

Lane County Quarterly Financial Report

Quarter Ended December 31, 2020
(Second Quarter of FY 20-21)



**Presented to Lane County Board of Commissioners:
March 2, 2021**

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Executive Summary

We are pleased to present you with Lane County's Quarterly Financial Report for the Second Quarter of Fiscal Year (FY) 20-21. 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 the third quarter report only showed the very beginning of the impacts caused by the pandemic. This FY 20-21 2nd Quarter report contains updated economic data and any additional information on the overall financial health of the County, as the full economic and financial impacts continue to become known.

The following is a brief summary of the report:

- National unemployment was 6.7% (compared to 11.1% in the 4th Quarter of FY19-20)
- CPI-U for the United States was 1.4% for the prior 12 months
- CPI B/C West Region was 1.5% for the prior 12 months
- Average sale price of residential property increased 12.2% from \$325,700 to \$365,500 from December 2019 to December 2020.

Steve Mokrohisky,
County Administrator

National Economic Indicators

Consumer Price Index

Consumer Price Index (CPI)

1982 - 1984 = 100
All Urban Consumers

United States

Dec 2020 260.474
Annual Change 1.4%
Jan 2020-Dec 2020 1.0%

West - Size B/C, all urban

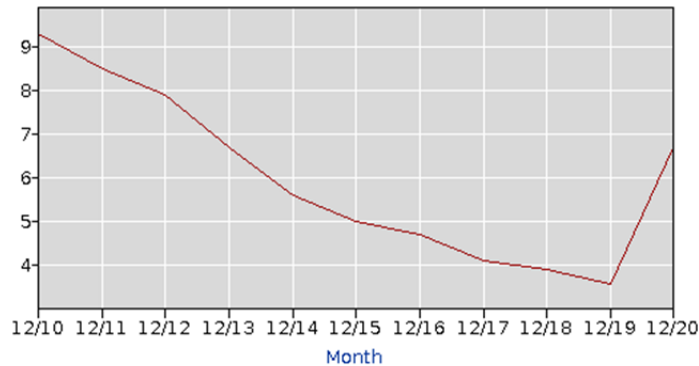
Dec 2020 160.84
Annual Change 1.5%
Jan 2020-Dec 2020 1.4%

Not Seasonally Adjusted
Series Title: All items in U.S. city average, all urban consumers, not seasonally adjusted
Area: U.S. city average
Item: All items
Base Period: 1982-84=100



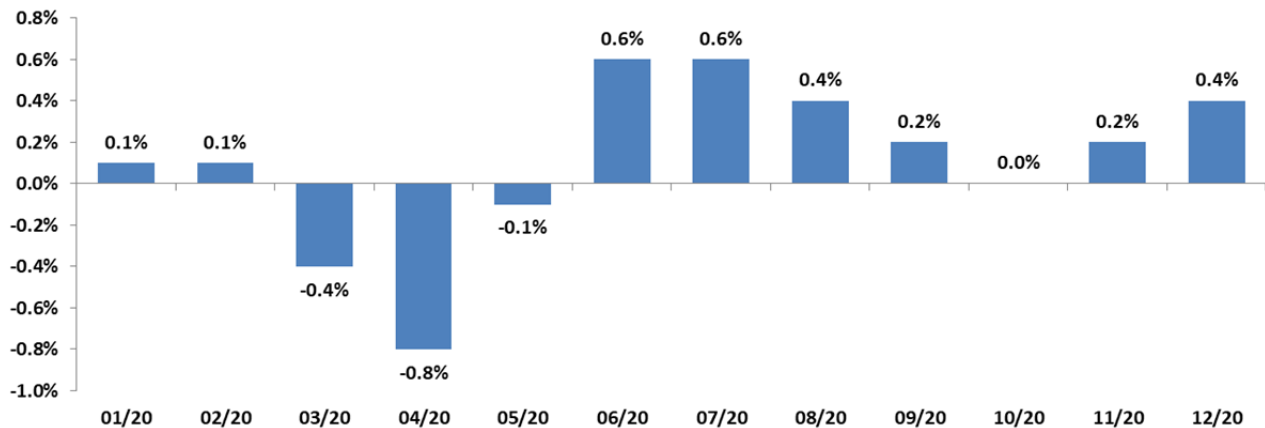
National Employment

The US Bureau of Labor Statistics reports that the national unemployment rate increased to 6.7% in December, 2020. This is up from 3.6% in the same period last year. Note that these rates include 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 June (seasonally adjusted basis). Over the last 12 months, the all items index increased 1.36 percent.

