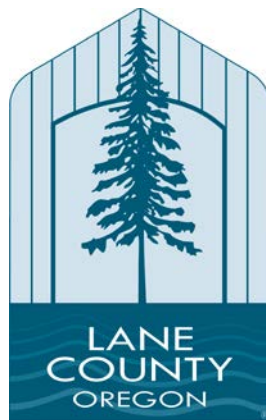


Lane County Quarterly Financial Report

Quarter Ended March 31, 2020
(Third Quarter of FY 19-20)



**Presented to Lane County Board of Commissioners:
July 21, 2020**

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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) 19-20. 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.

As we are all aware, near the end of the third quarter, on March 11, 2020, the World Health Organization declared SARS-CoV-2 and the disease it causes, COVID-19, a global pandemic. On March 17, 2020, Lane County declared a local emergency as a result of the Public Health response to COVID-19. The COVID-19 pandemic resulted in the temporary closure of many businesses which in turn caused high unemployment rates and sweeping economic impacts. The data in this third quarter report only shows the very beginning of the impacts caused by the pandemic. The FY 19-20 4th Quarter and future quarterly reports will contain updated economic data and additional information on the overall financial health of the County as the full economic and financial impacts are realized and recovery from the pandemic occurs.

The following is a brief summary of the report:

- National unemployment was 4.4%
- CPI-U for the United States was 1.5% for the prior 12 months
- CPI B/C West Region was 2.5% for the prior 12 months
- Average sale price of residential property increased 9.6% from \$306,200 to \$335,700 from March 2019 to March 2020.

Steve Mokrohisky,
County Administrator

National Economic Indicators

Consumer Price Index

Consumer Price Index (CPI)

1982 - 1984 = 100
All Urban Consumers

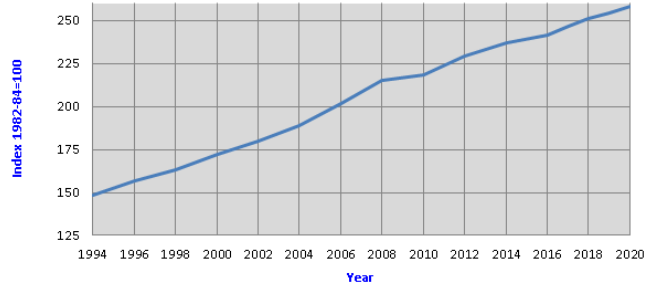
United States

March 2020 258.12
Annual Change 1.5%
July 2019-March 2020 0.6%

West - Size B/C, all urban

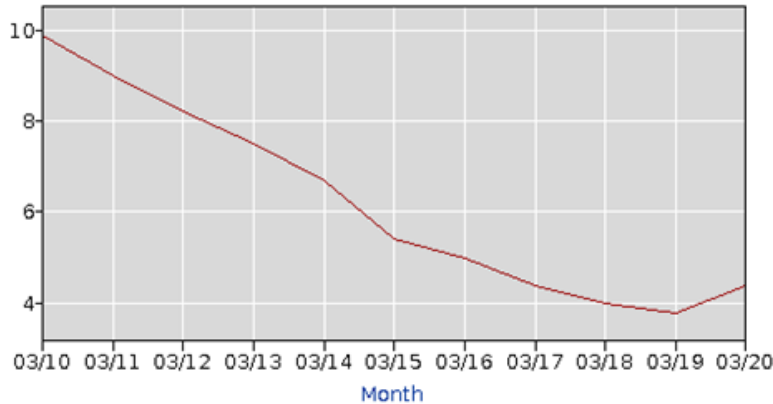
March 2020 159.129
Year Change 2.5%
July 2019-March 2020 1.1%

