

Lane County Quarterly Financial Report

Quarter Ended March 31, 2019
(Third Quarter of FY 18-19)



**Presented to Lane County Board of Commissioners:
May 14, 2019**

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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) 18-19. 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 work to address the lack of ongoing revenue sources to support service levels in a variety of areas. 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 increased has increased 1.9% over the past year and 1.4% since the July, 2018. The Unemployment levels at both the national and local levels remain below 5% and local residential housing prices and taxable values are increasing.
- The General Fund has received \$67.6 million, or 83.48% of its budgeted revenue. General Fund operating expenses for the third quarter totaled \$47.58 million, or 58.72% of budget. Operating expenditures do not include budgeted transfers, contingency or reserves.
- The Road Fund is no longer included in the Quarterly report as it no longer qualifies as a distressed fund due to additional funding approved by the Oregon Legislature in House Bill 2017. Additional information on the Fund will be provided as needed in the future.

Steve Mokrohisky,
County Administrator

National Economic Indicators

Consumer Price Index

Consumer Price Index (CPI)

1982 - 1984 = 100

All Urban Consumers

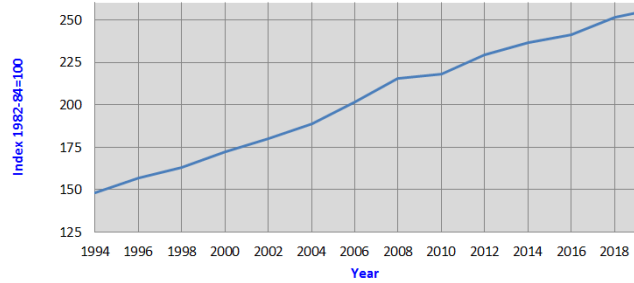
United States

March 2019 254.202
 Annual Change 1.9%
 July 2018-March 2019 1.4%

West - Size B/C, all urban

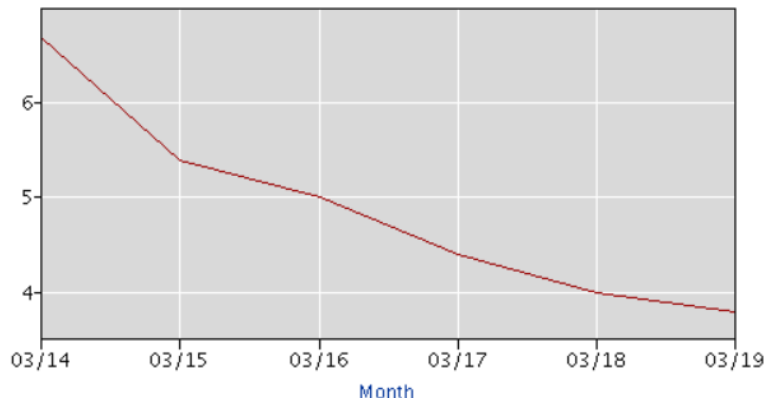
March 2019 155.178
 Year Change 2.3%
 July 2018-March 2019 1.9%

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



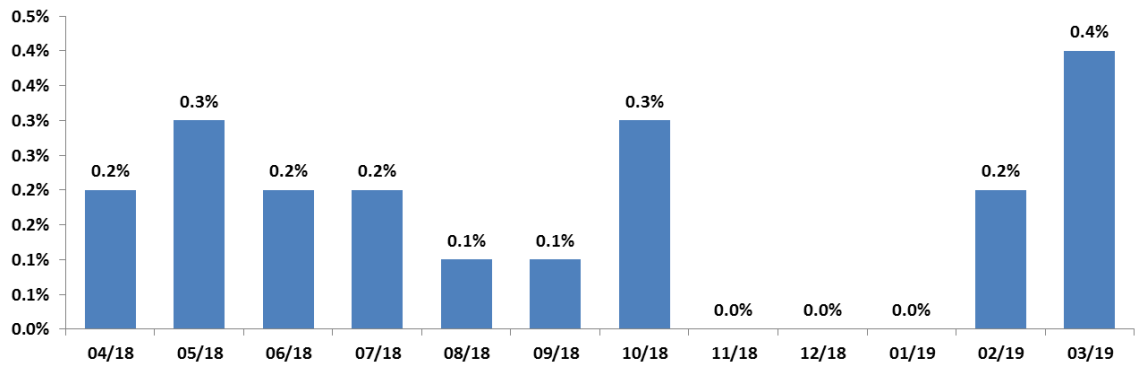
National Employment

The US Bureau of Labor Statistics reports that the national unemployment rate dropped to 3.8% in March, 2019. This is down from 4.0% in the same period last year.



