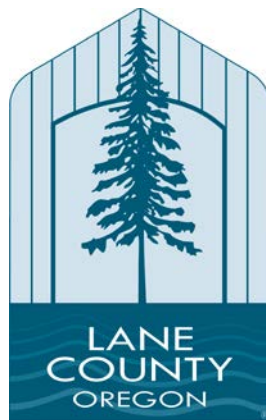


Lane County Quarterly Financial Report

Quarter Ended March 31, 2018
(Third Quarter of FY 17-18)



**Presented to Lane County Board of Commissioners:
June 12, 2018**

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Executive Summary

We are pleased to present you with Lane County's Quarterly Financial Report for the Third Quarter of Fiscal Year (FY) 17-18. 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. For information on the development of the County's budget and the service levels provided, please visit www.lanecounty.org/budget.

This report represents a new format for the Quarterly Financial Report. County staff have compiled financial data on County Funds, as in prior reports, but the local, state, and national economic sections of the report have been developed by State Economist Brian Rooney. Brian's area of expertise is Lane County and this report presents an opportunity for the Board of County Commissioners to have a more in depth dialogue about economic issues impacting our community.

Steve Mokrohisky,
County Administrator

National Economic Indicators

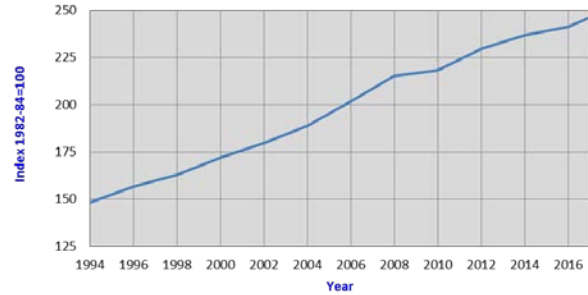
Consumer Price Index

Consumer Price Index (CPI)

1982 - 1984 = 100 for US, 1996 = 100 For West
All Urban Consumers

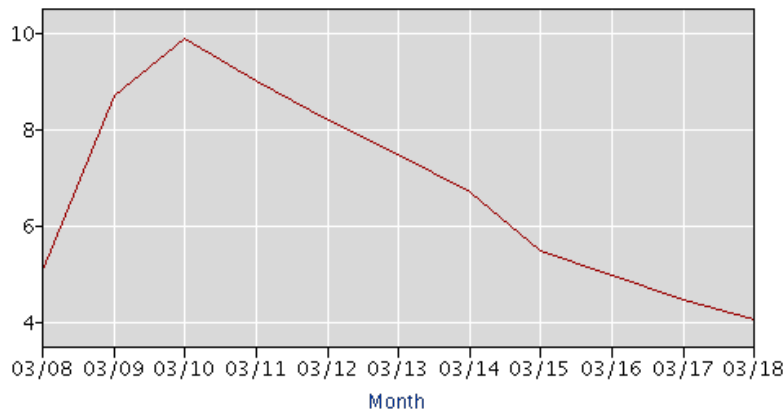
United States	
March 2018	249.554
Year Change	2.4%
West Size Class B/C	
March 2018	151.702
Year Change	2.6%

Not Seasonally Adjusted
Area: US city average
Item: All Items
Base Period: 1982-84=100



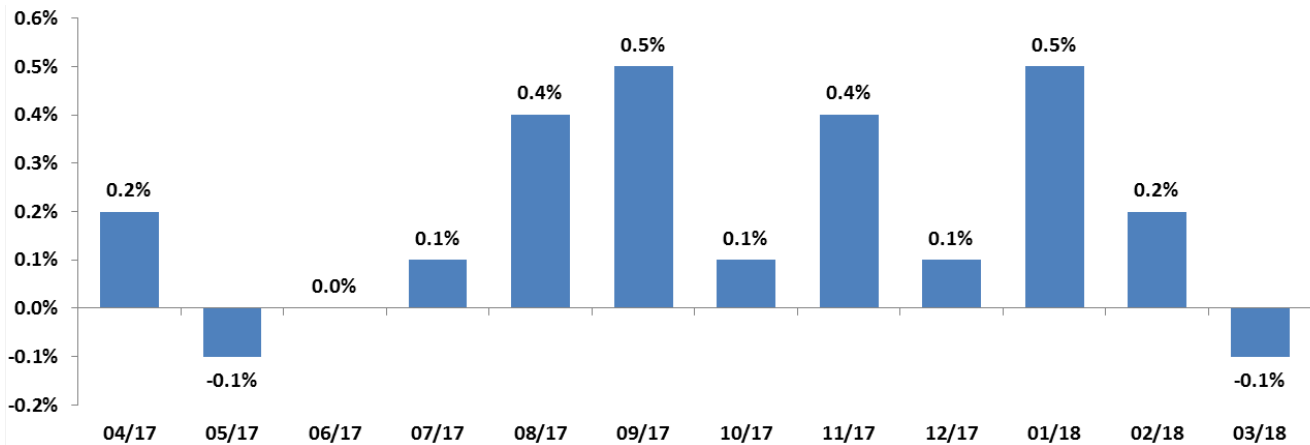
National Employment

The US Bureau of Labor Statistics reports that the national unemployment rate dropped to 4.1% in March 2018. This is down from 4.5% in the same period last year.