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



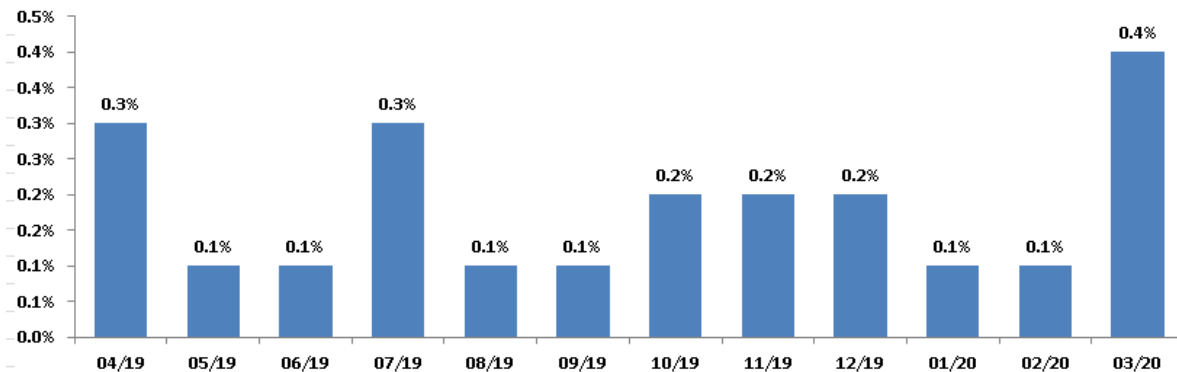
National Employment

The US Bureau of Labor Statistics reports that the national unemployment rate increased to 4.4% in March, 2020. This is up from 3.8% in the same period last year. Note that these rates pre-date the upward spike in unemployment rates due to the COVID-19 pandemic.



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 1.54 percent.

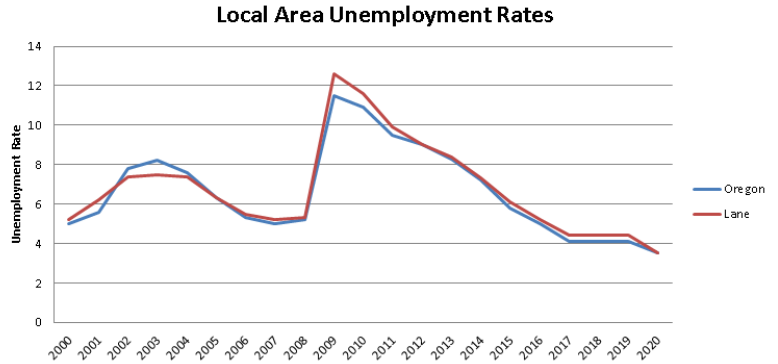


Local Economic Indicators

Employment Data

Unemployment in Lane County for March, 2019, unemployment was 4.4%, while March 2020 was 3.5%. March marks the 43rd month in a row with unemployment rates under 5% in Lane County.

Unemployment in Oregon was 3.5% in March 2020, a decrease from the rate of 4.1% in March, 2019.

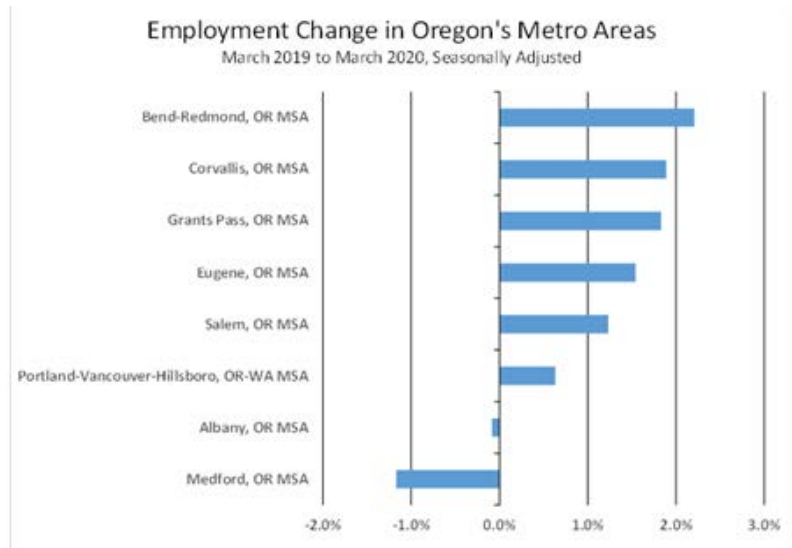


Employment/Job Growth

For March 2020, not seasonally adjusted total nonfarm employment decreased by 200 jobs in due largely to a decrease in leisure and hospitality.

