

LANE COUNTY

# PROPOSED BUDGET

FISCAL YEAR 2014-2015



Budget  
Committee  
Presentation  
April 29, 2014

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Budget & Financial  
Planning Manager*

# BUDGET BASICS - 1

- Local Budget Law dictates how County must prepare budget.
  - Fund: a fiscal and accounting entity of self-balancing accounts.
    - FUNDS: General Fund, Special Revenue, Debt Service, Capital, Enterprise, Internal Service & Fiduciary.
  - Organizational Units:  
Lane County budgets to Department Level with one Non-Department (General Expense)

# BUDGET BASICS - 2

## ACCOUNT CLASSIFICATIONS:

Revenue & Expenditures

Resources & Requirements

## REVENUE v. RESOURCES

- Revenue: Property tax and non-property tax. Money received from funding source (state, federal, grants, taxes) or services provided (fees, licenses, fines, etc.).
- Resources: Includes Revenue PLUS any money carried forward (reserve) and one-time transfers.

# BUDGET BASICS - 3

## EXPENDITURES v. REQUIREMENTS

Expenditure: on-going expenditures required for operations including Personnel, Materials & Services, Capital Outlay, & Debt Service

Requirements: Includes Expenditures PLUS transfers, operating contingency/reserves, and unappropriated ending fund balance (UEFB).

Balanced Budget when Resources = Requirements

# TOTAL BUDGET OVERVIEW

- Current FY 13-14 Modified Budget
  - \$536.8 million
- Proposed FY 14-15 Budget
  - \$489.1 million
- Reduction: \$47.7 million
- FTE: 1365.81 (increase of 0.68 FTE)

# REVENUE & RESOURCES

Revenues & Resources in FY 14-15:

REVENUE TOTAL: \$318,160,540

RESOURCE TOTAL: \$489,081,335

Difference: \$144,513,393 beginning fund balance

\$26,377,402 fund transfers

\$30,600 other fiscal transaction

# EXPENDITURES V. REQUIREMENTS

Expenditures & Requirements in FY 14-15:

EXPENDITURE TOTAL: \$354,563,172

REQUIREMENT TOTAL: \$489,081,335

Difference: \$26,377,402 in fund transfers

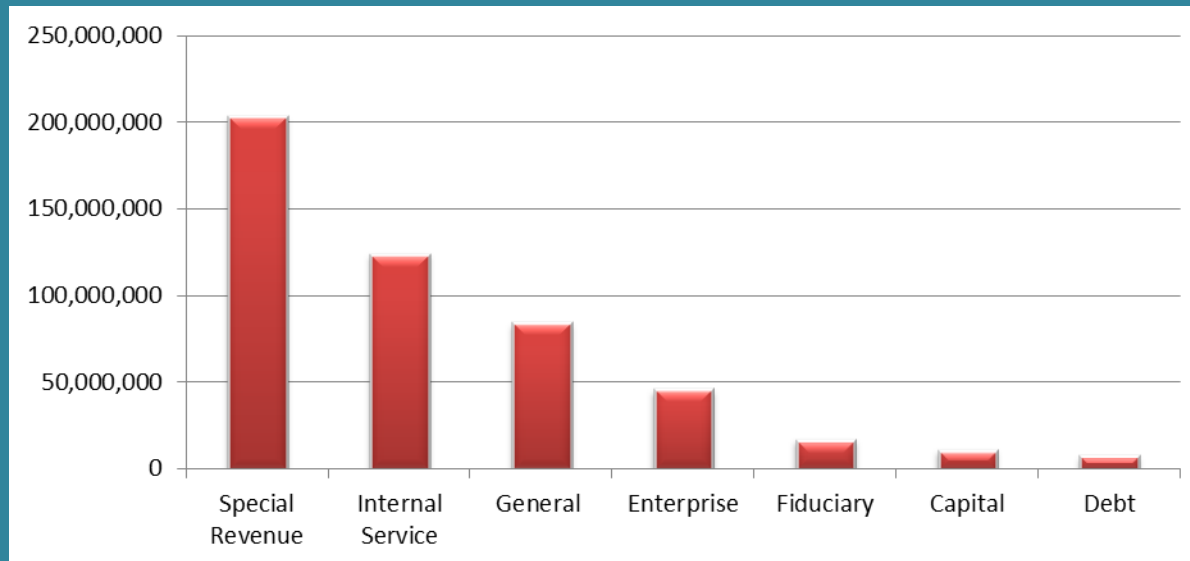
\$30,600 in other fiscal transactions

\$88,278,544 in contingency/reserves

\$19,831,617 UEFB

# BUDGET BY FUND TYPE

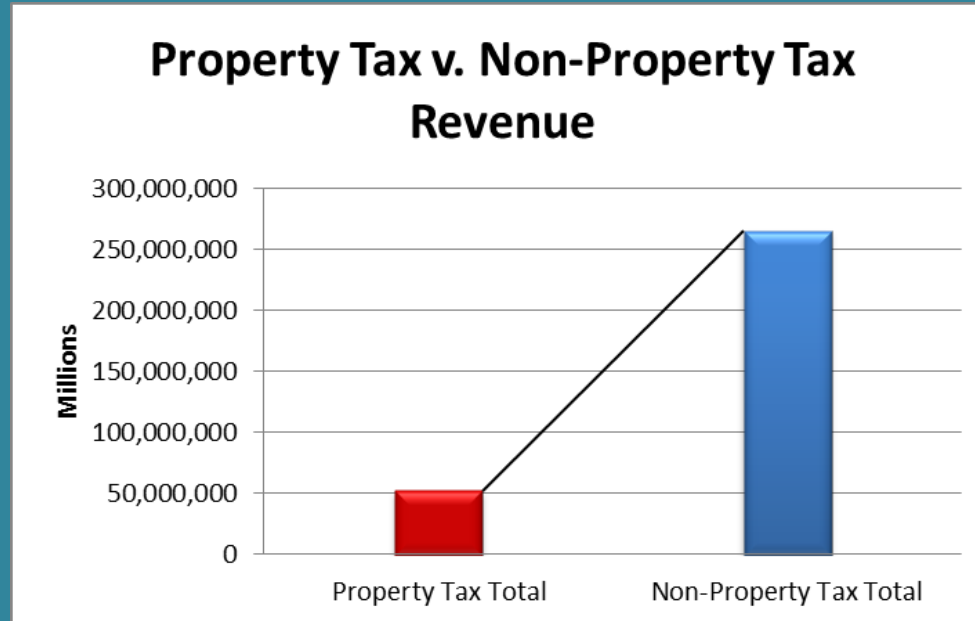
- Majority of County funds have to be spent in specific ways by law or as designated by entity providing funding.
- Examples: Gas Tax – only to maintain County Roads; Grants – for specific project/service; Video Lottery; Enterprise funds (proceeds need to run), etc.





# REVENUE & RESOURCES

- Revenue: Property Tax v. Non-Property Tax



Property Tax detail:

General Fund: \$35.2 million

JJC Bond: \$2.9 million

School Fund: \$206 thousand

Local Option Levy: \$14.5 million

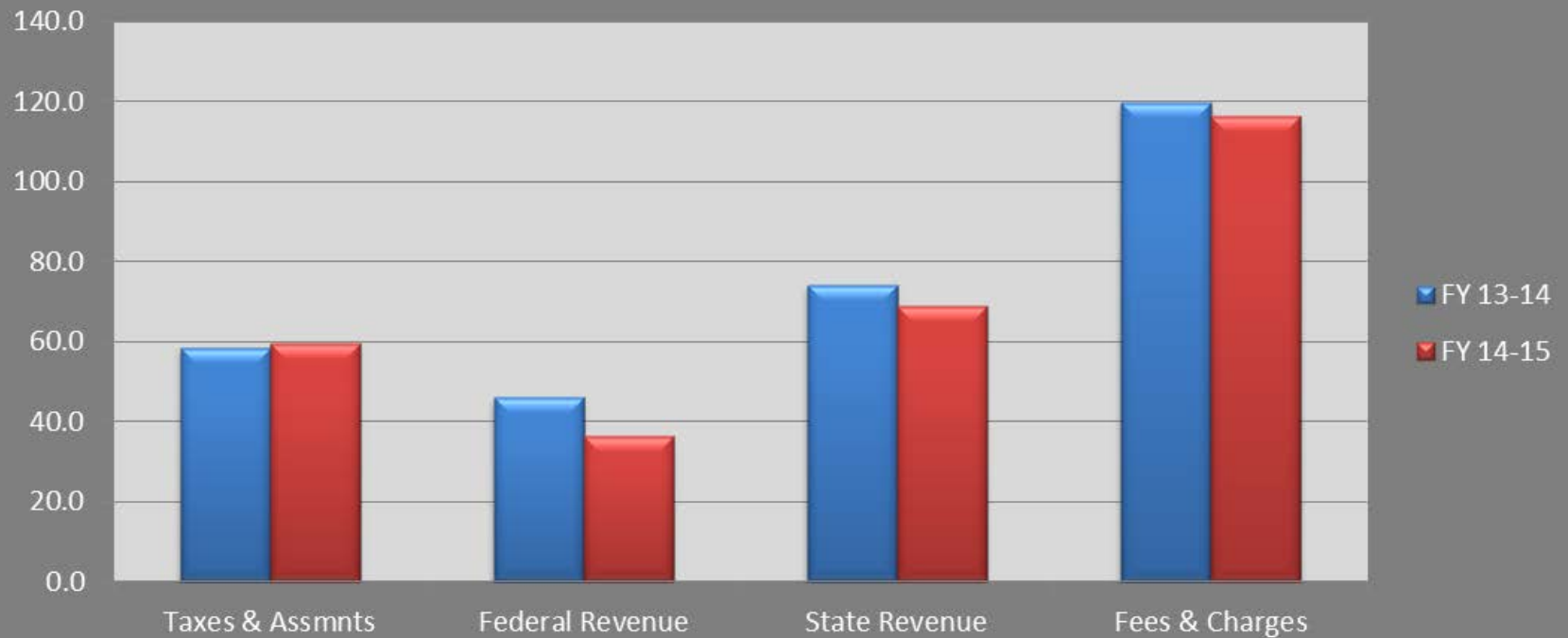
# PROPERTY TAX

Lane County's Property Tax revenue has two distinct issues that add to budget imbalance:

#1 – The Rate

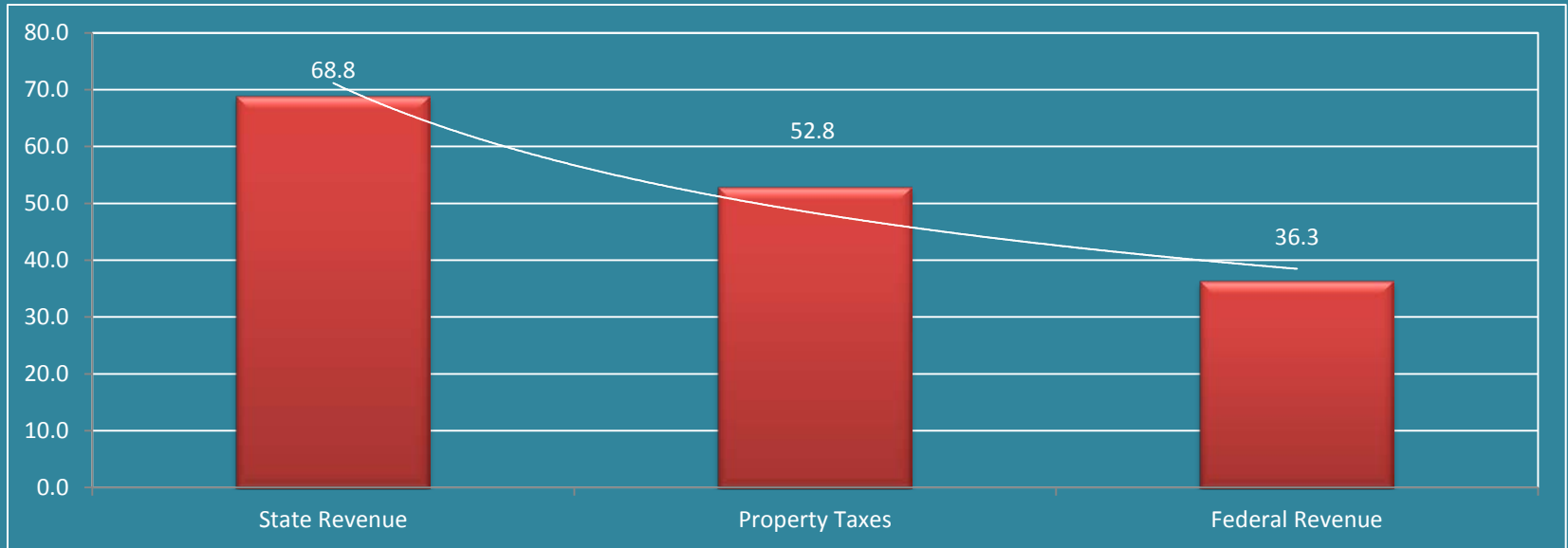
#2 – The Growth of the Tax

# MAJOR REVENUE CHANGES



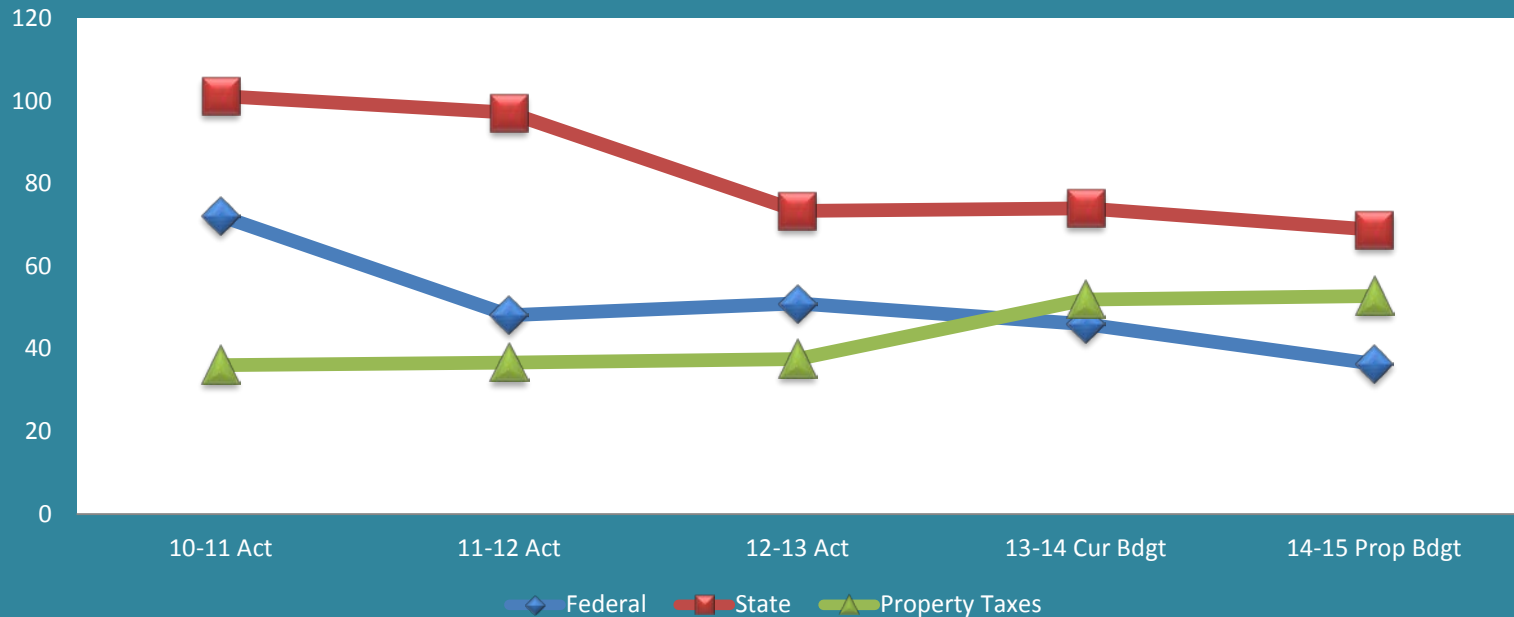
# REVENUE COMPARISONS

- State Revenue – \$68.8 million
- Property Taxes – \$52.8 million (includes bond)
- Federal Revenue – \$36.3 million



