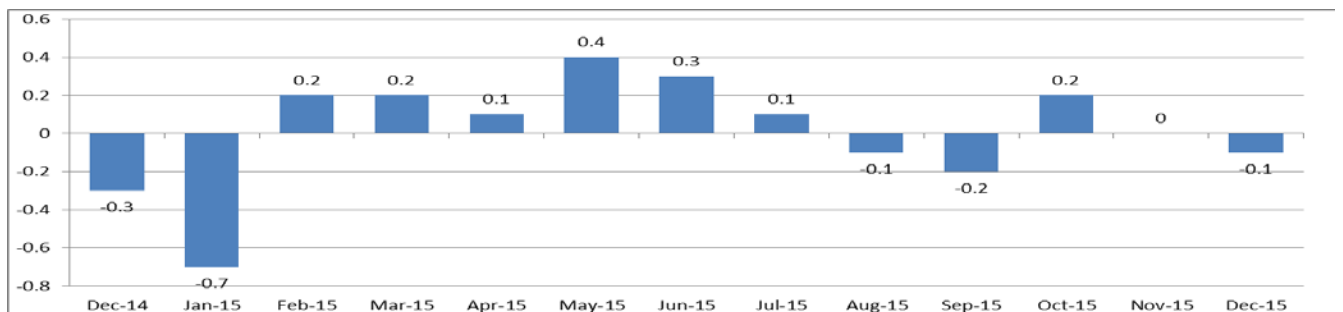
The US Bureau of Labor Statistics reports that the national unemployment rate dropped to 5.0% in December, 2015. This is down from 5.6% in the same period last year.

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



## Inflation

The Consumer Price Index for All Urban Consumers (CPI\_U) decreased 0.1 percent in December (seasonally adjusted basis). Over the last 12 months, the all items index increased 07 percent.



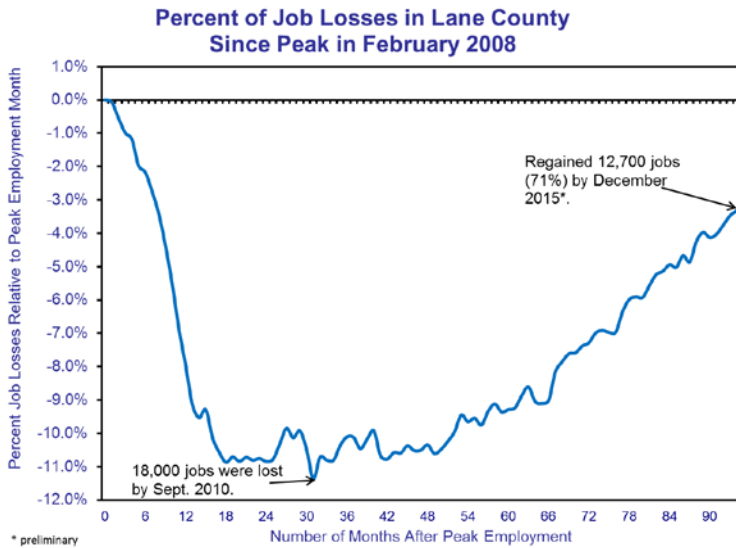
## Health Insurance Costs

CPI for Medical Care gained 1.2% in the quarter ending December 2015, while Health Insurance also increased 2.2%. The annual CPI increase in Health Insurance from December 2014 to December 2015 was 3.8%. Lane County would have seen a 4.01% increase in Health rates for FY 15-16; however, this was mitigated by going self-funded on August 1, 2015.

# Local Economic Indicators

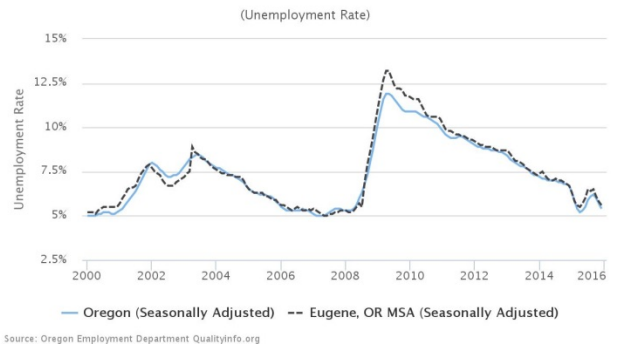
## Employment Data

Unemployment in Lane County has decreased in the last six months. In June 2015, unemployment was 6.0% and in September 2015, the employment rate was 6.5%. In December 2015, the unemployment rate was 5.6%