Lane County’s seasonally adjusted total nonfarm employment rose 2,500 or 1.5 percent since March 2019.

At the private-sector industry level, there was a large gain in professional and business services of 300. There were losses in leisure and hospitality (-300), construction (-100), financial activities (-100) and education and health services (-100).



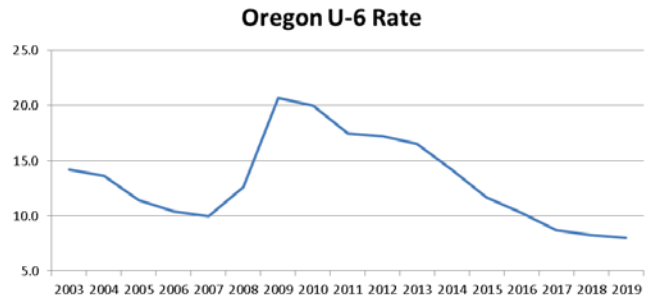
Government employment increased by 100 in March from a gain of 100 in local education.

Over the year, the largest gains in the private sector came from private education and health services (+900) and professional and business services (+800). There were relatively large private-sector over-the-year losses in leisure and hospitality (-400), manufacturing (-300) and retail trade (-300).

Government added 1,500 jobs over the year due to a gains in local education (+1,300) and non-education 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. (Source: Bureau of Labor Statistics)



Household income - Oregon

Oregon’s household income for 2018 averaged \$63,426.

There are 1,639,970 households in Oregon with an average size of 2.6 people, almost matching the U.S. average household size of 2.7 people. 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.

There Are Significant Income Differences by Type of Households

There are 1,639,970 households in Oregon. One out of five households (394,435) 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 \$75,380. That’s slightly higher than the \$72,648 median income for households when the householder is age 25 to 44 years. Median household income is just \$38,885 when the householder is under 25 years, and it is \$47,314 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 \$63,426, there are significant differences in income based

Urban Counties Tend to Have Higher Household Income, 2018 Oregon = \$63,426

County	Median Household Income	County	Median Household Income
Washington	\$82,819	Tillamook	\$52,486
Clackamas	\$81,061	Wasco	\$52,269
Multnomah	\$70,756	Crook	\$51,348
Deschutes	\$67,372	Union	\$50,616
Hood River	\$66,607	Jefferson	\$50,376
Benton	\$63,600	Lincoln	\$49,265
Columbia	\$63,338	Curry	\$48,788
Polk	\$62,389	Coos	\$48,352
Yamhill	\$61,776	Wallowa	\$48,137
Sherman	\$58,838	Douglas	\$47,020
Marion	\$56,408	Josephine	\$46,578
Jackson	\$55,511	Grant	\$46,141
Morrow	\$55,343	Baker	\$45,972
Gilliam	\$54,325	Klamath	\$45,374
Linn	\$54,292	Lake	\$44,847
Umatilla	\$53,917	Harney	\$43,370
Clatsop	\$53,806	Malheur	\$42,624
Lane	\$53,161	Wheeler	\$39,579

Urban (metropolitan) counties in gray.

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

on the race and ethnicity of the householder. Household income is much higher when the householder is Asian (\$80,316), and slightly higher than overall when the householder is white and not Hispanic or Latino (\$64,295). Household incomes are lower than overall when the household is Black or African American (\$46,076), American Indian and Alaska Native (\$50,774), or Hispanic or Latino origin of any race (\$52,779).

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

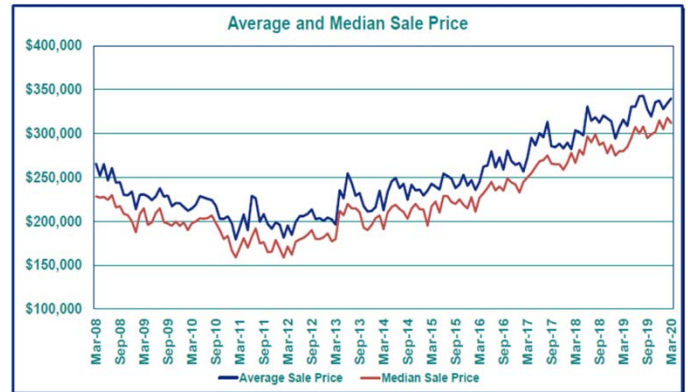
For the month of March in Lane County, there were 557 new listings, 25.5% more than in March 2019 (444) and 47.7% more than last month in February 2020 (377).