Inflation

The Consumer Price Index for All Urban Consumers (CPI_U) decreased 0.1 percent in March (seasonally adjusted basis). Over the last 12 months, the all items index increased 2.4 percent.



Health Insurance Costs

CPI for Medical Care gained 1.1% in the quarter ending March 2018, while Health Insurance increased 0.7% during the quarter. The annual CPI for Health Insurance increased by 0.1% from March 2017 to March 2018 (not seasonally adjusted).

Local Economic Indicators

Brian Rooney will cover a variety of local economic indicators. Detailed information on this topic can be found in his PowerPoint presentation, which is included at the end of the board packet for this agenda item.

ALL COUNTY FUNDS

FY 17-18

RESOURCES	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year to Date	Current Budget	% Actual to Budget
Beginning Fund Balance/Reserves	243,643,621	(45,026)	-	-	243,598,595	243,598,591	100.00%
<u>Revenues</u>							
Taxes & Assessments	1,879,610	51,623,283	3,904,552	-	57,407,445	62,198,558	92.30%
Federal Revenue	(325,710)	10,087,446	11,002,128	-	20,763,864	46,433,346	44.72%
State & Local Revenue	15,046,983	27,558,594	29,706,856	-	72,312,433	105,285,331	68.68%
Fees & Charges	29,356,986	31,621,690	33,240,730	-	94,219,406	128,728,177	73.19%
Other Revenues	8,922,524	8,724,703	8,582,575	-	26,229,802	33,416,133	78.49%
Total Revenue	54,880,393	129,615,716	86,436,841	-	270,932,950	376,061,545	72.04%
Transfers In	5,250,234	6,403,407	5,381,271	-	17,034,913	25,211,331	67.57%
Other Resources	-				-	2,226,174	
TOTAL RESOURCES	303,774,248	135,974,098	91,818,112	-	531,566,458	647,097,641	82.15%

REQUIREMENTS	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year to Date	Current Budget	% Actual to Budget
<u>Expenditures</u>							
Salaries & Wages	22,437,442	22,628,973	26,511,147	-	71,577,562	105,404,721	67.91%
Employee Benefits	14,028,325	15,196,950	16,490,282	-	45,715,557	70,193,668	65.13%
Material & Services	37,641,627	42,436,387	44,673,284	-	124,751,299	207,348,319	60.17%
Capital Expenses	2,930,703	1,415,240	1,068,499	-	5,414,442	24,431,534	22.16%
Debt Service	135,480	3,573,959	37,291	-	3,746,731	10,814,622	34.65%
Other Fiscal Transactions	-	-	-	-	-	16,947	0.00%
Total Expenditures	77,173,577	85,251,509	88,780,504	-	251,205,591	418,209,811	60.07%
Transfers Out	5,250,234	6,403,407	6,081,271	-	17,734,913	27,437,505	64.64%
Ending Fund Balance/Reserves						201,450,325	
TOTAL REQUIREMENTS	82,423,812	91,654,917	94,861,775	-	268,940,503	647,097,641	41.56%

Net Revenue (Expense)	(22,293,184)	44,364,207	(2,343,663)	-	19,727,360	(42,148,266) *
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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 receipt of multi-year grant revenues which are carried forward for multi-year service delivery.

General Fund

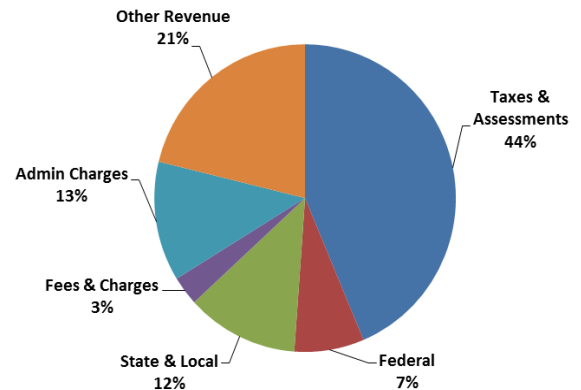
Positive and Within Budget

Revenues:

At the end of the Third Quarter of FY 17-18, the County has received 85.9% of its budgeted annual General Fund revenue. This is an increase of 2.17% over the same period last year.

