

Lane County Quarterly Financial Report

Quarter Ended March 31, 2021
(Third 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 Third 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 of FY 19-20, 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 3rd 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 6.0% (compared to 11.1% in the 4th Quarter of FY19-20)
- CPI-U for the United States was 3.3% for the prior 12 months
- CPI B/C West Region was 2.8% for the prior 12 months
- Average sale price of residential property increased 17.8% from \$335,700 to \$395,600 from March 2020 to March 2021.

Steve Mokrohisky,
County Administrator

National Economic Indicators

Consumer Price Index

Consumer Price Index (CPI)

1982 - 1984 = 100
All Urban Consumers

Not Seasonally Adjusted

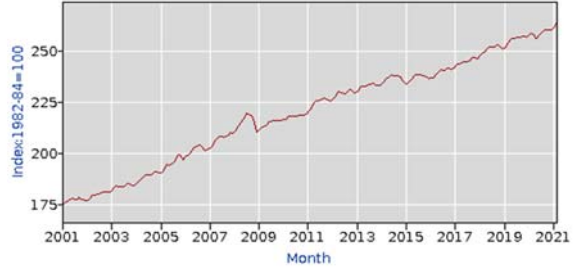
Series Title: All items in U.S. city average, all urban consumers, not seasonally adjusted
Area: U.S. city average
Item: All items
Base Period: 1982-84=100

United States

Mar 2021	264.877
Annual Change	3.3%
Jul-2020 - Mar-2021	2.2%

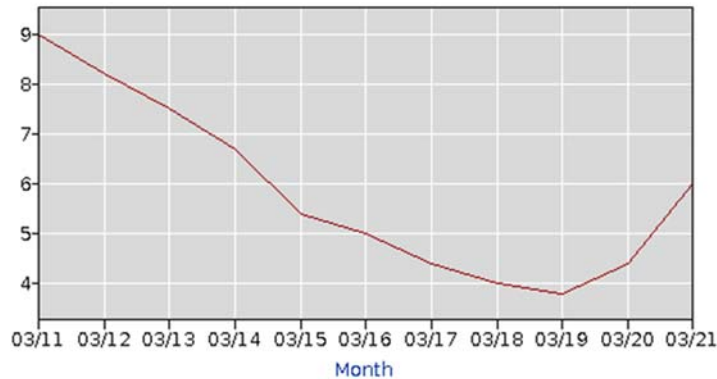
West - Size B/C, all urban

Mar 2021	163.257
Annual Change	2.8%
Jul-2020 - Mar-2021	2.2%



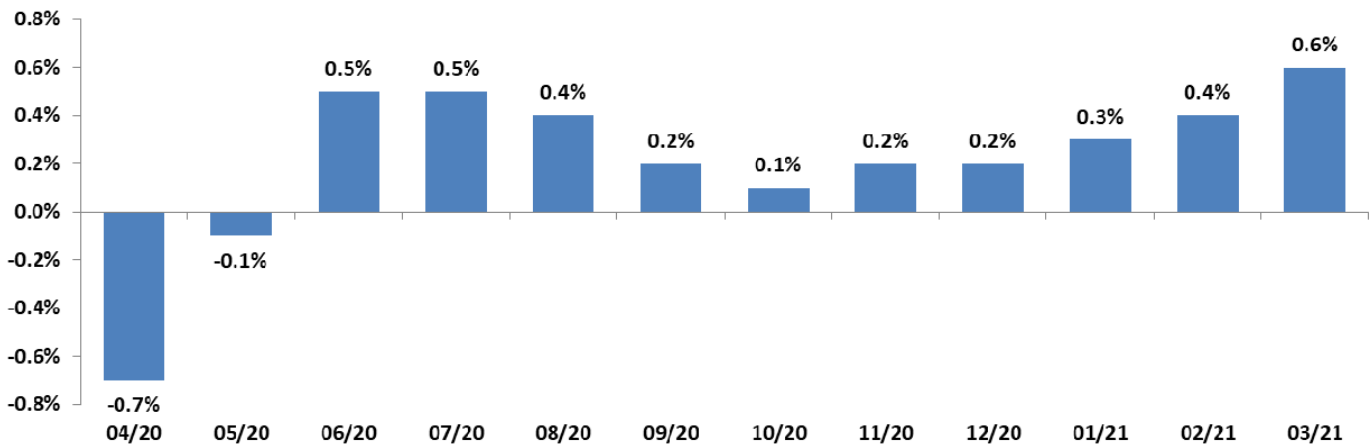
National Employment

The US Bureau of Labor Statistics reports that the national unemployment rate increased to 6.0% in March, 2020. This is up from 4.4% 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 .6% in March (seasonally adjusted basis). Over the last 12 months, the all items index increased 2.62 percent.