Inflation

The Consumer Price Index for All Urban Consumers (CPI_U) grew .4% in March (seasonally adjusted basis). Over the last 12 months, the all items index increased 1.94 percent.

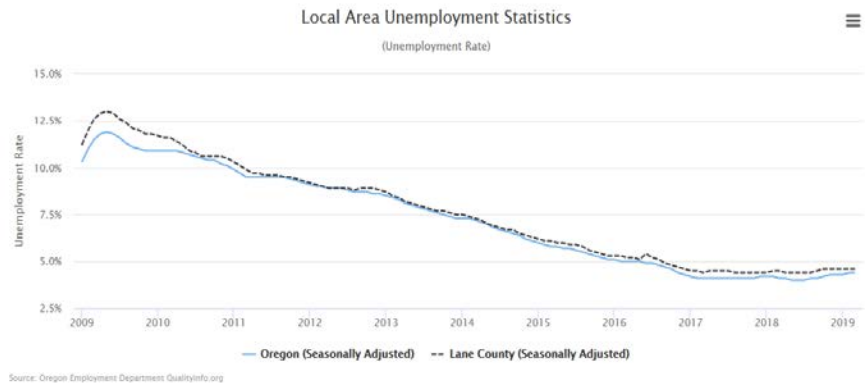


Local Economic Indicators

Employment Data

Unemployment in Lane County for March, 2018, unemployment was 4.5%, while March 2019 was 4.6%. March marks the 31st month in a row with unemployment rates under 5% in Lane County.

Unemployment in Oregon was 4.4% in March 2019, an increase from the rate of 4.1% in March, 2018.



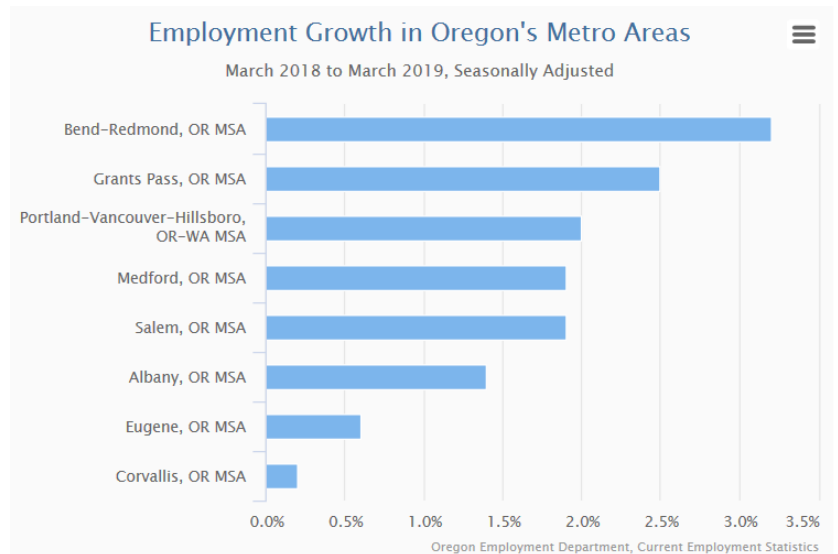
Employment/Job Growth

Employment growth for the last 12 months was 0.6% for the Eugene, OR MSA.

For March 2019, not seasonally adjusted total nonfarm employment increased by 1,100 jobs in due largely to an increase in local education.

Lane County's total nonfarm employment rose 600 or 0.4 percent since March 2018.

At the private-sector industry level, there were seasonal gains in construction (100) and leisure and hospitality (+200). There was an additional gain in private education and health services (+100). There were losses in professional and business services (-200) and retail trade (-100).



Government employment increased by 1,000 in March from a gain of 1,000 in local education.

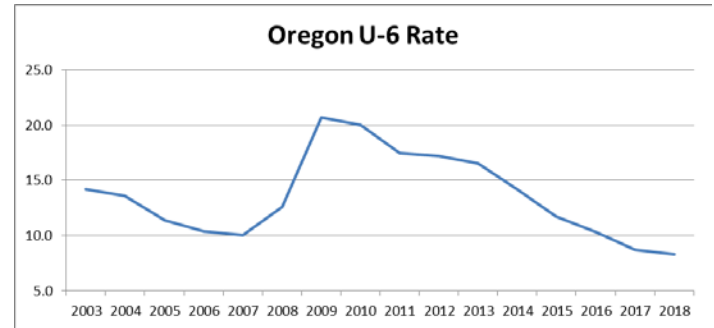
Over the year, the largest gains in the private sector came from private education and health services (+800) and manufacturing (+400). There were relatively large private-sector over-the-year losses in information (-300) and professional and business services (-400).

