

Lane County Quarterly Financial Report

Quarter Ended December 31, 2014
(Second Quarter of FY 14-15)



Presented to Lane County Board of Commissioners:
March, 2015

Table of Contents

	Page Number
Executive Summary	2
Economic Indicators	3
Actual Revenues and Expenses vs. Budget (All County Funds)	5
General Fund	6
Road Fund	8

Executive Summary

We are pleased to present you with Lane County's Quarterly Report for the Second 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 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 declined by 0.4 percent in December, 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 October-December 2014 showed gains of 18.9% for residential permits and declined by 12.5% for commercial permits. A new indicator for Health Insurance Costs was added to monitor CPI for Medical Care and Health Insurance costs on a national level.
- The General Fund has received \$47.7 million, or 68.11% of its budgeted revenue. Property Taxes, which make up over 50% of the total revenue, began being received in November of 2014. General Fund operating expenses for the second quarter totaled \$28.2 million, or 44.78% of budget. Operating expenditures do not include budgeted transfers.
- Road Fund revenues totaled \$13.1 million, or 45.04% of budgeted revenue. Road Fund operating expenditures total \$17.05 million, or 45.04% of budget. Capital Projects are planned to increase in the fourth quarter.

Steve Mokrohisky,
County Administrator

National Economic Indicators

Consumer Price Index

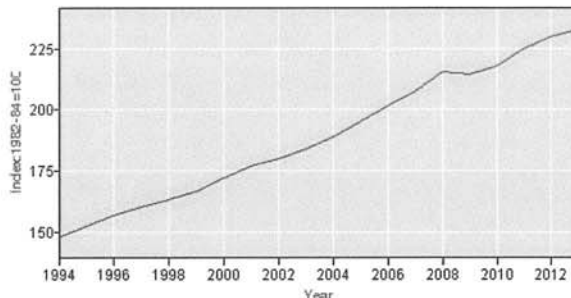
Consumer Price Index (CPI)
1982-1984 = 100
All Urban Consumers

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

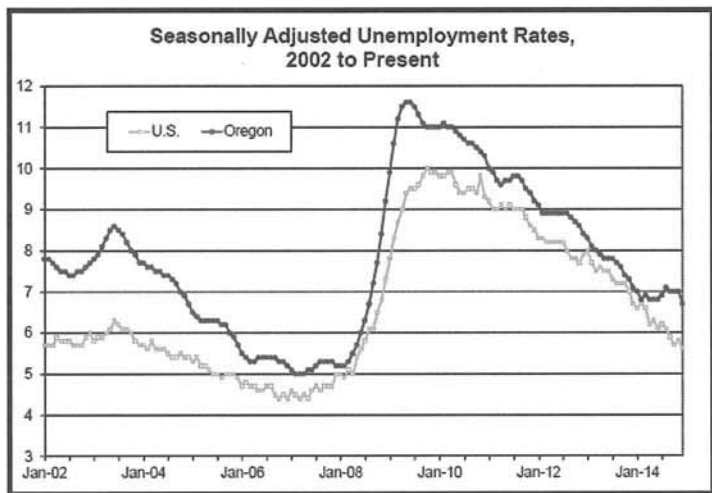
United States
December 2014 234.812
Year change 0.8%

Portland-Salem MSA
Jan - June 2014 239.751
Year Change 2.6%
July-Dec. 2014 available mid-Feb. 2015