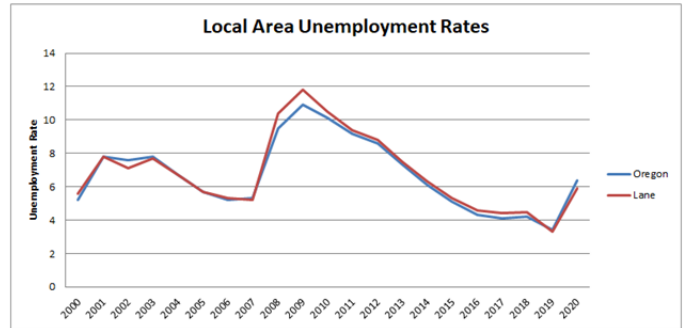


Local Economic Indicators

Employment Data

Unemployment in Lane County for December, 2019 was 3.3%, while December 2020 was 5.9%. March 2020 had marked the 43rd month in a row with unemployment rates under 5% in Lane County, but due to the COVID-19 pandemic, that streak came to an end in April.

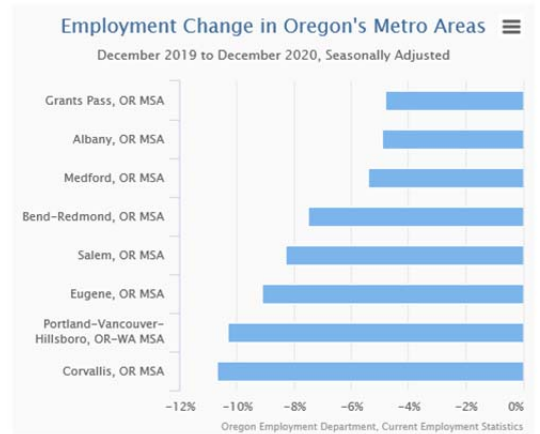
Unemployment in Oregon was 6.4% in December 2020, an increase from the rate of 3.4% in December, 2019.



Employment/Job Growth

Lane County’s seasonally adjusted unemployment rate decreased from 16 percent in April 2020, which was a record high for the past 20 years, to 5.9 percent in December. The record December rate was 11.8 percent in 2009. The Oregon seasonally adjusted December rate was 6.4 percent and the U.S. rate was 6.7 percent.

Lane County’s payroll employment declined a seasonally adjusted 2,100 jobs in December. Lane County has gained back 37% of the jobs lost in March and April due to onset of the COVID-19 crisis. The largest private-sector losses in December were in leisure and hospitality (2,500), and professional and business services (200). There were gains in retail trade (400), education and health services (300), and transportation, warehousing, and utilities (200).

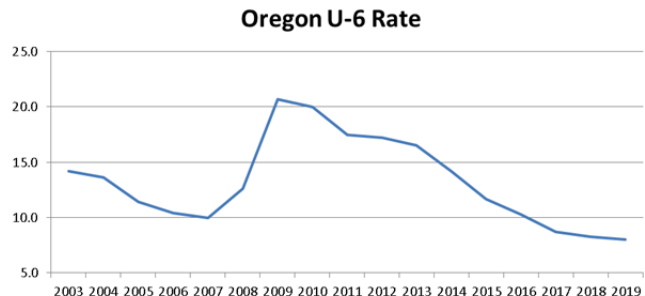


Government lost 300 jobs in December due to losses of 200 in non-education local government and 100 in federal government.

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 four 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 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, Will Buchard, Usability Analyst – Systems Development – 6/8/20
<https://www.qualityinfo.org/-/a-closer-look-at-oregon-s-median-household-income>

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

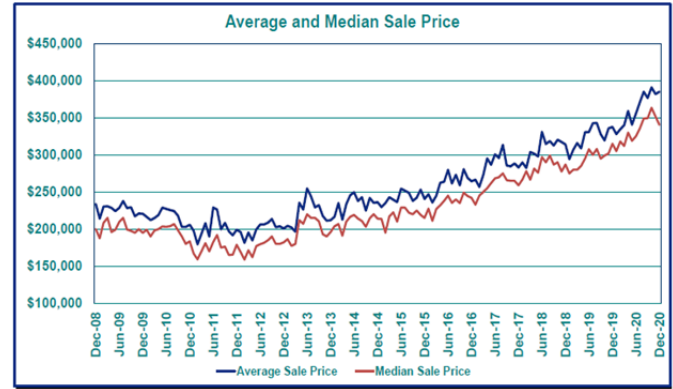
Real Estate Statistics

December Residential Highlights

New listings (262) increased 25.4% from the 209 listed in December 2019, and decreased 15.8% from the 311 listed in November 2020.

Pending sales (295) increased 23.4% from the 239 offers accepted in December 2019, and decreased 25.9% from the 398 offers accepted in November 2020.

Closed sales (445) increased 37.3% from the 324 closings in December 2019, and increased 13.5% from the 392 closings in November 2020.