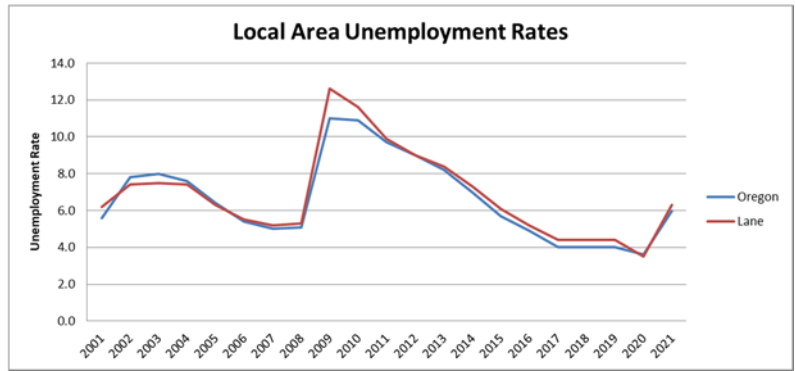


Local Economic Indicators

Employment Data

Unemployment in Lane County for March, 2020 was 3.5%, while March 2021 was 6.3%. 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.

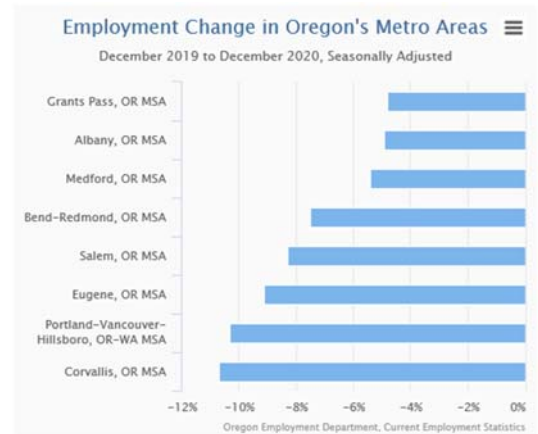
Unemployment in Oregon was 6.0% in March 2021, an increase from the rate of 3.6% in March, 2020.



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 6.3 percent in March 2021. The record March rate was 12.0 percent in 2009. The Oregon seasonally adjusted March 2021 unemployment rate was 6.0 percent, as was the U.S. rate.

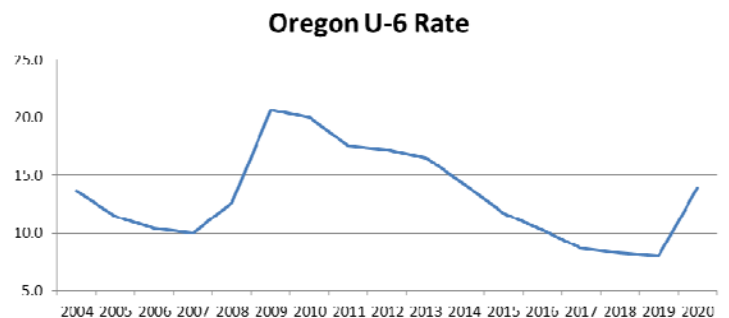
Lane County’s payroll employment increased a seasonally adjusted 800 jobs in March. Lane County has gained back 40% of the jobs lost in April and May of 2020 due to onset of the COVID-19 crisis. The largest private-sector losses in March were in private education and health services (-200), financial activities (-100), and professional and business services (-100). The largest gain was in leisure and hospitality (+1,000). Smaller gains occurred in manufacturing (+200) and retail trade (+100).



Government gained 600 jobs in March due to gains of 400 in local education and 100 each in non-education local government and 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. Due to the COVID-19 pandemic, Oregon’s U-6 rate jumped sharply to 13.9% in 2020. (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.