# REVENUE COMPARISONS

Historical state, federal & property taxes change

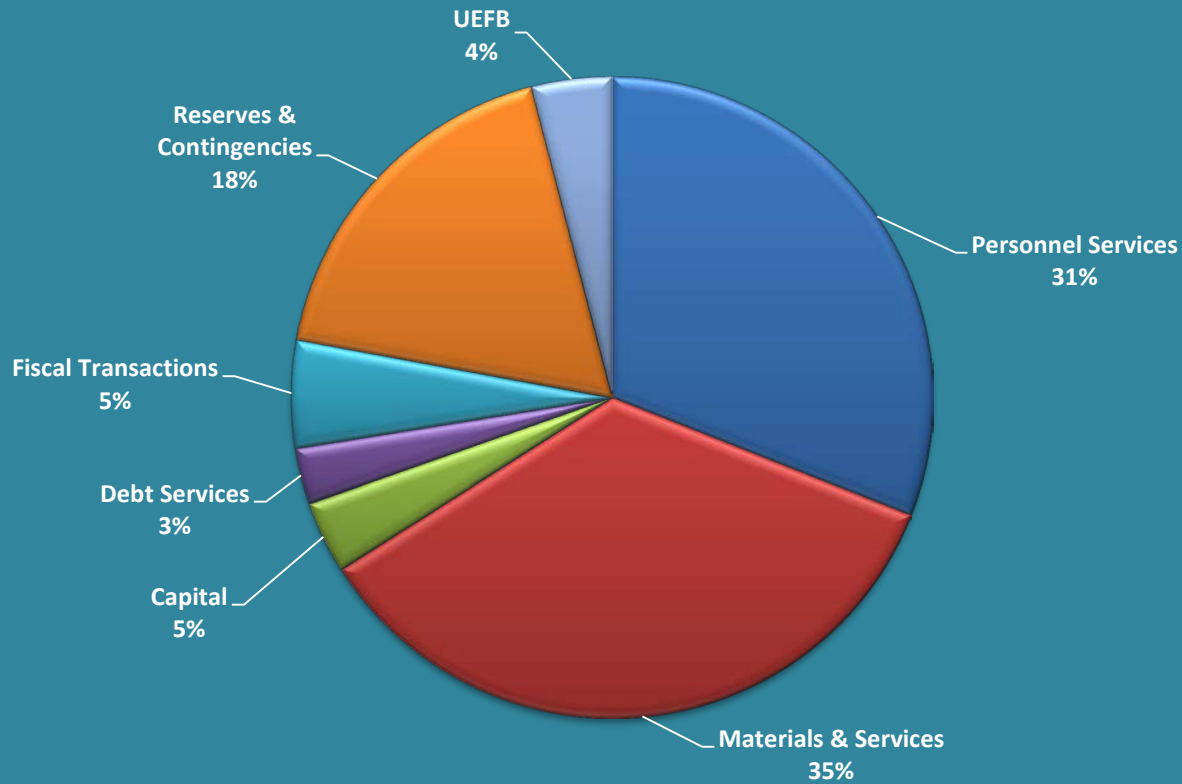


# FEDERAL REVENUE

- The story of Federal timber revenue
  - After over 100 years of federal timber revenue, there is no current replacement for the loss
    - Federal contract to share timber revenue since 1916
    - Last 20+ years very volatile, frequent budget cuts.
    - FY 11-12 final year of 2008 Secure Rural Schools Act. FY 12-13 received payment equal to 95% of FY 11-12. FY 13-14 received payment equal to 95% of FY 12-13. FY 14-15 budget assumes return to timber harvest and resulting shared-revenue.

# COUNTY EXPENDITURES & REQUIREMENTS

## REQUIREMENTS BY TYPE:



## OVERALL EXPENDITURES & REQUIREMENT CHANGES

- Personnel **↑** 2.16%
- Materials & Services **↓** 6.4%
- Capital Projects **↓** 23.2%
- Debt Service - stable
- Reserves and UEFB **↓** 16.8%