We are almost back to prerecession levels for all other industries except manufacturing (only down about 600 out of 10,000). Almost all remaining loss is from manufacturing. (Brian Rooney, Regional Economist)

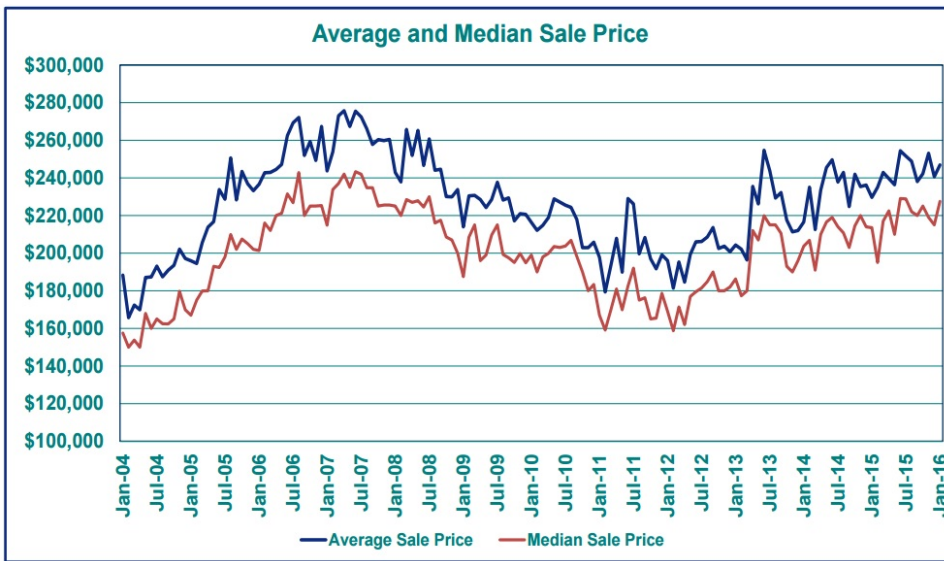
Local Area Unemployment Statistics



Unemployment in Oregon was 6.2% in September 2015 and has decreased to 5.4% in December. The National rates for the same time periods are 5.1% and 5.0% respectively.

We are almost back to prerecession levels for all other industries except

## Real Estate Statistics



The average price of a home in Lane County grew to \$244,200 in January 2016 from \$235,900 in January 2015. This is a 3.5% increase over the period. In the same comparison, the median price rose by 4.0% from \$212,000 to \$220,500.

Source: Market Action, RMLS, January 2016

**Building Permit** activity within Lane County Land Management has also shown increases for the period between October-December 2015 as compared to the same period in 2014. Residential permits have increased 17.7%, while commercial permits have increased by 1.4%. The large increase in Residential permits is likely due to favorable economic conditions creating increased demand for new housing.

## ALL COUNTY FUNDS

FY 15-16

RESOURCES	First Quarter	Second Quarter	Year to Date	Current Budget	% Actual to Budget
Beginning Fund Balance/Reserves	200,972,049	(950,255)	200,021,794	144,542,890	138.38%
<u>Revenues</u>					
Taxes & Assessments	1,802,776	50,838,121	52,640,898	59,880,867	87.91%
Federal Revenue	199,744	8,036,965	8,236,709	52,324,616	15.74%
State & Local Revenue	17,569,985	21,096,065	38,666,049	90,670,033	42.64%
Fees & Charges	29,504,858	33,957,949	63,462,806	122,840,834	51.66%
Other Revenues	8,044,015	7,953,258	15,997,273	31,445,504	50.87%
<b>Total Revenue</b>	<b>57,121,377</b>	<b>121,882,358</b>	<b>179,003,736</b>	<b>357,161,854</b>	<b>50.12%</b>
Transfers In	3,926,333	10,308,515	14,234,847	34,113,781	41.73%
<b>TOTAL RESOURCES</b>	<b>262,019,759</b>	<b>131,240,618</b>	<b>393,260,377</b>	<b>535,818,525</b>	<b>73.39%</b>