The Third Quarter is continuing to show a higher percentage of budget received than in prior years largely due to the timing of receipt of higher than anticipated revenues, such as the O&C timber payment, and approval of supplemental budgets to increase the budget as needed. Revenue received as compared to budget continues to be strong and it is fully anticipated that receipt of revenue will be closely in line with budgeted General Fund revenue in FY 17-18.

Budgeted Revenue



General Fund Operating Revenues				
Quarter Ending March 31	14-15	15-16	16-17	17-18
Quarter 3 YTD Actual	59,854,531	64,504,009	63,699,305	67,257,764
Total Annual Budget	74,040,183	75,435,133	76,075,554	78,296,541
Actual as % of Budget	80.84%	85.51%	83.73%	85.90%

General Fund Operating Revenues					17-18 vs. 16-17 Variance	
Quarter Ending March 31	14-15	15-16	16-17	17-18	\$	%
Taxes & Assessments	35,795,337	37,332,164	38,678,727	40,644,113	1,965,385	5.08%
Federal Revenue	1,235,973	1,250,230	1,240,223	1,363,973	123,750	9.98%
State & Local Revenue	8,345,166	10,033,826	8,318,414	8,349,132	30,717	0.37%
Fees & Charges	2,102,546	2,443,176	2,704,814	1,906,703	(798,111)	-29.51%
Administrative Charges	8,008,037	8,573,995	8,498,353	9,126,425	628,072	7.39%
All Other Revenue	4,367,472	4,870,618	4,258,774	5,867,419	1,608,645	37.77%
Total	59,854,531	64,504,009	63,699,305	67,257,764	3,558,459	5.59%

General Fund

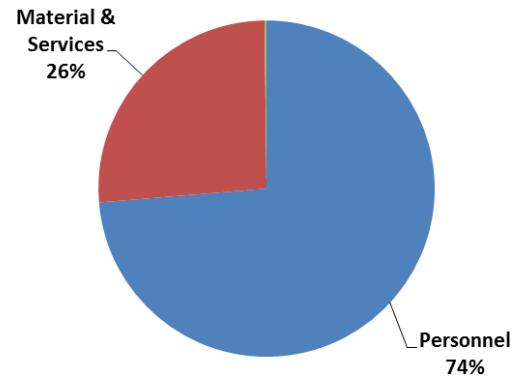
Positive and Within Budget

Expenditures:

At the end of the Third Quarter of FY 17-18, the County has expended 69.06% of its budgeted annual General Fund operating expense budget. This is an increase of 1.26% over the same period last year.

The percentage of the General Fund expenditure budget spent within the Third Quarter is within expected limits and continues to show a slight increase from prior years due to the change in personnel budgeting related to the vacancy variance. This trend shows that vacancy rates continue to remain fairly stable and that while there is improvement from prior year in bringing actuals closer to budget, there is continued room for refinement in future years.

Budgeted Operating Expenses



General Fund Operating Expenses				
Quarter Ending March 31	14-15	15-16	16-17	17-18
Quarter 3 YTD Actual	42,111,713	45,601,670	45,729,359	47,253,868
Total Annual Budget	63,631,967	68,736,960	67,450,815	68,426,867
Actual as % of Budget	66.18%	66.34%	67.80%	69.06%

General Fund Operating Expenses					17-18 vs. 16-17 Variance	
Quarter Ending March 31	14-15	15-16	16-17	17-18	\$	%
Personnel Services	30,520,679	33,096,414	33,722,937	35,143,906	1,420,970	4.21%
Materials & Services	11,551,873	12,478,819	12,000,512	12,068,494	67,983	0.57%
Capital Projects/Outlay	39,161	26,437	5,911	41,468	35,557	0.00%
Total	42,111,713	45,601,670	45,729,359	47,253,868	1,524,510	3.33%

Road Fund

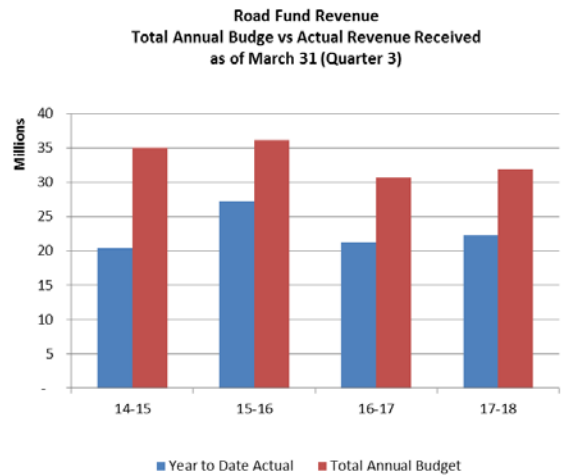
Positive and Within Budget

Revenues:

As of the end of the Third Quarter of FY 17-18, the County has received 69.66% of its budgeted annual Road Fund operating revenue. This is an increase of 0.15% from the same period last year as a percent of budget. Actual dollars have increased by 4.31%, \$920,523 increase for the quarter compared.