Government dropped 100 jobs over the year due to a gain in state government (+100) that was countered by a loss in local government (-200).

U-6 Unemployment Rate - Oregon

The U-6 unemployment rate, which is an alternate measure of unemployment, is the broadest unemployment measure and includes anyone who has looked for work in the last 12 months, those who are willing and available to work but have not looked in the last 4 weeks, and those who are working part time because full time work is not available. The U-6 rate averaged 8.4% from the second quarter of 2018 through first quarter of 2019.

(Source: Bureau of Labor Statistics)



Household income - Oregon

Oregon's household income for 2017 averaged \$60,123.

There are 1,603,635 households in Oregon with an average size of 2.6 people, matching the U.S. average household size. A household is all the people who occupy a housing unit, such as a house, an apartment, a mobile home, a group of rooms, or a single room that is a separate living quarters. A household can consist of a single family, a person living alone, two or more families living together, or any other group of people who share living arrangements.

People not living in a housing unit are considered to live in group quarters and are not included in the median household income figures. Examples of group quarters include correctional facilities, nursing homes, mental hospitals, college dorms, military barracks, group homes, missions, or shelters.

Urban Counties Tend to Have Higher Household Income, 2017
Oregon = \$60,123

County	Median Household Income	County	Median Household Income
Washington	\$80,845	Wasco	\$49,735
Clackamas	\$79,404	Jefferson	\$49,616
Deschutes	\$65,506	Tillamook	\$48,470
Hood River	\$63,951	Crook	\$47,940
Multnomah	\$63,587	Wallowa	\$47,822
Yamhill	\$62,759	Douglas	\$47,157
Columbia	\$61,453	Union	\$46,753
Benton	\$60,572	Grant	\$46,329
Polk	\$56,917	Lincoln	\$45,435
Marion	\$56,148	Baker	\$43,929
Sherman	\$56,096	Lake	\$43,627
Gilliam	\$53,792	Josephine	\$43,492
Clatsop	\$52,706	Harney	\$42,883
Linn	\$51,888	Coos	\$42,464
Morrow	\$51,673	Klamath	\$41,875
Umatilla	\$51,586	Malheur	\$41,786
Jackson	\$51,364	Curry	\$40,580
Lane	\$50,711	Wheeler	\$40,047

Urban (metropolitan) counties in gray.

Source: Oregon Employment Department analysis of U.S. Census Bureau, Small Area Income and Poverty Estimates

There Are Significant Income Differences by Type of Households

There are 1,603,635 households in Oregon. One out of five households (387,605) does not have any earnings income. All their income comes from investments (interest, dividends, or net rental income); Social Security; retirement or disability income; public assistance; or other types of income. They do not have earnings from wages or salaries for work performed as an employee, or net income (after expenses) from farm and nonfarm self-employment.

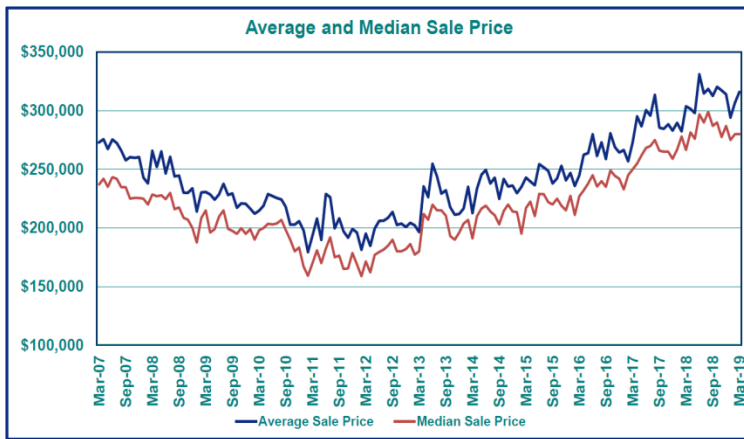
Household income varies by age of the householder. It seems to hit a sweet spot where the householder is between the ages of 45 and 64 years and the median is \$70,957. That's slightly higher than the \$67,335 median income for households when the householder is age 25 to 44 years. Median household income is just \$31,181 when the householder is under 25 years, and it is \$46,222 when the householder is 65 years and over. The householder is the adult in the household who own or rents the housing unit. It can be either person when the house is owned or rented by a married couple.