REQUIREMENTS	First Quarter	Second Quarter	Year to Date	Current Budget	% Actual to Budget
<u>Expenditures</u>					
Salaries & Wages	17,284,248	23,456,606	40,740,854	95,432,794	42.69%
Employee Benefits	12,251,936	14,767,216	27,019,153	63,960,391	42.24%
Material & Services	32,386,783	34,359,678	66,746,460	186,519,683	35.79%
Capital Expenses	4,370,957	4,183,497	8,554,454	18,757,398	45.61%
Debt Service	160,981	3,737,500	3,898,481	11,797,637	0.00%
Other Fiscal Transactions	0	0	0	0	0.00%
<b>Total Expenditures</b>	<b>66,454,905</b>	<b>80,504,497</b>	<b>146,959,402</b>	<b>376,467,903</b>	<b>39.04%</b>
Transfers Out	3,926,333	10,308,515	14,234,847	34,113,781	41.73%
Ending Fund Balance/Reserves				125,236,841	
<b>TOTAL REQUIREMENTS</b>	<b>70,381,238</b>	<b>90,813,012</b>	<b>161,194,250</b>	<b>535,818,525</b>	<b>30.08%</b>

Net Revenue (Expense)	(9,333,528)	41,377,861	32,044,333	(19,306,049) *
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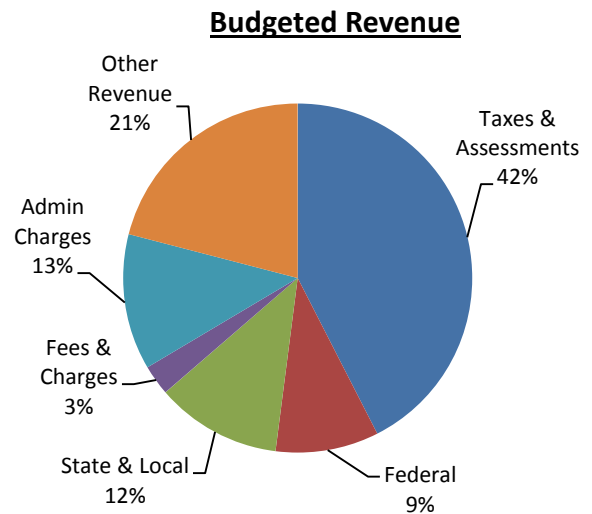
\*The net expense shown in the Current Budget column is the result of spending reserves, rather than new revenue, on continuing services. This is a planned spend down in many areas and represents the lag of the Secure Rural schools payments, and the receipt of multi-year grant revenues which are carried forward for multi-year service delivery.

# General Fund

Positive and Within Budget

## Revenues:

At the end of the second Quarter of FY 15-16, the County has received 64.9% of its budgeted annual General Fund revenue. This is an increase of .43% over the same period last year. In FY 15-16, the General Fund had a beginning unrestricted fund balance of 16.9 million, which equates to 26.5% of budget revenue. The fund balance level is anticipated to decrease substantially by the end of FY 15-16 (down to 12-15%) due to the spending of the most recent Secure Rural Schools payments.



<b>General Fund Operating Revenues</b>				
Quarter ended December 31	12-13	13-14	14-15	15-16
Quarter 2 YTD Actual	45,374,641	46,186,125	47,716,425	48,263,544
<b>Total Annual Budget</b>	<b>72,534,839</b>	<b>71,618,361</b>	<b>74,040,183</b>	<b>74,393,177</b>
<b>Actual as % of Budget</b>	62.56%	64.49%	64.45%	64.88%

<b>General Fund Operating Revenues</b>					15-16 vs. 14-15 Variance	
Quarter Ended December 31	12-13	13-14	14-15	15-16	\$	%
Taxes & Assessments	30,274,712	31,190,446	32,226,696	33,939,552	1,712,856	5.32%
Federal Revenue	1,252,503	1,951,692	1,511,996	1,412,415	(99,581)	-6.59%
State & Local Revenue	4,433,962	4,013,244	4,420,284	2,695,791	(1,724,493)	-39.01%
Fees & Charges	1,476,972	1,380,311	1,193,355	1,277,259	83,904	7.03%
Administrative Charges	5,538,558	5,838,803	5,284,038	5,320,997	36,959	0.70%
All Other Revenue	2,397,934	1,811,630	3,080,055	3,617,530	537,474	17.45%
<b>Total</b>	<b>45,374,641</b>	<b>46,186,125</b>	<b>47,716,425</b>	<b>48,263,544</b>	<b>547,119</b>	<b>1.15%</b>