www.bls.gov/cpi



National Employment

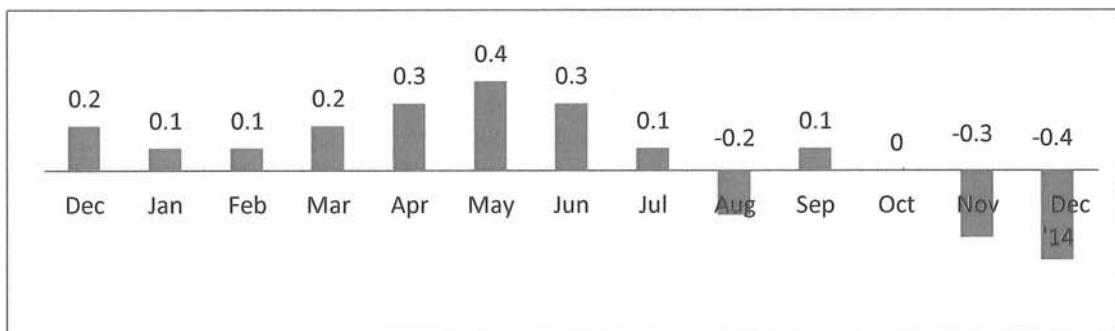


The unemployment rate declined by 0.2 percentage points to 5.6 % in December, and the number of unemployed persons declined by 383,000 to 8.7 million. Over the year, the unemployment rate and the number of unemployed persons were down by 1.1 percentage points and 1.7 million, respectively.

State of Oregon Employment Department Labor Trends
Feb. 2015

Inflation

The overall cost of living in the United States declined by 0.4% in December. Over the last 12 months, the all items index



increased 0.8 % before seasonal adjustment.

2014. www.bls.gov/cpi

CPI Detailed Report December

Health Insurance Costs

CPI for Medical Care gained .9% in the last quarter ending in December 2014, while Health Insurance also increased .2%. Lane County saw a 3.46% increase in Health Rates for FY 14-15.

National Economic Indicators

Consumer Price Index

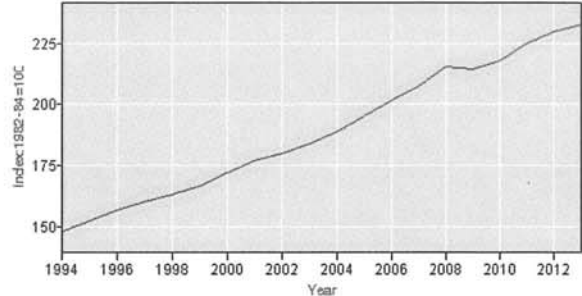
Consumer Price Index (CPI)
1982-1984 = 100
All Urban Consumers

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

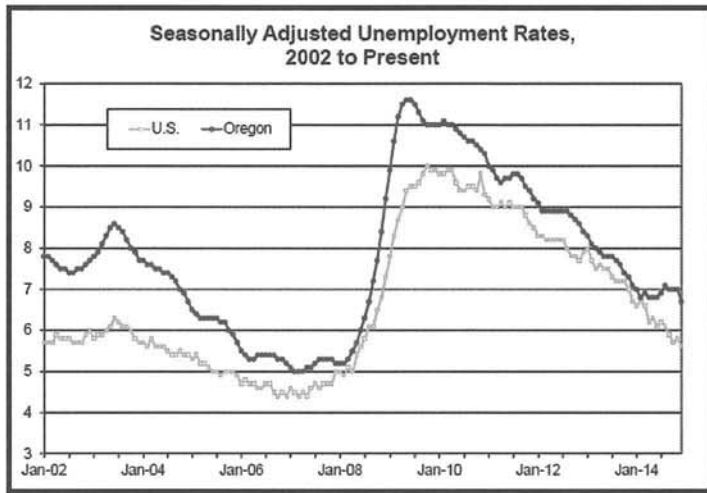
United States
December 2014 234.812
Year change 0.8%

Portland-Salem MSA
Jan – June 2014 239.751
Year Change 2.6%
July-Dec. 2014 available mid-Feb. 2015