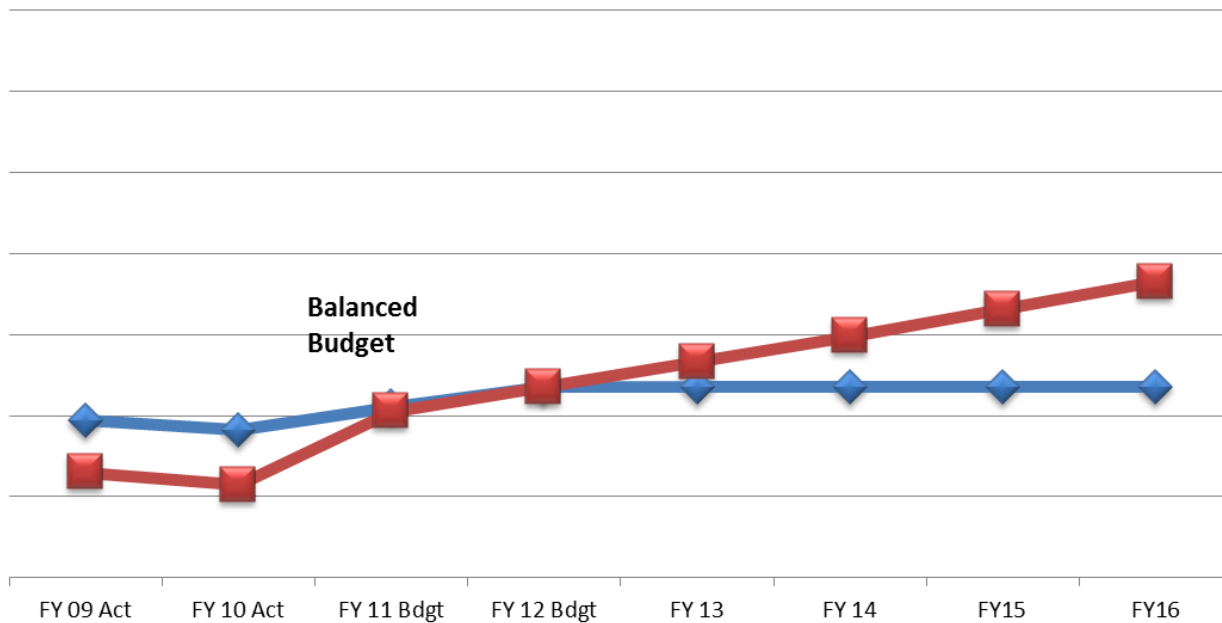


# EXPENDITURES

- While Revenue has been growing slowly, or even decreasing, expenditures have been increasing:
  - **Health Insurance** – growing faster than inflation, FY 14-15 Proposed 13% increase.
  - **PERS Rates** - (set by PERS Board) – While no change in FY 14-15, employer rates have historically risen higher than inflation and projected to continue increasing.
  - **Materials & Services** - Utilities, gas/oil, insurance costs (general liability).

# BUDGET STRUCTURAL DEFICIT

**JAWS GRAPH**  
**Revenue & Expenditure Imbalance**



Representation only - assumes 3% growth in revenue and 6% growth in expenditures

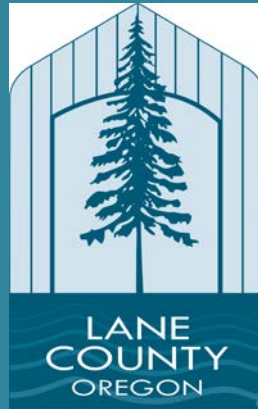
◆ Total Revenue    ■ Total Expenditure

# RESERVES

- Why have them?
  - To pay obligations prior to receiving revenues (Prop Tax)
  - Bond rating agency grades financial health
- Financial Policies
  - 5% ‘Prudent Person’ in all funds except General Fund, which requires a minimum 10% reserve
- Using as a planning tool
  - BCC began Service Stabilization Reserve in FY 08-09 with plan to spend reserves slowly in order to keep service levels stable for as long as possible. Has continued this planning strategy with one year extension payments.

