



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 Third Quarter FY 21-22 Financial Report

DEPARTMENT	<i>County Administration</i>		
CONTACT	<i>Christine Moody</i>	EXT	<i>3766</i>
PRESENTER	<i>Christine Moody</i>	EXT	<i>3766</i>
AGENDA DATE:	<i>June 7, 2022</i>		

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 *6/7/22*

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: June 7, 2022

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 THIRD 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 Third Quarter Financial Report for Fiscal Year 2021-2022 is attached.

Lane County Quarterly Financial Report

Quarter Ended March 31, 2022
(Third Quarter of FY 21-22)



**Presented to Lane County Board of Commissioners:
June 7, 2022**

Table of Contents

	Page Number
Executive Summary.....	1
National Economic Indicators.....	2
Local Economic Indicators.....	3
Actual Revenues and Expenses vs. Budget (All County Funds).....	5
General Fund.....	6

Executive Summary

We are pleased to present you with Lane County's Quarterly Financial Report for the Third 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 execution (spending) of 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 also 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 Annual Comprehensive Financial, Debt Affordability, and Investment Reports 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.

The FY 21-22 budget contains millions of dollars in one-time resources and expenditures associated with the COVID-19 pandemic, including, but not limited to, the County's direct allocation under the Federal American Rescue Plan Act, Federal Emergency Management Agency reimbursement payments, and other state and federal funds related to the public health response to the pandemic. These dollars have resulted in a temporary increase in the size of the County's budget which is expected to continue for at least the next fiscal year.

This FY 21-22 3rd Quarter report contains economic data and any additional information on the overall financial health of the County as of March 31, 2022, and includes various economic and financial impacts continuing as a result of the COVID-19 pandemic.

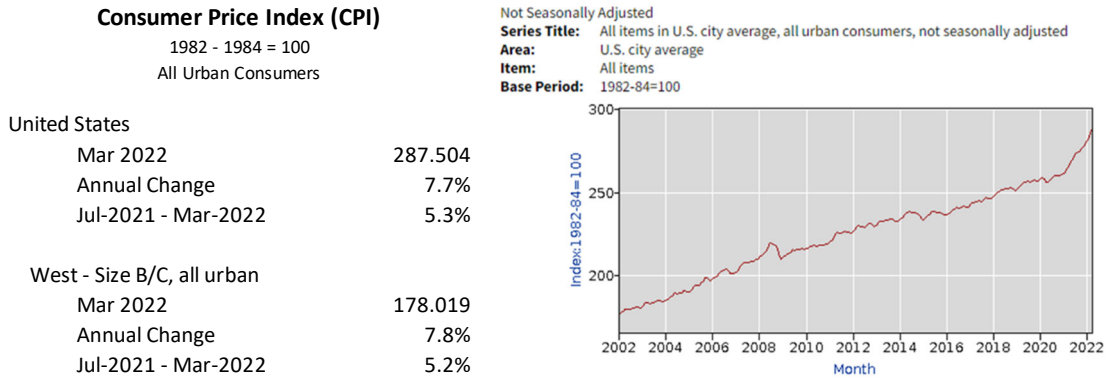
The following is a brief summary of the report:

- National unemployment was 3.6% (compared to 3.9% in the 2nd Quarter of FY21-22)
- CPI-U for the United States was 7.7% for the prior 12 months
- CPI B/C West Region was 7.8% for the prior 12 months
- Average sale price of residential property in Lane County increased 16.2% from \$395,600 to \$459,800 from March 2021 to March 2022.