www.bls.gov/cpi



National Employment

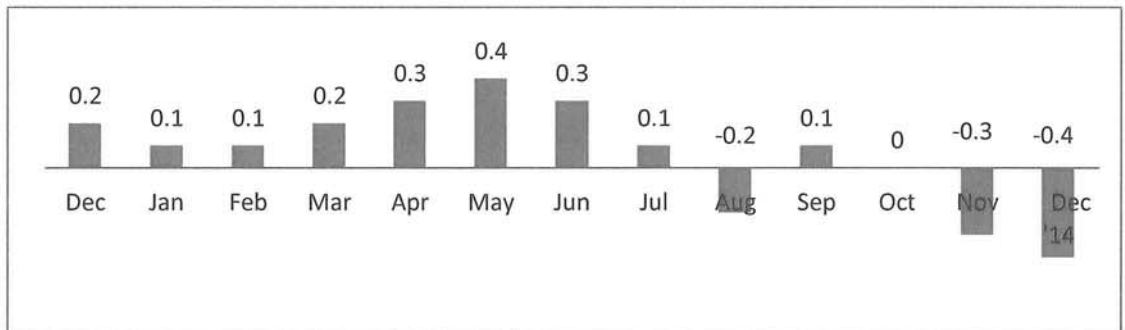


The unemployment rate declined by 0.2 percentage points to 5.6 % in December, and the number of unemployed persons declined by 383,000 to 8.7 million. Over the year, the unemployment rate and the number of unemployed persons were down by 1.1 percentage points and 1.7 million, respectively.

State of Oregon Employment Department Labor Trends
Feb. 2015

Inflation

The overall cost of living in the United States declined by 0.4% in December. Over the last 12 months, the all items index increased 0.8 % before seasonal adjustment.



CPI Detailed Report December 2014 www.bls.gov/cpi

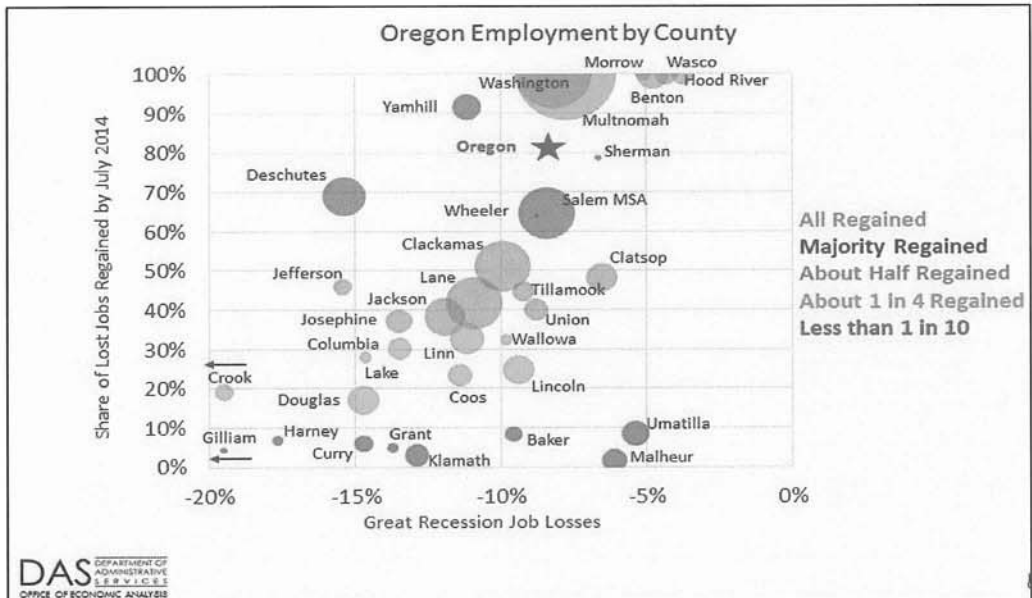
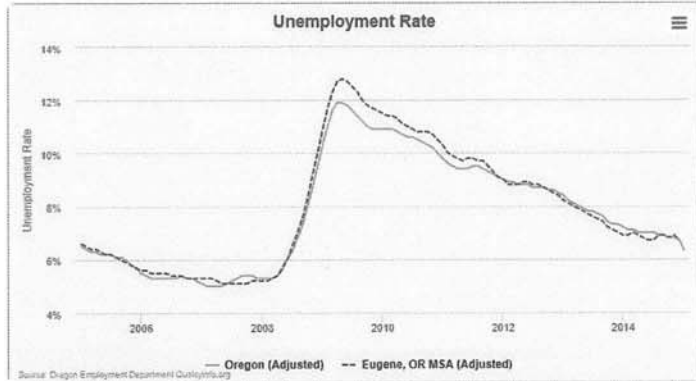
Health Insurance Costs

CPI for Medical Care gained .9% in the last quarter ending in December 2014, while Health Insurance also increased .2%. Lane County saw a 3.46% increase in Health Rates for FY 14-15.