**RESERVES overall are down 16.8% in FY 14-15**

# General Fund Budget



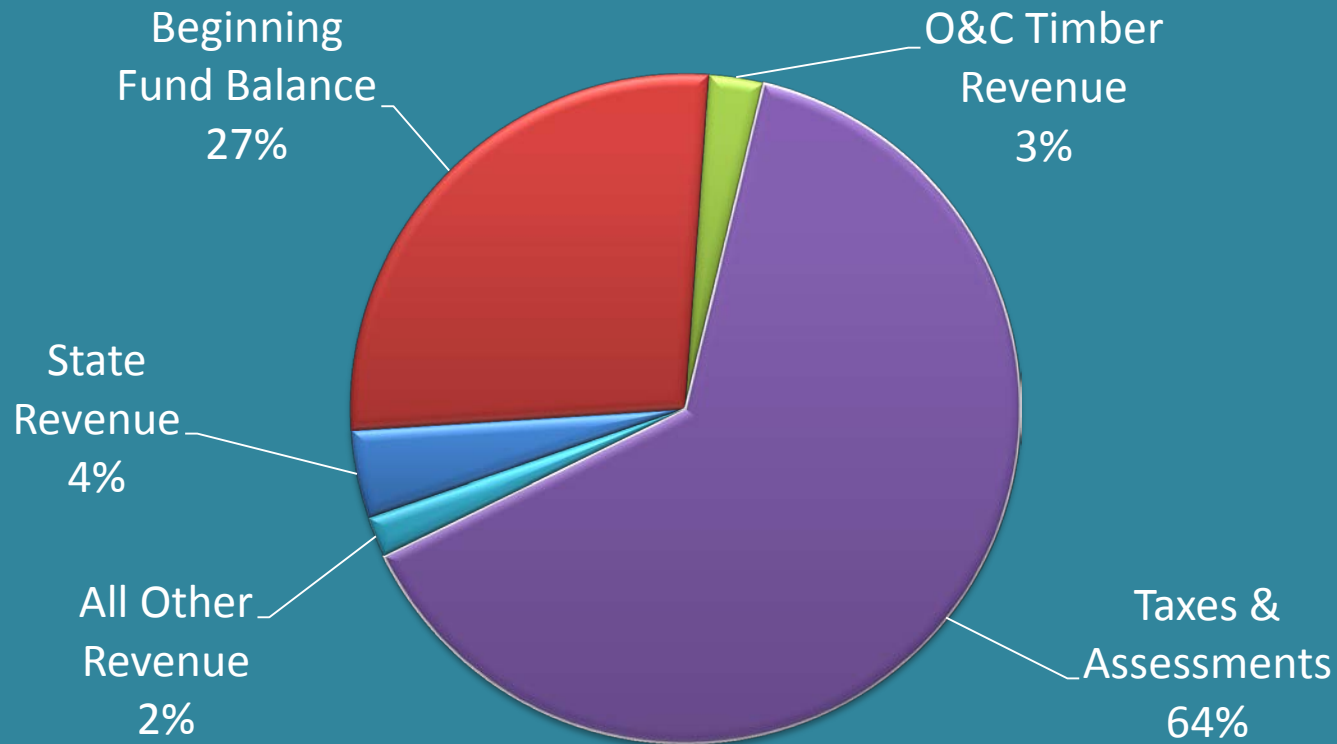
## GENERAL FUND OVERVIEW

- General Fund Budget
  - Current Year = \$90.9 million
  - Proposed Yr = \$83.9 million
  - Decrease = \$7 million or 7.6%
  
- General Fund FTE
  - Current Year = 386.49
  - Proposed Yr = 389.85
  - Increase = 3.36 or 0.8%

# DISCRETIONARY GENERAL FUND

- Unrestricted Revenue within the General Fund – that either has no strings attached by State, Feds, or grantors, or is not received for direct service provided to community.
- Discretionary Budget
  - Current Year = \$58.9 million
  - Proposed Yr = \$55.8 million
  - Decrease = \$3.1 million
    - Timber Revenue decrease of \$3.2 million
    - Modest growth in other revenues

# DISCRETIONARY GENERAL FUND BY REVENUE SOURCE



# GENERAL FUND SERVICES

Where to find out more:

[www.lanecounty.org/budget](http://www.lanecounty.org/budget)

- > Proposed Budget Document
- > Service Option Sheets\*\*

\*\*Information on services provided with Discretionary General Fund usage, level of mandates County must follow, leverage generated.



# SYSTEM OF SERVICES/OVERHEADS

- Reliance of General Fund on other funding sources – i.e. Community Health Centers, Road Fund, Special Revenues
- Overhead costs – General Fund pays only 32.8% of Indirect Plan Charges; 38% of PERS Bond charges.

LOOKING AHEAD

2015 and beyond...

# BUDGET INSTABILITY

- FY 14-15 Proposed Budget does not equal stable funding from this point forward.
  - Still contains some one-time revenue/resources.
  - FY 14-15, beginning fund balance is \$15.3 million, while ending reserve will be \$6.8 million meaning spending one-time cash to provide services.
- FY 14-15 assumes no Secure Rural Schools federal payments. Timber harvest levels are unstable and revenue will decrease substantially.