Pending sales (374) decreased 17.4% from March 2019 (453) and rose 2.2% from last month February 2020 when 366 offers were accepted.

Closed sales (341) increased 8.6% from March 2019 (314) and rose 20.1% from the 284 closings recorded last month in February 2020. Inventory decreased to 1.8 months in March, with total market time decreasing to 60 days.

Comparing 2020 to 2019 through March, the average sale price has increased 9.6% from \$306,200 to \$335,700. In the same comparison, the median sale price has increased 12.5% from \$280,000 to \$315,000.

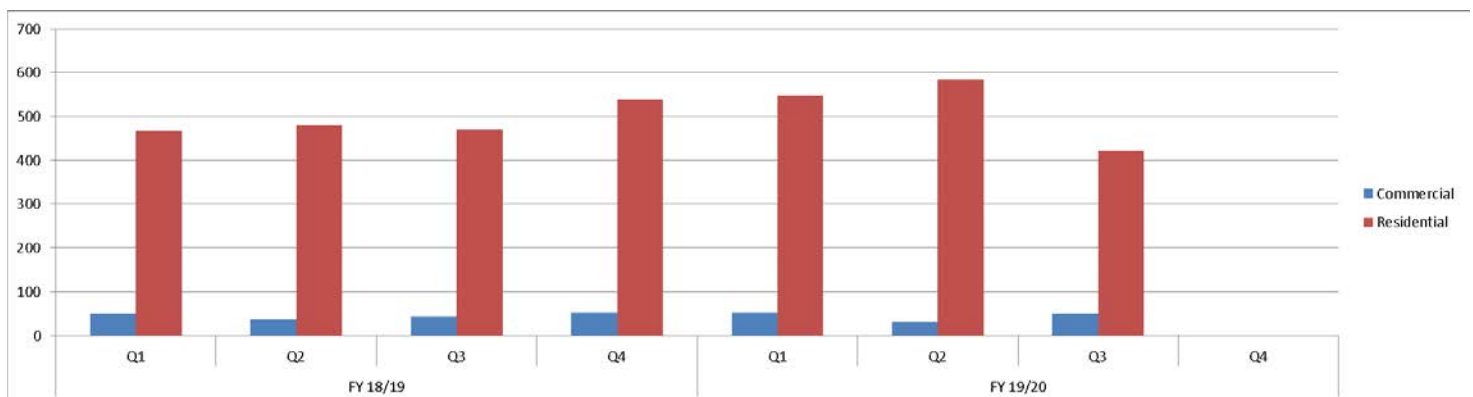
Source: Market Action, RMLS, March 2020



Building Permit

Building permit activity within Lane County Land Management was mixed for the period between January and March 2020 as compared to the same period in 2019. Residential permits have decreased 10%, while commercial permits have increased by 18.6%.

Property Type	FY 18/19				FY 19/20				Total
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Commercial	51	37	43	52	53	32	51		136
Residential	466	480	469	539	548	584	422		1554
Percent change Commercial last Quarter	17.6%	-37.8%	14.0%	17.3%	1.9%	-65.6%	37.3%		
Percent change Residential last Quarter	-9.01%	2.92%	-2.3%	12.99%	1.64%	6.16%	-38.4%		
Percent change Commercial 1 year	37.3%	-8.1%	-14.0%	19.2%	3.8%	-15.6%	15.7%		
Percent change Residential 1 year	-10.5%	-27.5%	-14.9%	5.8%	15.0%	17.8%	-11.1%		



