



AGENDA CHECKLIST

Account Code (mandatory) 124-5170040

AGENDA INFORMATION TO BE SUBMITTED TO THE BOARD OFFICE:

One Title Memo
(See APM CH.1, Sec. 2)

Agenda Packet
One Original Hard Copy plus
One copy e-mailed to Lane County Agenda Review
mailbox

Material Due
Due by 12 pm Wednesday
preceding the week it will be
approved for inclusion on the
agenda.

AGENDA TITLE: In the Matter of Presenting the First
Quarter FY 21-22 Financial Report

DEPARTMENT County Administration

CONTACT Christine Moody EXT 3766

PRESENTER Christine Moody EXT 3766

AGENDA DATE: November 30, 2021

THIS ITEM WILL INVOLVE:

- | | | | |
|---|---|---|--|
| <input type="checkbox"/> Consent Calendar | <input type="checkbox"/> Report | <input type="checkbox"/> Appointments | <input type="checkbox"/> Committee Reports |
| <input type="checkbox"/> ORDER/Resolution | <input type="checkbox"/> Discussion & Action | <input checked="" type="checkbox"/> Discussion Only | |
| <input type="checkbox"/> Ordinance/Public Hearing | <input type="checkbox"/> 1st Reading | <input type="checkbox"/> 2nd Reading | <input type="checkbox"/> 3rd Reading |
| Public Comment Anticipated? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | Estimated Time 15 minutes (5/10) | |

NOTE: DEPARTMENT MANAGER MUST SIGN OFF BEFORE SUBMITTING TO BOARD OFFICE

Department Manager: Christine Moody Date 11/17/21

Legal Staff-Review by: _____ Date _____

Management Staff- _____ Date _____

Review by: _____

Human Resources- _____ Date _____

Review by (if required): _____

- | | |
|--|--|
| <input type="checkbox"/> Yes <input type="checkbox"/> No | File Note Attached? |
| <input type="checkbox"/> Yes <input type="checkbox"/> No | Information for Agenda Setting Committee Only? |



AGENDA COVER MEMORANDUM

Memorandum Date: November 30, 2021

TO: Board of County Commissioners

DEPARTMENT: County Administration

PRESENTED BY: Christine Moody, Budget & Financial Planning Manager

AGENDA ITEM TITLE: IN THE MATTER OF PRESENTING THE FIRST QUARTER FY 21-22 FINANCIAL REPORT

I. MOTION

NONE – Discussion Only

II. AGENDA ITEM SUMMARY

As part of the FY 14-15 budget preparation process, County Administrator Steve Mokrohisky recommended to the Lane County Board of Commissioners that Lane County begin presenting a financial report on the County's General Fund, and other funds as needed, on a quarterly basis. The report will provide budget to actual comparisons, highlight any potential known issues or changes, and review economic indicators that may impact the current or future budgets. The goals for providing this additional budget information include:

- 1) Increasing awareness of budget status & potential changes with the Board of Commissioners and public;
- 2) Providing the opportunity for increased leadership to the organization regarding the County's overall financial management;
- 3) Analyzing opportunities for change and receive input from County leadership; and
- 4) Expanding the overall discussion of the budget to go beyond the annual budget building process to one consisting of an ongoing dialogue on budget execution and future budget projections.

III. BACKGROUND/IMPLICATIONS OF ACTION

A. Board Action and Other History

The Quarterly Financial Report has been submitted to the Board on a regular basis.

Lane County Financial policies require that the Board receive financial reports no less than twice annually.

B. Policy Issues

The report is informational only and is intended to provide the Board of County Commissioners with current financial and economic information. There are no policy issues.

C. Board Goals

This report supports the County's Strategic Plan goal of a Vibrant Community by providing updated information on our regional economy.

D. Financial and/or Resource Considerations

The report is informational only, there are no financial implications.

E. Health Implications

There are no health implications for this report.

F. Analysis

The Quarterly Financial Report contains information on the national economy, the state and local economy, housing prices, inflation, unemployment, and County financial information. Detailed information and analysis of each of these areas can be found in the full report.

IV. ATTACHMENTS

The First Quarter Financial Report for Fiscal Year 2021-2022 is attached.