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 Buchar, 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

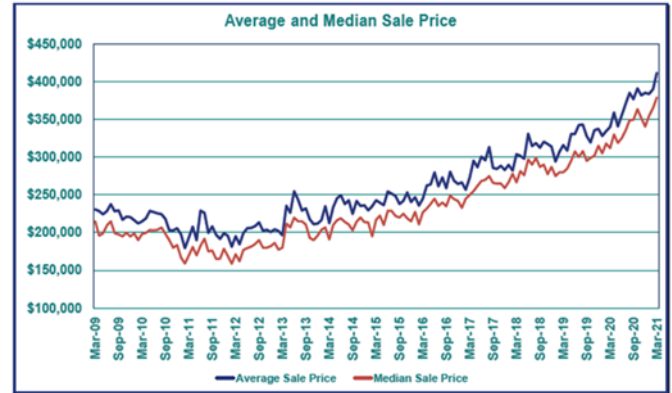
Real Estate Statistics

March 2021 Residential Highlights

New listings (457) decreased 18.0% from the 557 listed in March 2020, and increased 29.8% from the 352 listed in February 2021. Pending sales (434) increased 16.0% from the 374 offers accepted in March 2020, and increased 21.9% from the 356 offers accepted in February 2021. Closed sales (389) increased 14.1% from the 341 closings in March 2020, and increased 44.1% from the 270 closings in February 2021.

Comparing 2021 to 2020 through March, the average sale price has increased 17.8% from \$335,700 to \$395,600. In the same comparison, the median sale price has increased 15.9% from \$315,000 to \$365,000.

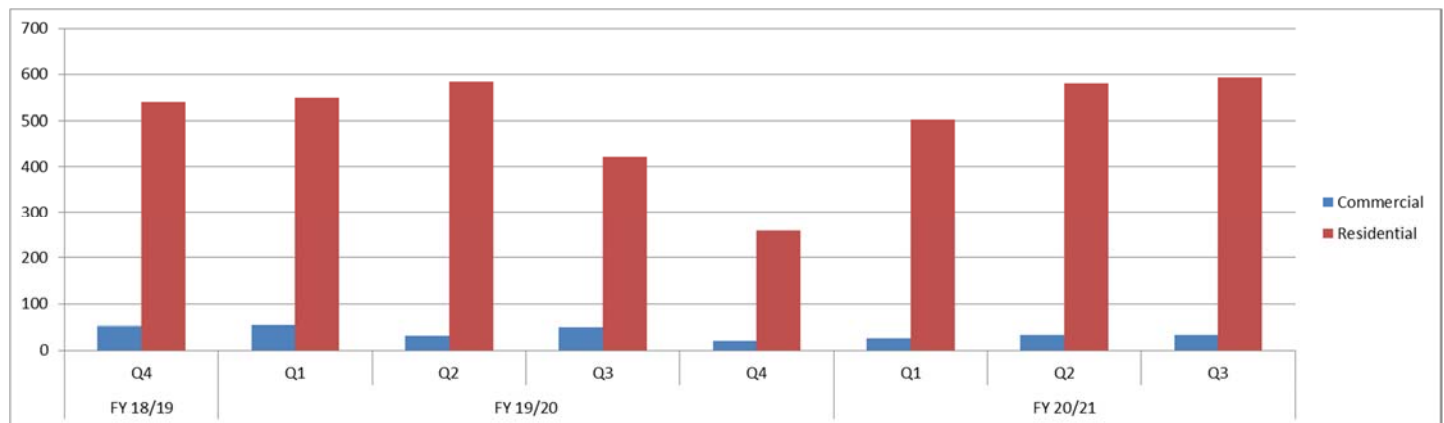
Source: Market Action, RMLS, March 2021



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 (FY19/20 Q2) and the Quarter ending June 2020 (FY 19/20 Q4). In March 2021 (FY 20/21 Q3), residential permits have increased 40.8%, while commercial permits have decreased by 33.3% as compared to the same period in 2020.

Property Type	FY 18/19		FY 19/20				FY 20/21			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Total YTD
Commercial	43	52	53	32	51	20	26	34	34	94
Residential	469	539	548	584	422	258	503	581	594	1678
Percent change Commercial last Quarter	14.0%	17.3%	1.9%	-65.6%	37.3%	-155.0%	23.1%	23.5%	0.0%	
Percent change Residential last Quarter	-2.3%	12.99%	1.64%	6.16%	-38.4%	-63.57%	96.02%	13.43%	2.19%	
Percent change Commercial 1 year	-14.0%	19.2%	3.8%	-15.6%	15.7%	-160.0%	-103.8%	5.9%	-50.0%	
Percent change Residential 1 year	-14.9%	5.8%	15.0%	17.8%	-11.1%	-108.9%	93.6%	-0.5%	29.0%	