Although the median household income in Oregon is \$60,212, there are significant differences in income based on the race and ethnicity of the householder. Household income is much higher when the householder is Asian (\$77,186), and slightly higher than overall when the householder is white and not Hispanic or Latino (\$60,783). Household incomes are lower than overall when the household is Black or African American (\$37,009), American Indian and Alaska Native (\$45,003), or Hispanic or Latino origin of any race (\$50,117).

Source: A Closer Look at Oregon's Median Household Income, Nick Beleickis, State Employment Economist

<https://www.qualityinfo.org/-/a-closer-look-at-oregon-s-median-household-income>

Real Estate Statistics



March Residential Highlights

Lane County saw an uptick in seasonal activity this March, but had cooler activity than in 2018. There were 453 pending sales, ending 7.4% under the 489 offers accepted last year in March 2018 but 47.1% ahead of the 308 offers accepted last month in February 2019.

New listings, at 444, slipped 16.4% from March 2018 (531) but ended 35.0% ahead of the 329 new listings offered last month in February 2019.

Closed sales (314) fared similarly, showing a 22.3% decrease from March 2018 (404) and a

9.0% increase compared with February 2019 when 288 closings were recorded.

Inventory decreased to 1.8 months in March, with total market time decreasing to 60 days.

Comparing 2018 to 2017 through March, the average sale price increased 3.98% from \$303,800 to \$315,900. In the same comparison timeframe, the median sale price rose by 5.06% from \$266,500 to \$280,000.

Source: Market Action, RMLS, March 2019

**ALL COUNTY FUNDS
FY 18-19**

RESOURCES	First Quarter	Second Quarter	Third Quarter	Year to Date	Current Budget	% Actual to Budget
Beginning Fund Balance/Reserves	267,718,553	467,165	(6)	268,185,712	268,118,094	100.03%
<u>Revenues</u>						
Taxes & Assessments	3,604,402	57,513,089	4,295,174	65,412,666	69,458,476	94.18%
Federal Revenue	(3,392,589)	11,749,195	7,480,100	15,836,706	53,055,990	29.85%
State & Local Revenue	20,334,044	32,928,950	31,179,953	84,442,948	119,394,763	70.73%
Fees & Charges	30,564,932	35,480,505	34,107,621	100,153,057	140,657,186	71.20%
Other Revenues	9,698,792	8,838,175	12,055,384	30,592,351	37,255,924	82.11%
Total Revenue	60,809,581	146,509,915	89,118,226	296,437,728	419,822,339	70.61%
Transfers In	4,492,450	5,386,900	4,322,052	14,201,402	34,676,262	40.95%
Other Resources	-	-	640,000	640,000	1,399,626	45.73%
TOTAL RESOURCES	333,020,584	152,363,981	94,080,272	579,464,842	724,016,321	80.03%

REQUIREMENTS	First Quarter	Second Quarter	Third Quarter	Year to Date	Current Budget	% Actual to Budget
<u>Expenditures</u>						
Salaries & Wages	23,790,246	24,236,726	27,898,525	75,925,497	110,314,879	68.83%
Employee Benefits & Taxes	14,849,220	16,270,095	17,629,266	48,748,582	74,358,331	65.56%
Other Personnel Expenses	336,031	336,031	336,031	1,008,092	1,344,122	75.00%
Material & Services	36,907,702	45,766,843	45,797,685	128,472,231	216,703,131	59.28%
Capital	2,406,990	3,601,179	8,151,155	14,159,324	38,488,972	36.79%
Debt Service	134,613	3,613,158	35,581	3,783,351	11,196,245	33.79%
Total Expenditures	78,424,802	93,824,032	99,848,243	272,097,077	452,405,680	60.14%
Transfers Out	4,492,450	5,386,900	4,962,052	14,841,402	36,008,153	41.22%
Ending Fund Balance/Reserves					235,602,488	0.00%
TOTAL REQUIREMENTS	82,917,252	99,210,932	104,810,295	286,938,479	724,016,321	39.63%