The year-to-date increase of \$920,523 reflected for this quarter is a nine month total and is less than the increase in the first quarter of \$963,142. The highest percentage increase is in Fees and Charges and due to internal services provided to other funds. For example Road Maintenance Reimbursement charges for work provided to Waste Management and Parks divisions.

Budgeted v. Actual Revenue



The State Highway Fund Transfer is the main source of revenue for the Road Fund. Oregon House Bill 2017 implemented fee increases for motor vehicles transactions and registrations along with fuel tax increases effective January 1, 2018. These increases were effective in the third quarter however, the year-to-date revenue increase for State Highway transfer is up just 1.82% for a total of \$264,627. This amount is down from the first quarter of the year which had a growth of \$311,037million due to the receipt of State Highway Funding.

Road Fund Operating Revenues				
Quarter Ending March 31	14-15	15-16	16-17	17-18
Quarter 3 YTD Actual	20,364,206	27,280,760	21,345,146	22,265,669
Total Annual Budget	35,074,003	36,187,650	30,711,233	31,965,492
Actual as % of Budget	58.06%	75.39%	69.50%	69.66%

Road Fund Operating Revenues					17-18 vs. 16-17 Variance	
Quarter Ending March 31	14-15	15-16	16-17	17-18	\$	%
SRS/Federal Timber Receipts	845,449	6,623,087	1,051,170	1,172,650	121,481	11.56%
State Highway Fund Transfer	13,309,595	13,855,826	14,517,324	14,781,951	264,627	1.82%
Other Intergovernmental	2,100,464	2,113,628	1,768,064	1,823,307	55,243	3.12%
Fees and Charges	811,628	940,282	851,924	1,248,945	397,021	46.60%
Property Sales & Rentals	279,775	805,004	315,948	380,299	64,352	20.37%
Department Indirect Revenue	2,815,793	2,746,275	2,557,942	2,541,742	(16,201)	-0.63%
Other Revenues	201,502	196,658	282,774	316,775	34,000	12.02%
Total	20,364,206	27,280,760	21,345,146	22,265,669	920,523	4.31%

Road Fund

Positive and Within Budget

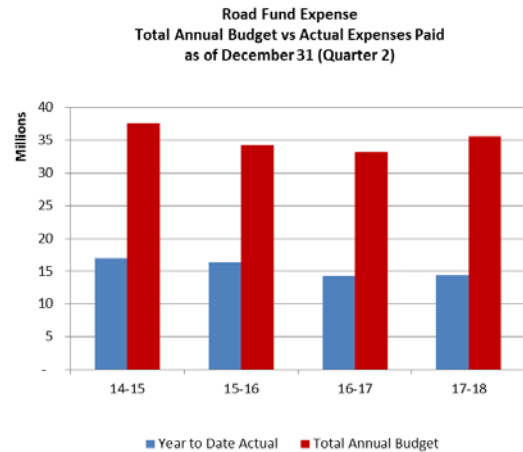
Expenditures:

As of the end of the Third Quarter of FY 17-18, the County has expended 57.65% of its annual Road Fund operating expense budget. This is a decrease of 3.27% from the same period last year as a percent of budget.

Actual expenses are up 1.75% from FY 16-17; the majority of the \$353,971 increase is from the first quarter when expenses were up by \$326,051 over the previous year. The year to date increase continues to be in Road Work and Traffic supplies.

The fourth quarter will be the highest spending quarter for both Materials & Services and Capital Projects as weather improves and road and bridge projects begin for maintenance, preservation and capital improvements.

Budgeted Operating Expenses



Road Fund Operating Expenses				
Quarter Ending March 31	14-15	15-16	16-17	17-18
Quarter 3 YTD Actual	23,368,029	22,582,147	20,189,026	20,542,997
Total Annual Budget	37,664,736	34,278,342	33,138,997	35,636,240
Actual as % of Budget	62.04%	65.88%	60.92%	57.65%

Road Fund Operating Expenses					17-18 vs. 16-17 Variance	
Quarter Ending March 31	14-15	15-16	16-17	17-18	\$	%
Personnel Services	11,501,771	10,491,229	9,961,636	10,041,234	79,597	0.80%
Materials & Services	9,525,838	8,061,629	7,660,299	8,073,862	413,563	5.40%
Capital Projects/Outlay	2,340,420	4,029,290	2,567,090	2,427,901	(139,189)	-5.42%
Total	23,368,029	22,582,147	20,189,026	20,542,997	353,971	1.75%