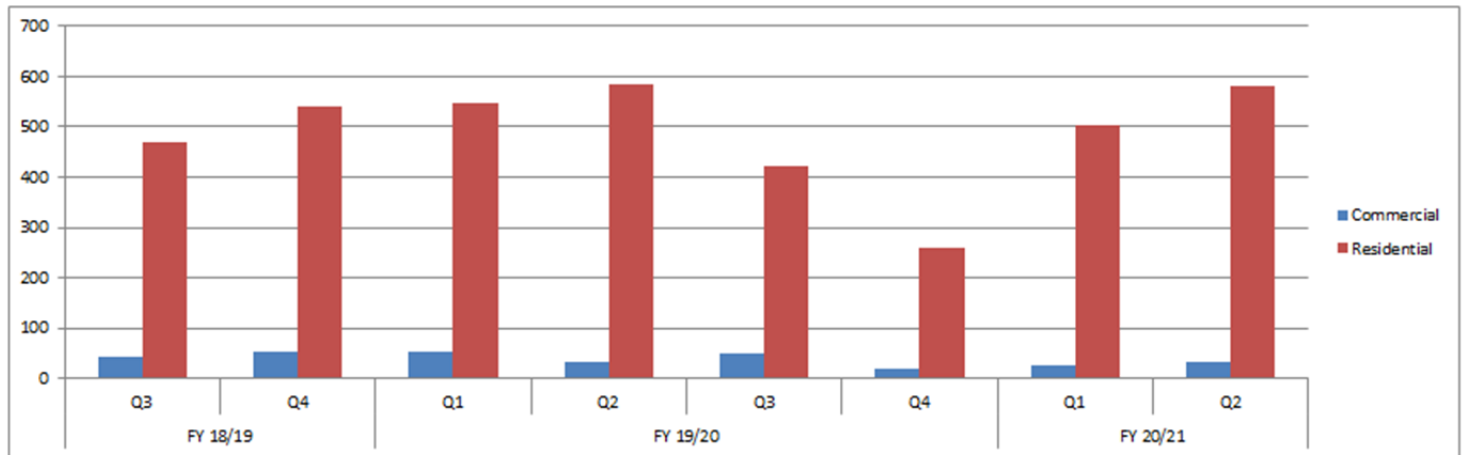
Comparing 2020 to 2019 through December, the average sale price has increased 12.2% from \$325,700 to \$365,500. In the same comparison, the median sale price has increased 13.3% from \$296,900 to \$336,500.

Source: Market Action, RMLS, June 2020

Building Permit

Building permit activity within Lane County Land Management showed recovery from an initial marked downward trend for the period between the Quarter ending December 2019 and the Quarter ending December 2020. Residential permits have decreased .5%, while commercial permits have increased by 6.3% as compared to the same period in 2019.

Property Type	FY 18/19		FY 19/20				FY 20/21		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Total
Commercial	43	52	53	32	51	20	26	34	60
Residential	469	539	548	584	422	258	503	581	1084
Percent change Commercial last Quarter	14.0%	17.3%	1.9%	-65.6%	37.3%	-155.0%	23.1%	23.5%	
Percent change Residential last Quarter	-2.3%	12.99%	1.64%	6.16%	-38.4%	-63.57%	96.02%	13.43%	
Percent change Commercial 1 year	-14.0%	19.2%	3.8%	-15.6%	15.7%	-160.0%	-103.8%	5.9%	
Percent change Residential 1 year	-14.9%	5.8%	15.0%	17.8%	-11.1%	-108.9%	93.6%	-0.5%	

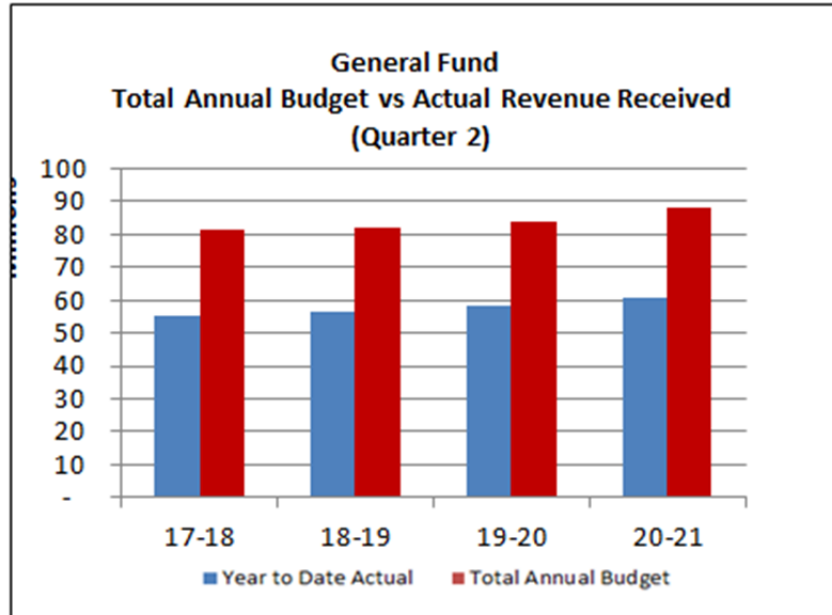


General Fund

Positive and Within Budget

Revenues:

At the end of the Second Quarter of FY 20-21, the County had received 68.93% of its budgeted annual General Fund revenue. This is a decrease of 1.1% over the same period last year. Revenue received as compared to budget continues to be strong and is fully in line with budgeted General Fund revenue for FY 20-21.