Net Revenue (Expense)	(17,615,221)	52,685,883	(10,730,017)	24,340,652	(32,583,341) *
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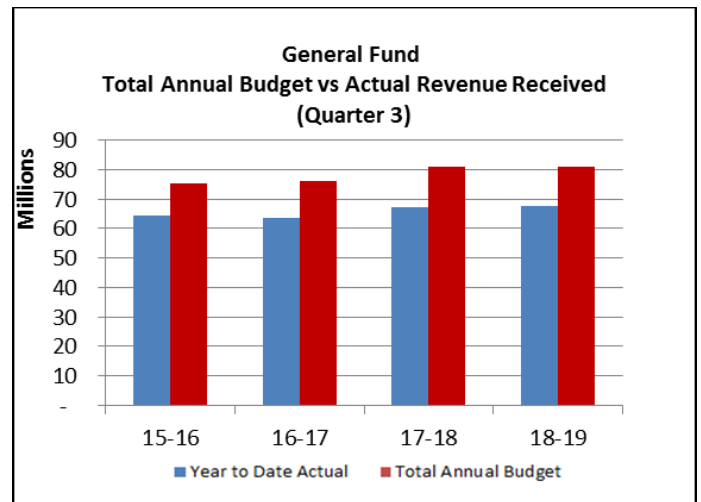
*The net expense shown in the Current Budget column is the result of spending reserves or one-time funds. This typically occurs for one-time expenses - usually in the area of capital expenditures. County policy indicates that one-time resources need to be spent on one-time expenditures, rather than ongoing operating expenses to avoid structural imbalance.

General Fund

Positive and Within Budget

Revenues:

At the end of the Third Quarter of FY 18-19, the County had received 83.48% of its budgeted annual General Fund revenue. This is an increase of 0.57% increase over the same period last year. 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 18-19.



General Fund Operating Revenues				
Quarter Ending March 31	15-16	16-17	17-18	18-19
Quarter 3 YTD Actual	64,504,009	63,699,305	67,257,764	67,640,074
Total Annual Budget	75,435,133	76,075,554	81,166,225	81,026,827
Actual as % of Budget	85.51%	83.73%	82.86%	83.48%

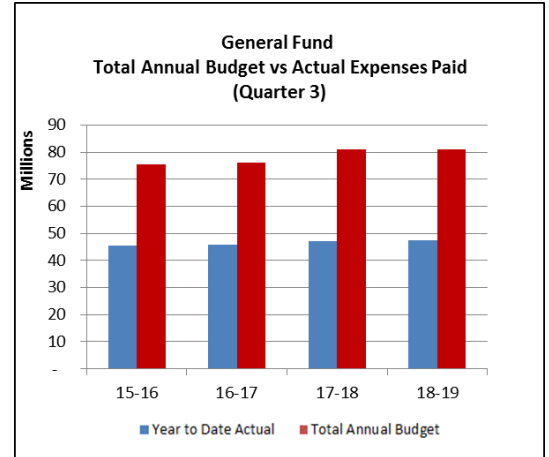
General Fund Operating Revenues					18-19 vs. 17-18 Variance	
Quarter Ending March 31	15-16	16-17	17-18	18-19	\$	%
Taxes & Assessments	37,332,164	38,678,727	40,644,113	43,639,380	2,995,267	7.37%
Federal Revenue	6,899,122	5,464,324	4,923,862	1,203,545	(3,720,317)	-75.56%
State & Local Revenue	7,371,015	6,520,270	8,943,284	9,553,817	610,533	6.83%
Fees & Charges	2,443,176	2,704,814	1,906,703	1,761,532	(145,171)	-7.61%
Administrative Charges	8,573,995	8,498,353	9,126,425	9,504,423	377,999	4.14%
All Other Revenue	1,884,537	1,832,816	1,713,377	1,977,377	264,000	15.41%
Total	64,504,009	63,699,305	67,257,764	67,640,074	382,310	0.57%

General Fund

Positive and Within Budget

Expenditures:

At the end of the Third Quarter of FY 18-19, the County has expended 58.72% of its annual General Fund Expenditure budget. This is a slight increase as compared to the same period in FY 17-18. Percentage of expenditure budget spent within the Third Quarter is within expected limits given that the General Fund expense budget is predominantly related to personnel expenses.



General Fund Operating Expenses				
Quarter Ending March 31	15-16	16-17	17-18	18-19
Quarter 3 YTD Actual	45,601,670	45,729,359	47,253,868	47,577,215
Total Annual Budget	75,435,133	76,075,554	81,166,225	81,026,827
Actual as % of Budget	60.45%	60.11%	58.22%	58.72%

General Fund Operating Expenses					18-19 vs. 17-18 Variance	
Quarter Ending March 31	15-16	16-17	17-18	18-19	\$	%
Personnel Services	33,096,414	33,722,937	35,143,906	35,649,638	505,732	1.44%
Materials & Services	12,478,819	12,000,512	12,068,494	11,827,249	(241,245)	-2.00%
Capital Projects/Outlay	26,437	5,911	41,468	100,327	58,860	0.00%
Total	45,601,670	45,729,359	47,253,868	47,577,215	323,347	0.68%