Lane County Quarterly Financial Report

Quarter Ended September 30, 2021
(First Quarter of FY 21-22)



**Presented to Lane County Board of Commissioners:
November 30, 2021**

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Executive Summary

We are pleased to present you with Lane County's Quarterly Financial Report for the First Quarter of Fiscal Year (FY) 21-22. 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.lanecountyor.gov/finance. For information on the development of the County's budget and the service levels provided, please visit www.lanecountyor.gov/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 21-22 1st 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 4.8% (compared to 5.9% in the 4th Quarter of FY20-21)
- CPI-U for the United States was 5.3% for the prior 12 months
- CPI B/C West Region was 5.5% for the prior 12 months
- Average sale price of residential property increased 19.8% from \$330,000 to \$428,600 from September 2020 to September 2021.

Steve Mokrohisky,
County Administrator

National Economic Indicators

Consumer Price Index

Consumer Price Index (CPI)

1982 - 1984 = 100
All Urban Consumers

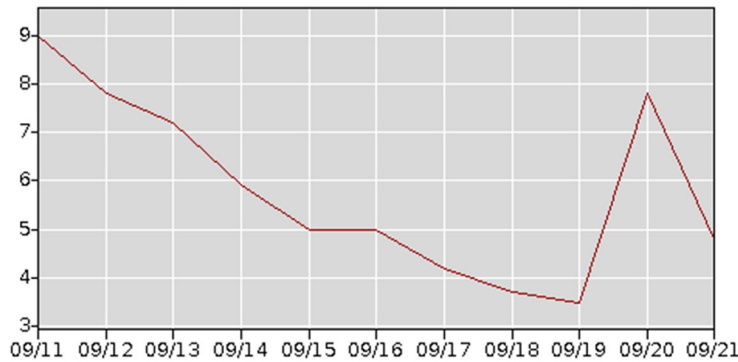
United States	
Sep 2021	274.31
Annual Change	5.3%
Jul-2021 - Sep-2021	0.5%
West - Size B/C, all urban	
Sep 2021	169.977
Annual Change	5.5%
Jul-2021 - Sep-2021	0.4%

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



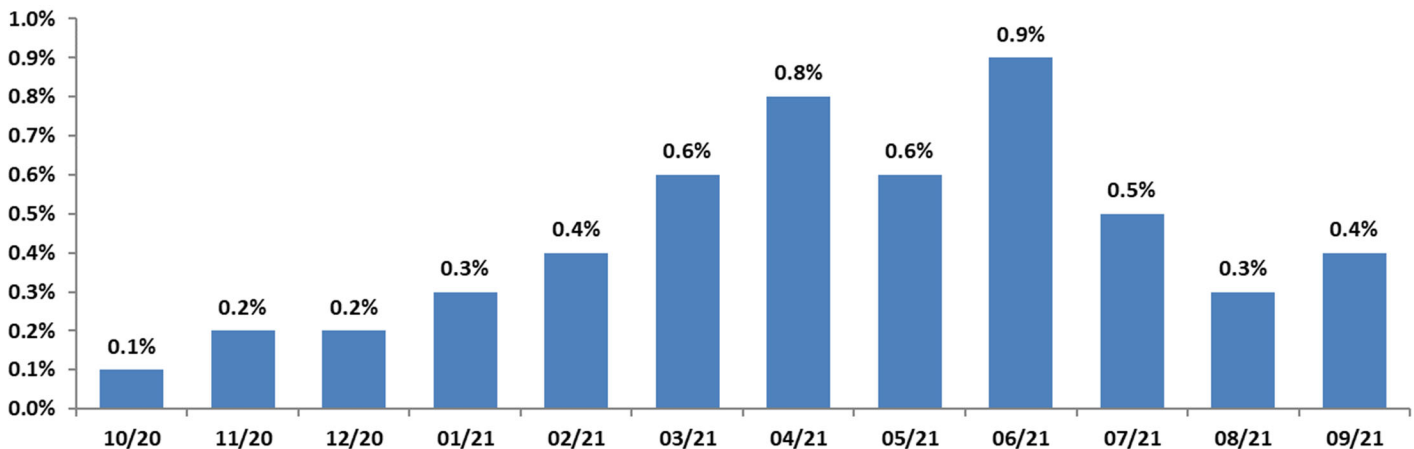
National Employment

The US Bureau of Labor Statistics reports that the national unemployment rate fell to 4.8% in September, 2021. This is down from 7.8% 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 September (seasonally adjusted basis). Over the last 12 months, the all items index increased 5.39%.