Local Economic Indicators

Employment Data

Unemployment in Lane County has stayed relatively the same over the past 3 months. October was 6.8%, November was 6.9%, and December was 6.7%. National Rates are at 5.6%.



Lane County lost a higher percentage of jobs during the recession (17,900 jobs). As of Nov. 2014, the county has regained 8,000 jobs (45% of the jobs lost).

Real Estate Statistics

Comparing the average price of homes sold in the twelve months ending in January 2014 (\$236,000) with the average price of homes sold in the twelve months ending January 2014 (\$225,400) shows an increase of 4.7%. The same comparison of the median shows an increase of 5.5% over that same period. (Market Action RMLS January 2015, Lane County)



Building Permit activity within Lane County Land Management has also shown increases in Residential permits for the period between October - December 2014. When comparing residential permits in the twelve month period ending December 2014, they grew 18.9%, while commercial permits decreased about 12.5%.

**ALL COUNTY FUNDS
FY 14-15**

RESOURCES	First Quarter	Second Quarter	Year to Date	Adopted Budget	% Actual to Budget
Beginning Fund Balance/Reserves	175,181,056	2,037,027	177,218,084	144,542,890	122.61%
<u>Revenues</u>					
Taxes & Assessments	1,727,440	51,495,774	53,223,214	59,392,659	89.61%
Federal Revenue	645,965	5,966,170	6,612,135	37,580,404	17.59%
State & Local Revenue	16,202,550	23,085,657	39,288,206	77,874,856	50.45%
Fees & Charges	25,157,451	30,796,489	55,953,940	116,129,959	48.18%
Other Revenues	7,968,847	7,870,280	15,839,128	30,271,867	52.32%
Total Revenue	51,702,253	119,214,370	170,916,623	321,249,745	53.20%
Transfers In	3,848,062	9,895,362	13,743,424	26,455,056	51.95%
TOTAL RESOURCES	230,731,372	131,146,759	361,878,131	492,247,691	73.52%

REQUIREMENTS	First Quarter	Second Quarter	Year to Date	Adopted Budget	% Actual to Budget
<u>Expenditures</u>					
Salaries & Wages	16,912,136	22,964,826	39,876,962	88,287,463	45.17%
Employee Benefits	12,782,424	14,733,867	27,516,291	63,780,770	43.14%
Material & Services	36,175,042	38,869,132	75,044,174	173,120,992	43.35%
Capital Expenses	2,894,209	2,040,641	4,934,850	18,237,494	27.06%
Debt Service	0	3,829,365	3,829,365	13,946,184	0.00%
Other Fiscal Transactions	0	0	-	800	0.00%
Total Expenditures	68,763,811	82,437,831	151,201,642	357,373,703	42.31%
Transfers Out	3,848,062	9,873,906	13,721,968	26,455,056	51.87%
Ending Fund Balance/Reserves				108,418,932	
TOTAL REQUIREMENTS	72,611,873	92,311,737	164,923,610	492,247,691	33.50%

Net Revenue (Expense) (17,061,558) 36,776,539 19,714,980 (36,123,958) *

*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.

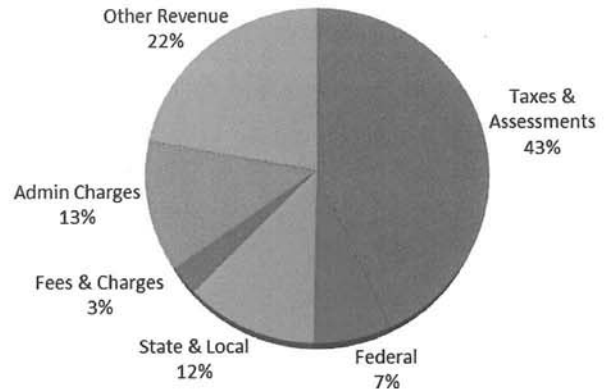
General Fund

Positive and Within Budget

Revenues:

At the end of the second Quarter of FY 14-15, the County has received 68.11% of its budgeted annual General Fund revenue. This is an increase of 3.62% over the same period last year. Property Taxes, which makes up over 50% of the total General Fund Revenue, began being received in November. 92.46% of budget was received during the second quarter. All other revenues have been received as expected.