**ALL COUNTY FUNDS
FY 19-20**

RESOURCES	First Quarter	Second Quarter	Third Quarter	Year to Date	Current Budget	% Actual to Budget
Beginning Fund Balance/Reserves	308,917,439	733,707	-	309,651,146	268,185,829	115.46%
<u>Revenues</u>						
Taxes & Assessments	2,440,942	61,277,529	4,413,676	68,132,148	69,458,476	98.09%
Federal Revenue	(7,613,893)	8,450,347	10,189,841	11,026,295	53,055,990	20.78%
State & Local Revenue	18,505,187	31,654,457	30,997,108	81,156,753	119,394,763	67.97%
Fees & Charges	34,142,010	37,612,661	38,879,528	110,634,199	140,657,186	78.66%
Other Revenues	9,326,701	11,147,346	9,968,940	30,442,987	37,255,924	81.71%
Total Revenue	56,800,947	150,142,340	94,449,093	301,392,381	419,822,339	71.79%
Transfers In	4,944,312	6,101,859	5,036,033	16,082,204	34,676,262	46.38%
Other Resources	313,861,751	6,835,566	8,528,838	329,226,155	1,331,891	24718.70%
TOTAL RESOURCES	370,662,698	156,977,906	102,977,931	630,618,536	724,016,321	87.10%

REQUIREMENTS	First Quarter	Second Quarter	Third Quarter	Year to Date	Current Budget	% Actual to Budget
<u>Expenditures</u>						
Salaries & Wages	25,244,812	25,774,580	29,926,690	80,946,081	110,314,879	73.38%
Employee Benefits & Taxes	16,467,474	17,940,381	19,586,384	53,994,239	74,358,331	72.61%
Other Personnel Expenses	284,469	284,469	284,469	853,406	1,344,122	63.49%
Material & Services	38,648,212	52,951,147	50,943,499	142,542,858	216,703,131	65.78%
Capital	4,782,658	6,133,524	11,747,205	22,663,387	38,488,972	58.88%
Debt Service	145,325	3,632,017	79,355	3,856,696	11,196,245	34.45%
Total Expenditures	85,572,949	106,716,116	112,567,602	304,856,667	452,405,680	67.39%
Transfers Out	4,944,312	6,101,859	5,728,838	16,775,009	36,008,153	46.59%
Ending Fund Balance/Reserves					235,602,488	0.00%
TOTAL REQUIREMENTS	90,517,260	112,817,975	118,296,440	321,631,675	724,016,321	44.42%

Net Revenue (Expense)	(28,772,001)	43,426,224	(18,118,508)	(3,464,286)	(32,583,341) *
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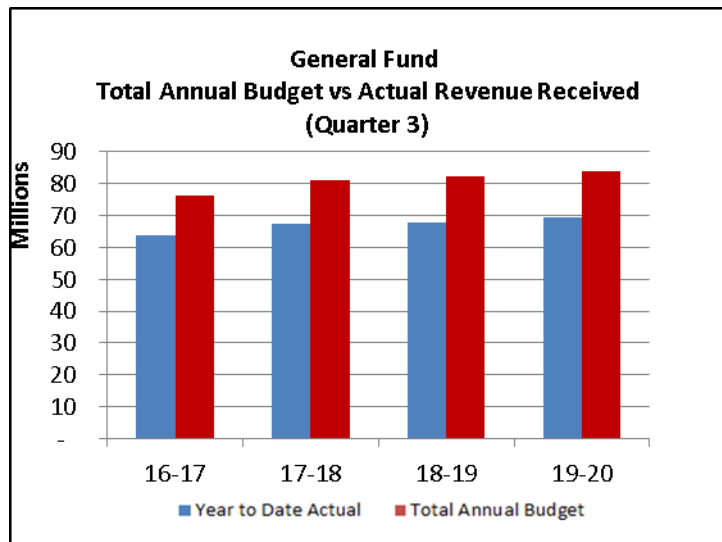
*The net expense shown in the Current Budget column is the result of spending reserves or one-time funds. This typically occurs for one-time expenses - usually in the area of capital expenditures. County policy indicates that one-time resources need to be spent on one-time expenditures, rather than ongoing operating expenses to avoid structural imbalance.

General Fund

Positive and Within Budget

Revenues:

At the end of the Third Quarter of FY 19-20, the County had received 82.73% of its budgeted annual General Fund revenue. This is an increase of 0.4% 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 19-20.