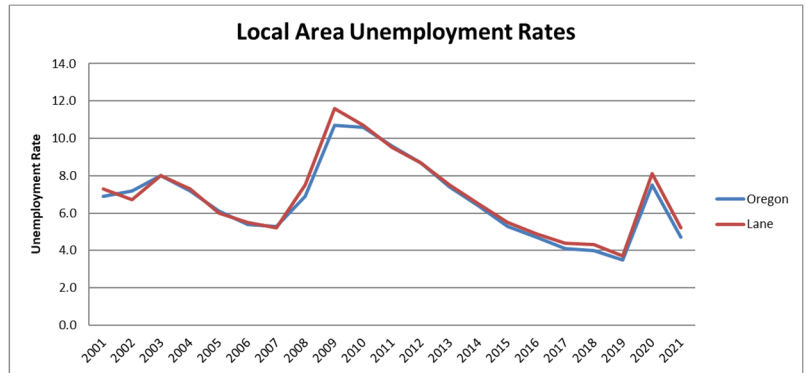


Local Economic Indicators

Employment Data

Unemployment in Lane County for September, 2020 was 8.1%, while September 2021 was 5.2%. 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.

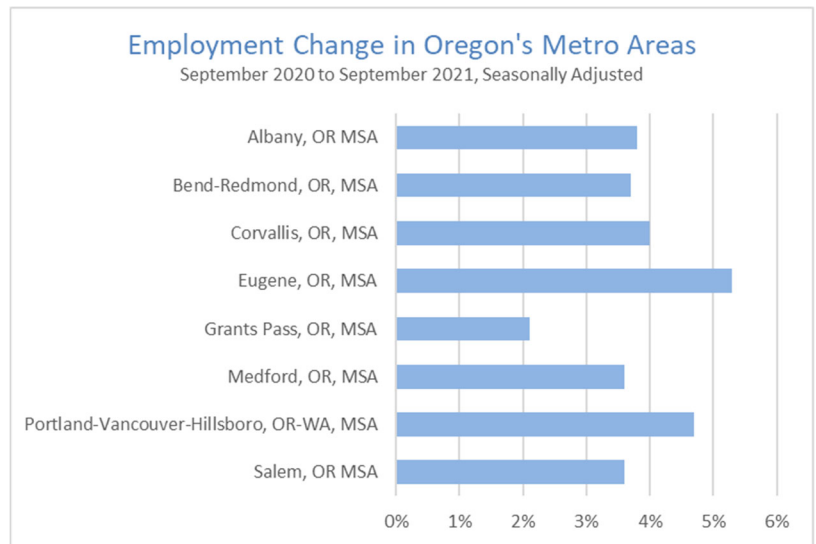
Unemployment in Oregon was 4.7% in September 2021, a decrease from the rate of 7.5% in September, 2020.



Employment/Job Growth

Lane County's seasonally adjusted unemployment rate decreased from 14.4 percent in April 2020, which was a record high for the past 20 years, to 5.2% in September 2021. The record September rate was 11.6% in 2009. The Oregon seasonally adjusted September 2021 unemployment rate was 4.7%, and the U.S. rate was 4.8%.

Lane County's payroll employment increased a seasonally adjusted 1,100 jobs in September. Lane County has gained back 71% of the jobs lost in March and April of 2020 due to onset of the COVID-19 crisis. In the not seasonally adjusted private-sector industries in September, there were gains in leisure and hospitality (+900) and education and health services (+500).

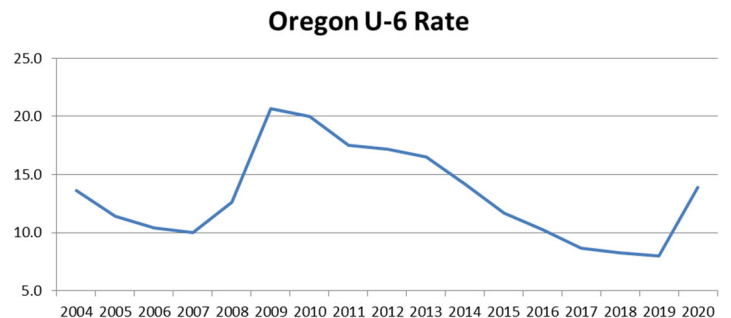


Government gained 1,700 jobs in September mostly due to a seasonal gain of 1,600 in local education.

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)



Real Estate Statistics

September 2021 Residential Highlights

New listings (498) increased 5.1% from the 474 listed in September 2020, and decreased 17.0% from the 600 listed in August 2021. Pending sales (453) increased 1.3% from the 447 offers accepted in September 2020, and decreased 17.5% from the 549 offers accepted in August 2021. Closed sales (459) increased 3.4% from the 444 closings in September 2020, and decreased 5.6% from the 486 closings in August 2021..