**ALL COUNTY FUNDS
FY 20-21**

RESOURCES	First Quarter	Second Quarter	Third Quarter	Year to Date	Current Budget	% Actual to Budget
Beginning Fund Balance/Reserves	317,718,395	(3,468,462)	-	314,249,932	314,249,929	100.00%
Revenues						
Taxes & Assessments	2,147,857	62,324,166	4,849,458	69,321,481	74,939,061	92.50%
Federal Revenue	1,473,740	11,319,139	20,646,035	33,438,914	79,296,420	42.17%
State & Local Revenue	23,144,076	47,265,969	34,803,374	105,213,418	152,502,473	68.99%
Fees & Charges	34,821,944	42,104,160	40,969,404	117,895,508	162,642,927	72.49%
Other Revenues	7,891,934	11,110,043	9,591,977	28,593,954	42,694,561	66.97%
Total Revenue	69,479,551	174,123,477	110,860,248	354,463,275	512,075,442	69.22%
Transfers In	4,820,131	22,495,060	8,183,108	35,498,299	61,956,009	57.30%
Other Resources	322,538,526	19,026,598	13,725,608	355,290,731	376,205,938	94.44%
TOTAL RESOURCES	392,018,077	193,150,075	124,585,855	709,754,006	888,281,380	79.90%

REQUIREMENTS	First Quarter	Second Quarter	Third Quarter	Year to Date	Current Budget	% Actual to Budget
Expenditures						
Salaries & Wages	26,274,763	32,643,633	27,046,877	85,965,274	126,683,519	67.86%
Employee Benefits & Taxes	27,013,516	20,431,787	18,973,909	66,419,211	94,804,571	70.06%
Other Personnel Expenses	270,751	270,753	270,753	812,257	552,197	147.10%
Material & Services	43,286,190	63,064,756	56,428,265	162,779,210	286,424,737	56.83%
Capital	6,459,395	11,715,879	12,204,234	30,379,508	66,297,606	45.82%
Debt Service	213,986	3,252,326	55,429	3,521,742	14,704,016	23.95%
Total Expenditures	103,518,601	131,379,134	114,979,467	349,877,202	589,466,646	59.35%
Transfers Out	4,820,131	22,495,060	8,183,108	35,498,299	61,956,010	57.30%
Ending Fund Balance/Reserves					236,858,724	0.00%
TOTAL REQUIREMENTS	108,338,732	153,874,194	123,162,575	385,375,501	888,281,380	43.38%

Net Revenue (Expense)	(34,039,050)	42,744,343	(4,119,220)	4,586,073	(77,391,204) *
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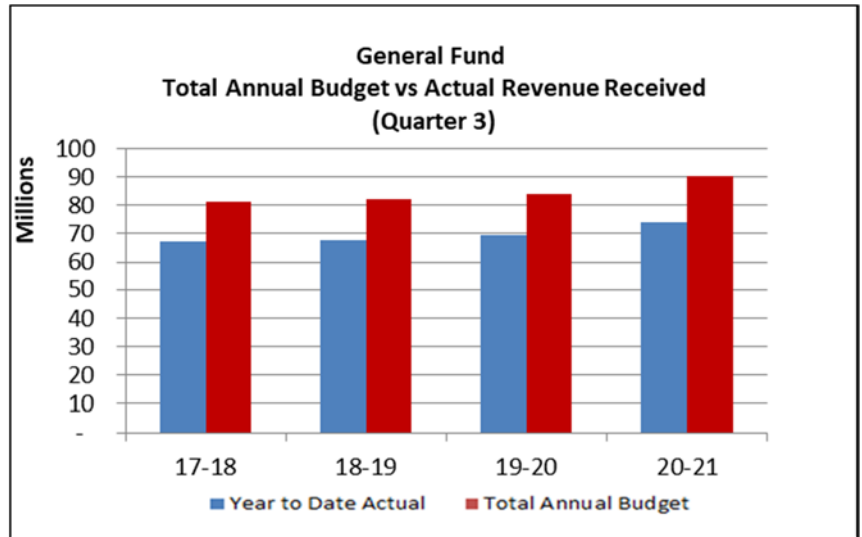
*The net expense shown in the Current Budget column is the result of spending reserves or one-time funds. This typically occurs for one-time expenses - usually in the area of capital expenditures. County policy indicates that one-time resources need to be spent on one-time expenditures, rather than ongoing operating expenses to avoid structural imbalance.