# GENERAL FUND FINANCIAL FORECAST

## SUMMARY:

General Fund will continue to experience a deficit in the coming years.

FY 15-16 – Beginning Fund balance will be smaller after FY 13-14 SRS payment is spent – will have to reduce services to balance.

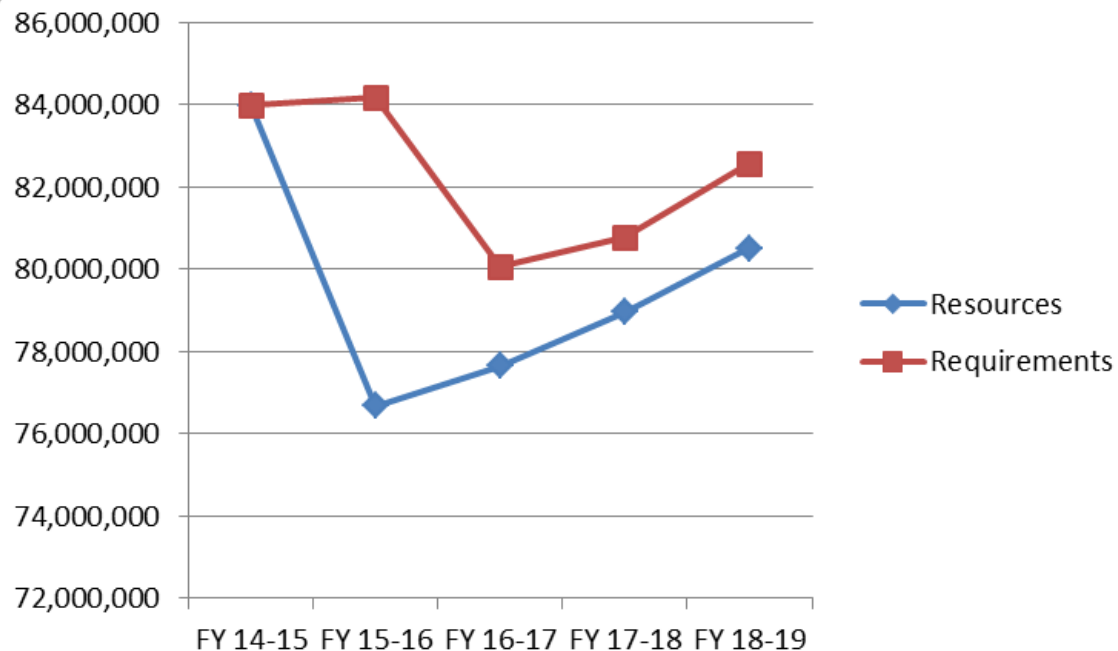
FY 16-17 forward – structural deficit and few smaller revenue adjustments.

# GENERAL FUND FINANCIAL FORECAST

FY 15-16: \$7.4+ million

FY 16-17: \$2.5 million

FY 17-18 & forward approximately \$1.5-2 million

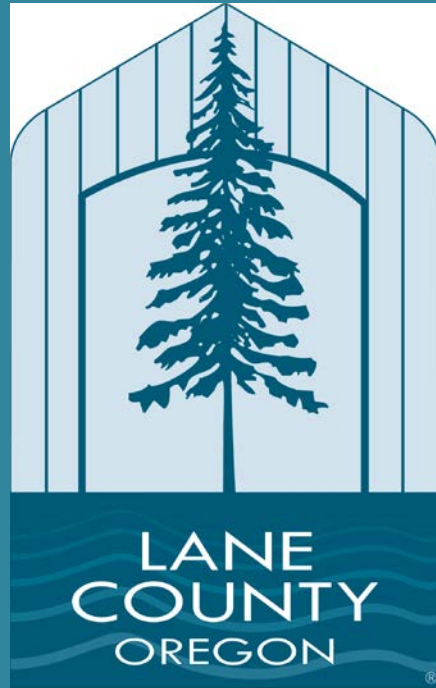


# Lane County Financial Health

## Financial Health is Good - Why?

- \* Strong Financial Policies
- \* Debt levels have remained low
- \* Good bond rating has been maintained
- \* Services are adjusted each year to meet resources

# LANE COUNTY'S MISSION



Lane County Government will work to create a prosperous community by providing collaborative leadership, fair and inclusive decision making, and excellent sustainable local government services to our residents and guests.