Comparing 2021 to 2020 through September, the average sale price has increased 19.8% from \$357,800 to \$428,600. In the same comparison, the median sale price has increased 19.5% from \$330,000 to \$394,400.

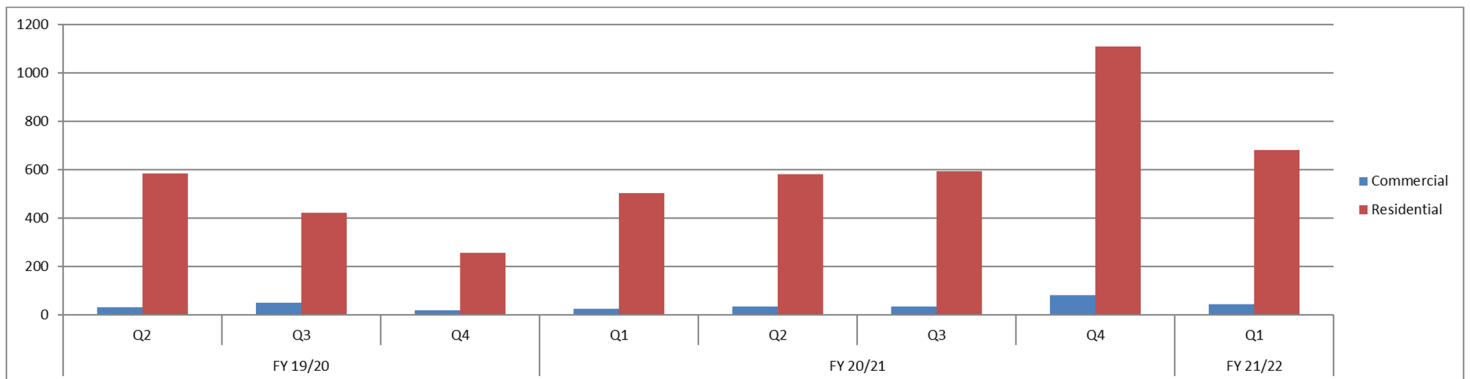
Source: Market Action, RMLS, September 2021



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 September 2021 (FY 21-22 Q1), residential permits have increased 35.6%, while commercial permits have increased by 73.1% 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 21-22

RESOURCES	First Quarter	Year to Date	Current Budget	% Actual to Budget
Beginning Fund Balance/Reserves	365,906,460	365,906,460	286,216,246	127.84%
<u>Revenues</u>				
Taxes & Assessments	1,825,768	1,825,768	76,811,996	2.38%
Federal Revenue	(6,024,199)	(6,024,199)	123,704,449	-4.87%
State & Local Revenue	25,323,642	25,323,642	146,084,411	17.33%
Fees & Charges	34,230,844	34,230,844	173,889,024	19.69%
Other Revenues	12,014,985	12,014,985	45,519,226	26.40%
Total Revenue	67,371,040	67,371,040	566,009,106	11.90%
Transfers In	5,452,690	5,452,690	38,860,162	14.03%
Other Resources	371,359,150	371,359,150	325,186,408	114.20%
TOTAL RESOURCES	438,730,190	438,730,190	891,195,514	49.23%

REQUIREMENTS	First Quarter	Year to Date	Current Budget	% Actual to Budget
<u>Expenditures</u>				
Salaries & Wages	26,454,487	26,454,487	133,675,347	19.79%
Employee Benefits & Taxes	17,396,393	17,396,393	92,969,909	18.71%
Other Personnel Expenses	227,962	227,962	911,851	25.00%
Material & Services	57,723,067	57,723,067	280,508,543	20.58%
Capital	9,665,278	9,665,278	57,682,331	16.76%
Debt Service	216,799	216,799	11,235,447	1.93%
Total Expenditures	111,683,986	111,683,986	576,983,428	19.36%
Transfers Out	5,452,690	5,452,690	38,970,162	13.99%
Ending Fund Balance/Reserves			275,241,924	0.00%
TOTAL REQUIREMENTS	117,136,676	117,136,676	891,195,514	13.14%