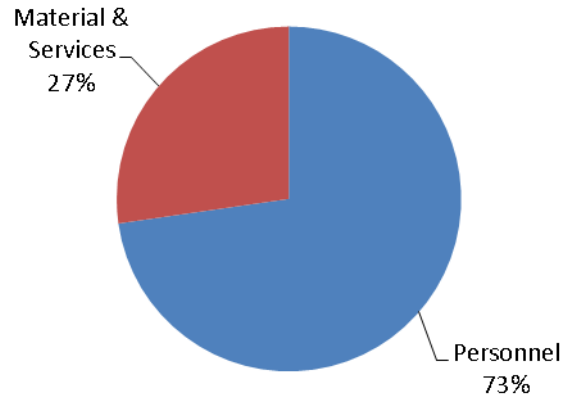
# General Fund

Positive and Within Budget

## Expenditures:

At the end of the second Quarter of FY 15-16, the County has expended 43.93% of its budgeted annual General Fund operating expense budget. This is an decrease of 1.0% over the same period last year. The bulk of this decrease occurs within the Personnel Services category due to a slightly higher vacancy rate than the prior year. Vacancy rates fluctuate and this change is within expected limits.

## Budgeted Operating Expenses



<b>General Fund Operating Expenses</b>				
<b>Quarter Ending December 31</b>	12-13	13-14	14-15	15-16
Quarter 2 YTD Actual	31,016,474	27,037,306	28,212,305	27,681,801
<b>Total Annual Budget</b>	<b>77,744,119</b>	<b>68,851,186</b>	<b>62,772,835</b>	<b>63,006,745</b>
<b>Actual as % of Budget</b>	39.90%	39.27%	44.94%	43.93%

<b>General Fund Operating Expenses</b>					<b>15-16 vs. 14-15 Variance</b>	
<b>Quarter Ended December 31</b>	12-13	13-14	14-15	15-16	\$	%
Personnel Services	22,530,122	19,775,617	20,569,245	20,064,971	(504,275)	-2.45%
Materials & Services	8,476,351	7,222,257	7,610,134	7,616,830	6,696	0.09%
Capital Projects/Outlay	10,000	39,432	32,926	-	(32,926)	-
<b>Total</b>	<b>31,016,474</b>	<b>27,037,306</b>	<b>28,212,305</b>	<b>27,681,801</b>	<b>(530,504)</b>	<b>-1.88%</b>



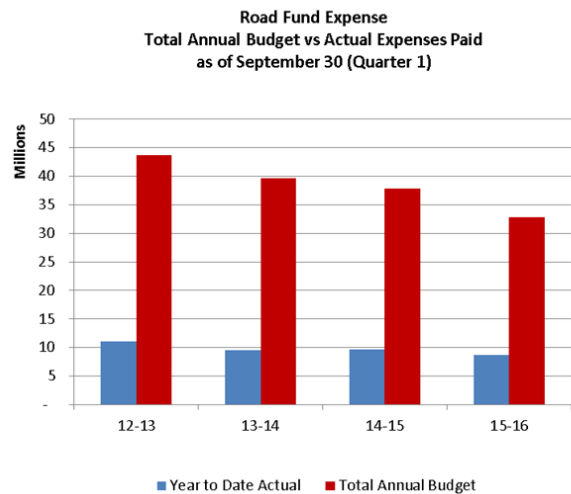
# Road Fund

Positive and Within Budget

## Budget v. Actual Revenue

### Revenues:

As of the end of the second Quarter of FY 15-16, the County has received 35.87% of its budgeted annual Road Fund operating revenue, which is a decrease of 1.5% over the same period last year. The net decrease of \$125,153 results from the ODOT Fund Exchange revenue that was not received in the second quarter. Budgeted operating revenue for FY 15-16 is up by 3.2% due to Highway revenue sharing and grants.