Budgeted Revenue



General Fund Operating Revenues				
Quarter ended December 31	11-12	12-13	13-14	14-15
Quarter 2 YTD Actual	45,299,863	45,374,641	46,186,125	47,716,425
Total Annual Budget	74,142,597	72,534,839	71,618,361	70,057,353
Actual as % of Budget	61.10%	62.56%	64.49%	68.11%

General Fund Operating Revenues					14-15 vs. 13-14 Variance	
Quarter Ended December 31	11-12	12-13	13-14	14-15	\$	%
Taxes & Assessments	30,274,712	31,190,446	32,226,696	33,939,552	1,712,856	5.32%
Federal Revenue	616,602	360,253	639,477	682,816	43,338	6.78%
State & Local Revenue	5,497,548	5,164,392	5,197,993	5,097,453	(100,539)	-1.93%
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	1,895,472	1,440,437	1,644,566	1,398,348	(246,219)	-14.97%
Total	45,299,863	45,374,641	46,186,125	47,716,425	1,530,300	3.31%

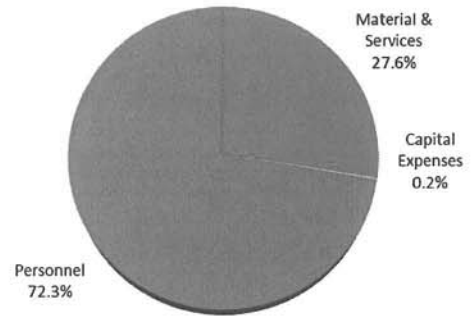
General Fund

Positive and Within Budget

Expenditures:

At the end of the second Quarter of FY 14-15, the County has expended 44.78% of its budgeted annual General Fund operating expense budget. This is an increase of 1.71% over the same period last year. The bulk of this increase occurs within the Materials & Services category due to timing of payment for services and purchase of materials for annual use. 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 December 31	11-12	12-13	13-14	14-15
Quarter 2 YTD Actual	35,206,283	31,016,474	27,037,306	28,212,305
Total Annual Budget	77,744,119	68,851,186	62,772,835	63,006,745
Actual as % of Budget	45.28%	45.05%	43.07%	44.78%

General Fund Operating Expenses					14-15 vs. 13-14 Variance	
Quarter Ended December 31	11-12	12-13	13-14	14-15	\$	%
Personnel Services	26,188,958	22,530,122	19,775,617	20,569,245	793,628	4.01%
Materials & Services	8,976,266	8,476,351	7,222,257	7,610,134	387,877	5.37%
Capital Projects/Outlay	41,060	10,000	39,432	32,926	(6,507)	-
Total	35,206,283	31,016,474	27,037,306	28,212,305	1,174,999	4.35%

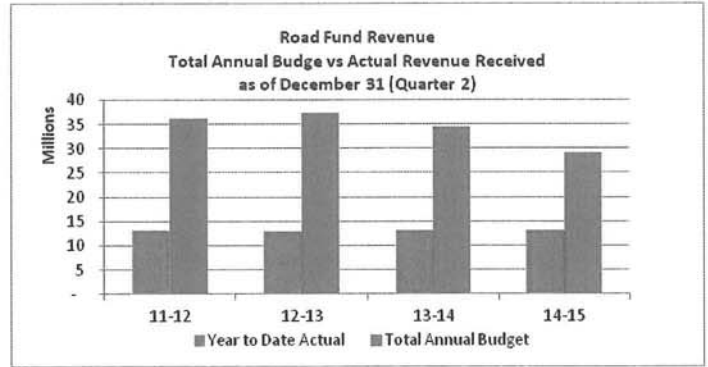
Road Fund

Positive and Within Budget

Revenues:

As of the end of the second Quarter of FY 14-15, the County has received 45.04% of its budgeted annual Road Fund operating revenue. This is a decrease of .17% from the same period last year. The net decrease of \$22,693 results from decreases in State Highway Fund Allocation of nearly 2%. Budgeted operating revenue for FY 14-15 is down by 15.4%, due to the loss of Secure Rural Schools revenue.