General Fund Operating Revenues				
Quarter Ending March 31	16-17	17-18	18-19	19-20
Quarter 3 YTD Actual	63,699,305	67,257,764	67,640,074	69,405,146
Total Annual Budget	76,075,554	81,166,225	82,116,827	83,891,826
Actual as % of Budget	83.73%	82.86%	82.37%	82.73%

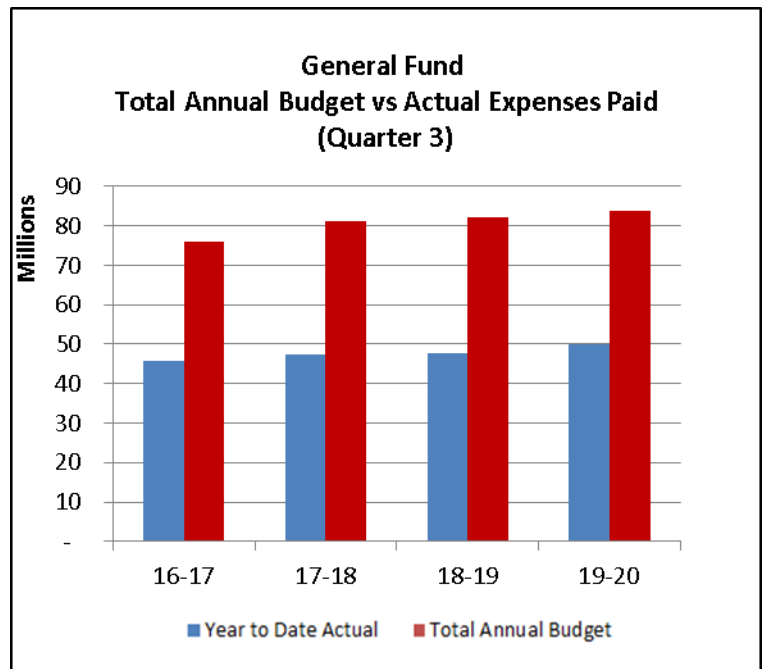
General Fund Operating Revenues					19-20 vs. 18-19 Variance	
Quarter Ending March 31	16-17	17-18	18-19	19-20	\$	%
Taxes & Assessments	38,678,727	40,644,113	43,639,380	44,406,383	767,003	1.76%
Federal Revenue	5,464,324	4,923,862	1,203,485	1,061,325	(142,160)	-11.81%
State & Local Revenue	6,401,664	8,875,723	9,553,877	9,722,915	169,038	1.77%
Fees & Charges	2,704,814	1,906,703	1,761,532	2,252,132	490,599	27.85%
Administrative Charges	8,498,353	9,126,425	9,504,423	10,016,388	511,965	5.39%
All Other Revenue	1,951,422	1,780,938	1,977,377	1,946,003	(31,374)	-1.59%
Total	63,699,305	67,257,764	67,640,074	69,405,146	1,765,071	2.61%

General Fund

Positive and Within Budget

Expenditures:

At the end of the Third Quarter of FY 19-20, the County has expended 59.73% of its annual General Fund Expenditure budget. This is a 3.1% increase as compared to the same period in FY 18-19. 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	16-17	17-18	18-19	19-20
Quarter 3 YTD Actual	45,729,359	47,253,868	47,577,215	50,108,986
Total Annual Budget	76,075,554	81,166,225	82,116,827	83,891,826
Actual as % of Budget	60.11%	58.22%	57.94%	59.73%

General Fund Operating Expenses					19-20 vs. 18-19 Variance	
Quarter Ending March 31	16-17	17-18	18-19	19-20	\$	%
Personnel Services	33,722,937	35,143,906	35,649,638	36,812,176	1,162,538	3.26%
Materials & Services	12,000,512	12,068,494	11,827,249	13,060,423	1,233,174	10.43%
Capital Projects/Outlay	5,911	41,468	100,327	236,386	136,059	0.00%
Total	45,729,359	47,253,868	47,577,215	50,108,986	2,531,771	5.32%