Road Fund Operating Revenues	12-13	13-14	14-15	15-16
Quarter 2 YTD Actual	12,528,646	12,952,002	13,106,041	12,980,888
Total Annual Budget	<b>36,581,306</b>	<b>34,205,498</b>	<b>35,074,003</b>	<b>36,187,650</b>
Actual as % of Budget	34.25%	37.87%	37.37%	35.87%

Road Fund Operating Revenues	12-13	13-14	14-15	15-16	15-16 vs. 14-15 Variance	
Quarter Ended December 31th					\$	%
SRS/Federal Timber Receipts	-	-	-	-	-	-
State Highway Fund Transfer	7,811,872	8,249,199	8,026,297	8,189,995	163,698	2.04%
Other Intergovernmental	1,786,594	1,767,908	2,336,920	1,524,055	(812,865)	-34.78%
Fees and Charges	769,451	413,079	522,080	699,800	177,720	34.04%
Property Sales & Rentals	304,053	481,105	201,184	599,598	398,415	198.04%
Department Indirect Revenue	1,621,823	1,893,981	1,876,984	1,831,640	(45,344)	-2.42%
Other Revenues	234,853	146,730	142,577	135,799	(6,778)	-4.75%
<b>Total</b>	<b>12,528,646</b>	<b>12,952,002</b>	<b>13,106,041</b>	<b>12,980,888</b>	<b>(125,153)</b>	<b>-0.95%</b>

# Road Fund

Positive and Within Budget

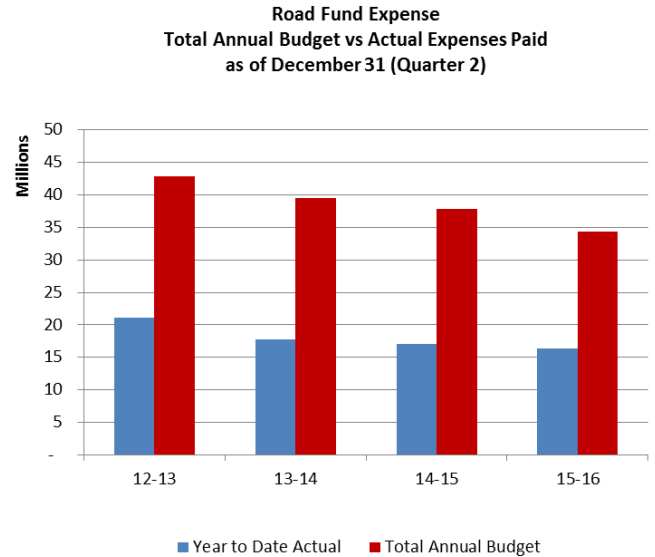
## Expenditures:

As of the end of the second Quarter of FY 15-16, the County has expended 47.6% of its budgeted annual Road Fund operating expense budget.

This is an increase of 2.56% over the same period last year due to decreases in both budget and actual expenses from the previous year.

Actual expenses are down by \$728,309 over the same period last year, including an increase in Capital Projects for annual overlay projects and the Row River project that was funded through grants. The FY 15-16 Operating Expense Budget was reduced by 13.14% from FY 14-15.

## Budget v. Actual Operating Expenses



<b>Road Fund Operating Expenses</b>				
<b>Quarter Ended December 31</b>	12-13	13-14	14-15	15-16
Quarter 2 YTD Actual	21,049,930	17,714,088	17,045,640	16,317,331
<b>Total Annual Budget</b>	<b>42,881,744</b>	<b>39,489,984</b>	<b>37,843,255</b>	<b>34,278,342</b>
<b>Actual as % of Budget</b>	49.09%	44.86%	45.04%	47.60%

<b>Road Fund Operating Expenses</b>					<b>15-16 vs. 14-15 Variance</b>	
<b>Quarter Ended December 31</b>	12-13	13-14	14-15	15-16	\$	%
Personnel Services	7,619,951	7,949,183	7,867,636	7,047,319	(820,317)	-10.43%
Materials & Services	7,643,696	6,576,950	6,967,659	5,534,184	(1,433,475)	-20.57%
Capital Projects/Outlay	5,786,284	3,187,955	2,210,345	3,735,828	1,525,483	69.02%
<b>Total</b>	<b>21,049,930</b>	<b>17,714,088</b>	<b>17,045,640</b>	<b>16,317,331</b>	<b>(728,309)</b>	<b>-4.27%</b>

<b>Road Fund Net Operating Balance</b>				
<b>Quarter Ended December 31</b>	12-13	13-14	14-15	15-16
YTD Actual	(8,521,285)	(4,762,086)	(3,939,598)	(3,336,443)
Total Annual Budget	(6,300,438)	(5,284,486)	(2,769,252)	1,909,308
<b>Actual as % of budget</b>	135.25%	90.11%	142.26%	-174.75%