Net Revenue (Expense)	(44,312,946)	(44,312,946)	(10,974,322) *
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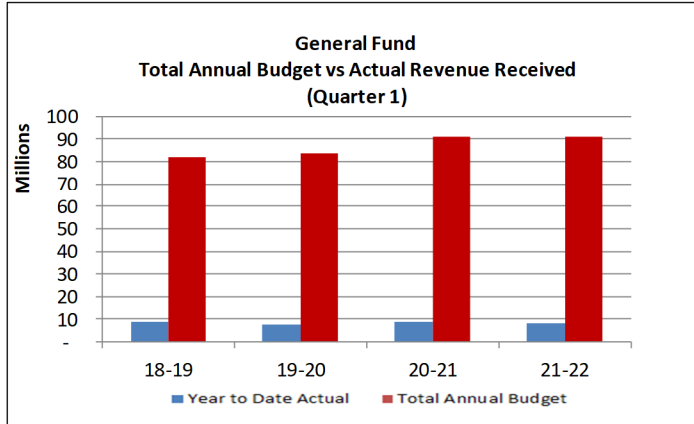
*The net expense shown in the Current Budget column is the result of spending reserves or one-time funds. This typically occurs for one-time expenses - usually in the area of capital expenditures. County policy indicates that one-time resources need to be spent on one-time expenditures, rather than ongoing operating expenses to avoid structural imbalance.

General Fund

Positive and Within Budget

Revenues:

At the end of the First Quarter of FY 21-22, the County had received 8.95% of its budgeted annual General Fund revenue. This is a decrease of 6.8% 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 21-22.



General Fund Operating Revenues				
Quarter Ending September 30	18-19	19-20	20-21	21-22
Quarter 1 YTD Actual	8,863,280	7,530,025	8,735,173	8,160,904
Total Annual Budget	82,116,827	83,891,826	90,889,454	91,154,895
Actual as % of Budget	10.79%	8.98%	9.61%	8.95%

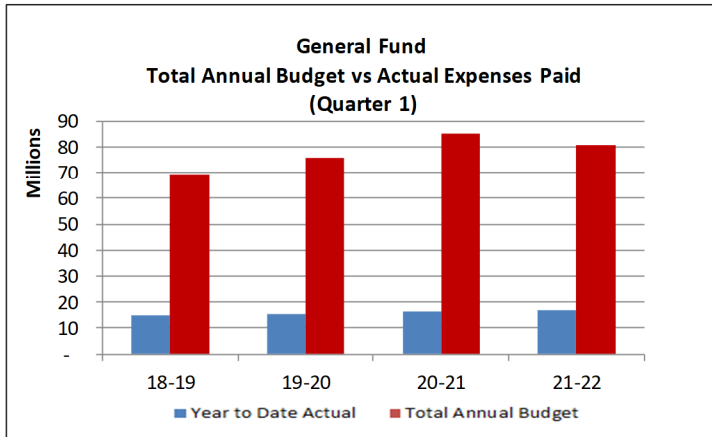
General Fund Operating Revenues					21-22 vs. 20-21 Variance	
Quarter Ending September 30	18-19	19-20	20-21	21-22	\$	%
Taxes & Assessments	2,165,829	1,123,796	1,102,927	606,806	(496,120)	-44.98%
Federal Revenue	(376,101)	(325,528)	120,113	(50,464)	(170,576)	-142.01%
State & Local Revenue	2,967,761	2,479,999	3,058,755	2,694,756	(364,000)	-11.90%
Fees & Charges	514,550	588,250	668,670	684,077	15,406	2.30%
Administrative Charges	3,168,125	3,337,781	3,500,403	3,838,361	337,958	9.65%
All Other Revenue	423,117	325,727	284,305	387,368	103,063	36.25%
Total	8,863,280	7,530,025	8,735,173	8,160,904	(574,269)	-6.57%

General Fund

Positive and Within Budget

Expenses:

At the end of the First Quarter of FY 21-22, the County has expended 20.74% of its annual General Fund Expenditure budget. This is a 8.3% increase as compared to the same period in FY 20-21. Percentage of expenditure budget spent within the First Quarter is within expected limits given that the General Fund expense budget is predominantly related to personnel expenses.



General Fund Operating Expenses				
Quarter Ending September 30	18-19	19-20	20-21	21-22
Quarter 1 YTD Actual	14,742,983	15,252,208	16,261,098	16,754,940
Total Annual Budget	69,151,493	75,749,202	84,965,140	80,801,480
Actual as % of Budget	21.32%	20.14%	19.14%	20.74%

General Fund Operating Expenses					21-22 vs. 20-21 Variance	
Quarter Ending September 30	17-18	18-19	19-20	20-21	\$	%
Personnel Services	11,102,121	11,372,490	12,082,916	11,903,818	(179,097)	-1.48%
Materials & Services	3,640,861	3,874,985	4,125,183	4,843,243	718,060	17.41%
Capital Projects/Outlay	-	4,733	53,000	7,879	(45,121)	0.00%
Total	14,742,983	15,252,208	16,261,098	16,754,940	493,842	3.04%