Budget v. Actual Revenue



Road Fund Operating Revenues as of December 31				
	11-12	12-13	13-14	14-15
Quarter 2 YTD Actual	13,230,059	12,850,984	13,128,734	13,106,041
Total Annual Budget	36,269,382	37,225,960	34,382,105	29,099,908
Actual as % of Budget	36.48%	34.52%	38.18%	45.04%

Road Fund Operating Revenues Quarter Ended December 31	11-12	12-13	13-14	14-15 vs. 13-14 Variance		
				14-15	\$ %	
SRS/Federal Timber Receipts	-	-	-	-	-	-
State Highway Fund Transfer	7,987,225	8,119,280	8,557,444	8,405,546	(151,897)	-1.78%
Other Intergovernmental	2,077,356	1,479,186	1,459,664	1,957,671	498,007	34.12%
Fees and Charges	394,381	769,462	413,204	522,080	108,876	26.35%
Property Sales & Rentals	125,423	304,053	481,105	201,184	(279,921)	-58.18%
Department Indirect Revenue	2,385,189	1,944,150	2,070,588	1,876,984	(193,603)	-9.35%
Other Revenues	260,484	234,853	146,730	142,577	(4,153)	-2.83%
Total	13,230,059	12,850,984	13,128,734	13,106,041	(22,693)	-0.17%

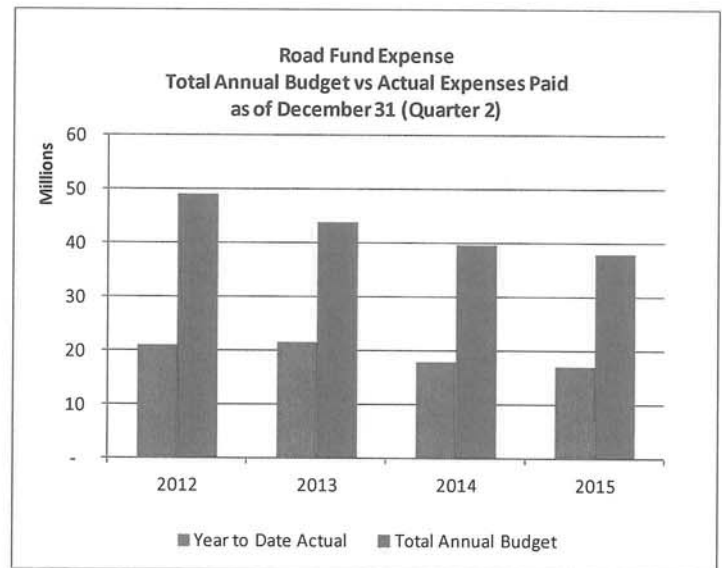
Road Fund

Positive and Within Budget

Budget v. Actual Operating Expenses

Expenditures:

As of the end of the second Quarter of FY 14-15, the County has expended 45.04% of its budgeted annual Road Fund Operating expense budget. This is an increase of .03 over the same period last year due to changes in the budget. The actual Operating Expenses total decreased by \$825,262. 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 December 31	11-12	12-13	13-14	14-15
Quarter 2 YTD Actual	20,895,208	21,499,192	17,870,902	17,045,640
Total Annual Budget	49,167,236	43,631,198	39,700,466	37,843,255
Actual as % of Budget	42.50%	49.27%	45.01%	45.04%

Road Fund Operating Expenses					14-15 vs. 13-14 Variance	
Quarter Ended December 31	11-12	12-13	13-14	14-15	\$	%
Personnel Services	8,442,132	7,759,196	8,014,772	7,867,636	(147,136)	-1.84%
Materials & Services	8,488,287	7,953,712	6,668,175	6,967,659	299,484	4.49%
Capital Projects/Outlay	3,964,789	5,786,284	3,187,955	2,210,345	(977,610)	-30.67%
Total	20,895,208	21,499,192	17,870,902	17,045,640	(825,262)	-4.62%

Road Fund Net Operating Balance				
Quarter Ended December 31	11-12	12-13	13-14	14-15
YTD Actual	(7,665,149)	(8,648,208)	(4,742,168)	(3,939,598)
Total Annual Budget	(12,897,854)	(6,405,238)	(5,318,361)	(8,743,347)
Actual as % of budget	59.43%	135.02%	89.17%	45.06%