General Fund Operating Revenues				
Quarter Ending December 31	17-18	18-19	19-20	20-21
Quarter 2 YTD Actual	55,116,999	56,257,673	58,469,182	60,790,838
Total Annual Budget	81,166,225	82,116,827	83,891,826	88,197,974
Actual as % of Budget	67.91%	68.51%	69.70%	68.93%

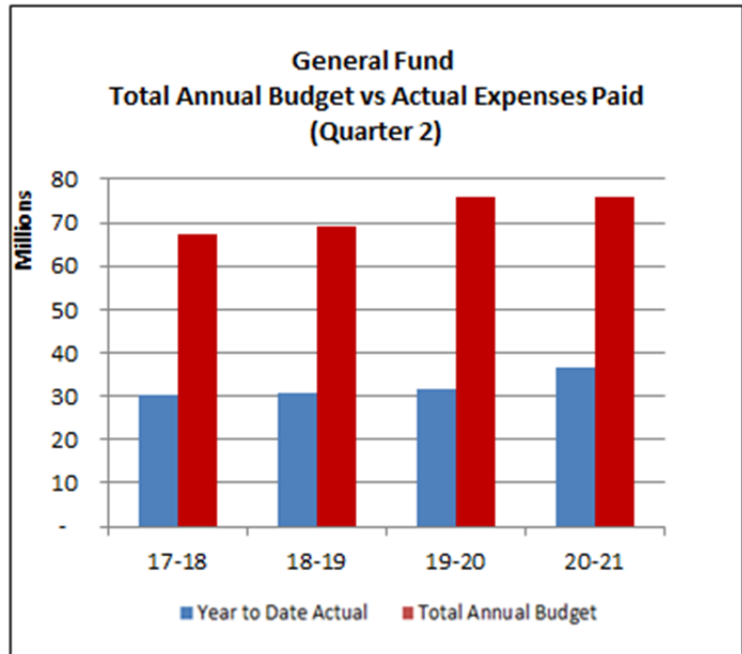
General Fund Operating Revenues					20-21 vs. 19-20 Variance	
Quarter Ending December 31	17-18	18-19	19-20	20-21	\$	%
Taxes & Assessments	38,626,808	41,415,784	42,252,289	43,172,442	920,153	2.18%
Federal Revenue	3,801,578	73,716	601,974	247,639	(354,335)	-58.86%
State & Local Revenue	4,124,013	5,967,290	5,821,627	6,858,379	1,036,752	17.81%
Fees & Charges	1,221,041	1,201,598	1,352,100	1,545,296	193,195	14.29%
Administrative Charges	6,085,104	6,336,277	6,677,587	7,371,253	693,666	10.39%
All Other Revenue	1,258,455	1,263,009	1,763,604	1,595,830	(167,774)	-9.51%
Total	55,116,999	56,257,673	58,469,182	60,790,838	2,321,656	3.97%

General Fund

Positive and Within Budget

Expenditures:

At the end of the Second Quarter of FY 20-21, the County has expended 48.04% of its annual General Fund Expenditure budget. This is a 14.6% increase as compared to the same period in FY 19-20. Percentage of expenditure budget spent within the Second Quarter is within expected limits given that the General Fund expense budget is predominantly related to personnel expenses.



General Fund Operating Expenses				
Quarter Ending December 31	17-18	18-19	19-20	20-21
Quarter 2 YTD Actual	30,219,732	30,953,010	31,749,043	36,536,468
Total Annual Budget	67,266,039	69,151,493	75,749,202	76,054,840
Actual as % of Budget	44.93%	44.76%	41.91%	48.04%

General Fund Operating Expenses					20-21 vs. 19-20 Variance	
Quarter Ending December 31	17-18	18-19	19-20	20-21	\$	%
Personnel Services	22,487,563	22,787,156	23,268,234	26,908,345	3,640,111	15.64%
Materials & Services	7,690,371	8,092,971	8,328,347	9,161,186	832,839	10.00%
Capital Projects/Outlay	41,798	72,882	152,463	466,937	314,474	0.00%
Total	30,219,732	30,953,010	31,749,043	36,536,468	4,787,424	15.08%