General Fund

Positive and Within Budget

Revenues:

At the end of the Third Quarter of FY 20-21, the County had received 81.89% of its budgeted annual General Fund revenue. This is a decrease of 1.0% 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 March 31	17-18	18-19	19-20	20-21
Quarter 3 YTD Actual	67,257,764	67,640,074	69,405,146	74,007,739
Total Annual Budget	81,166,225	82,116,827	83,891,826	90,375,312
Actual as % of Budget	82.86%	82.37%	82.73%	81.89%

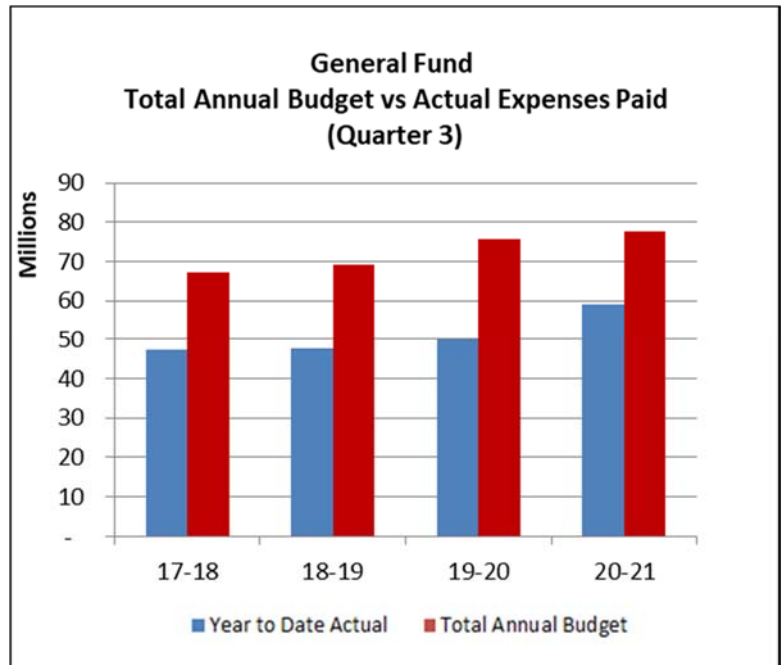
General Fund Operating Revenues					20-21 vs. 19-20 Variance	
Quarter Ending March 31	17-18	18-19	19-20	20-21	\$	%
Taxes & Assessments	40,644,113	43,639,380	44,406,383	45,943,860	1,537,477	3.46%
Federal Revenue	4,923,862	1,203,485	1,061,325	644,084	(417,241)	-39.31%
State & Local Revenue	7,802,549	8,582,103	8,360,123	10,074,796	1,714,673	20.51%
Fees & Charges	1,906,703	1,761,532	2,252,132	2,682,319	430,187	19.10%
Administrative Charges	9,126,425	9,504,423	10,016,388	11,060,764	1,044,376	10.43%
All Other Revenue	2,854,113	2,949,151	3,308,795	3,601,916	293,121	8.86%
Total	67,257,764	67,640,074	69,405,146	74,007,739	4,602,593	6.63%

General Fund

Positive and Within Budget

Expenditures:

At the end of the Third Quarter of FY 20-21, the County has expended 76.14% of its annual General Fund Expenditure budget. This is a 15.1% increase as compared to the same period in FY 19-20. 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	17-18	18-19	19-20	20-21
Quarter 3 YTD Actual	47,253,868	47,577,215	50,108,986	59,056,456
Total Annual Budget	67,266,039	69,151,493	75,749,202	77,562,083
Actual as % of Budget	70.25%	68.80%	66.15%	76.14%

General Fund Operating Expenses					20-21 vs. 19-20 Variance	
Quarter Ending March 31	17-18	18-19	19-20	20-21	\$	%
Personnel Services	35,143,906	35,649,638	36,812,176	39,320,693	2,508,517	6.81%
Materials & Services	12,068,494	11,827,249	13,060,423	13,514,422	453,999	3.48%
Capital Projects/Outlay	41,468	100,327	236,386	6,221,340	5,984,955	0.00%
Total	47,253,868	47,577,215	50,108,986	59,056,456	8,947,470	17.86%