Steve Mokrohisky,
County Administrator

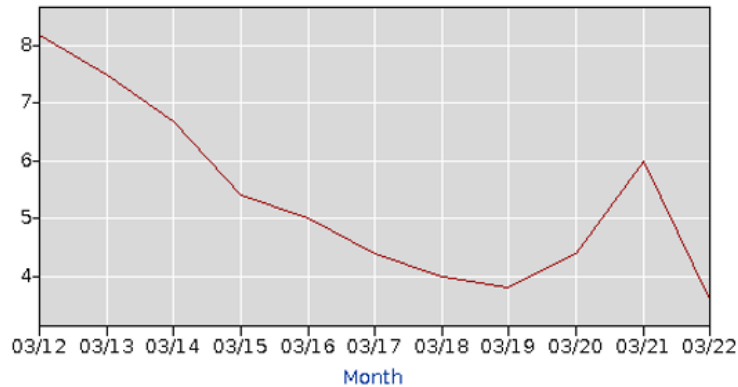
National Economic Indicators

Consumer Price Index



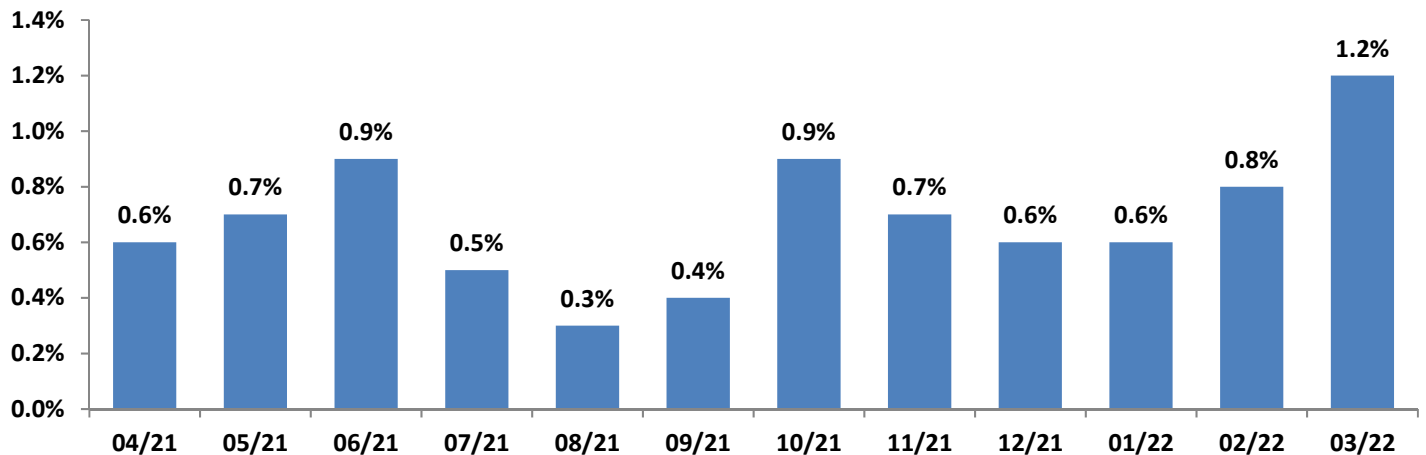
National Employment

The US Bureau of Labor Statistics reports that the national unemployment rate fell to 3.6% in March, 2022. This is down from 6.0% 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 1.2% in March (seasonally adjusted basis). Over the last 12 months, the all items index increased 8.54%.

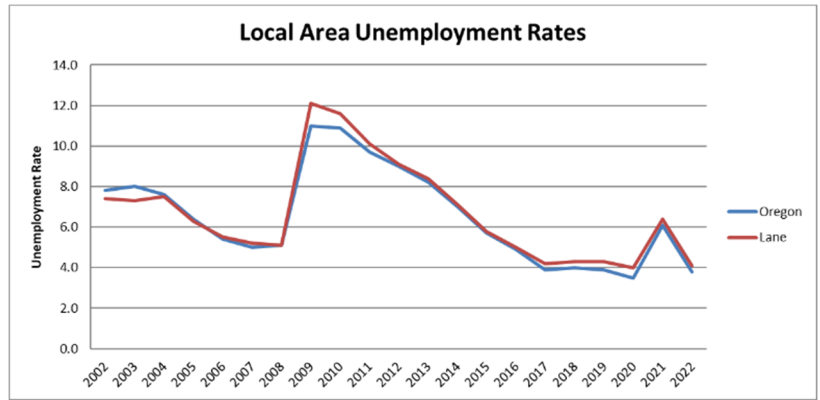


Local Economic Indicators

Employment Data

Unemployment in Lane County for March, 2022 was 3.6% as compared to 6.0% one year ago in March 2021. 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 2020.

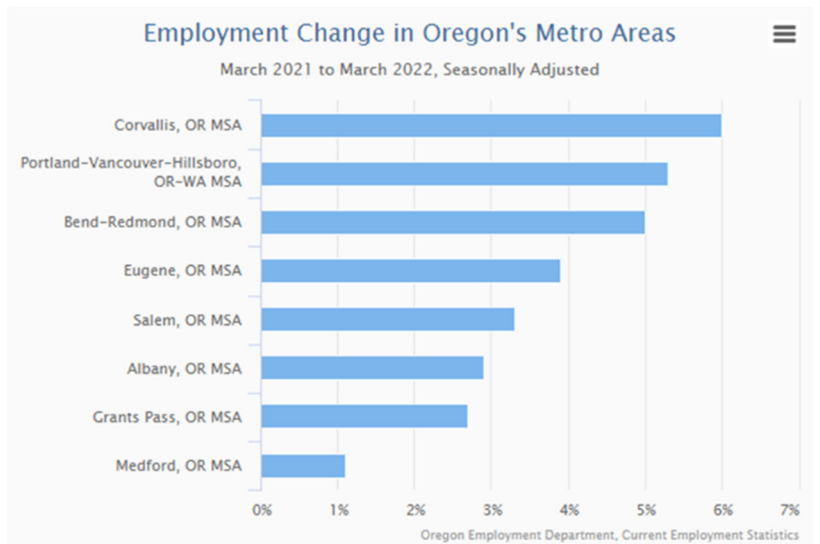
Unemployment in Oregon was 3.8% in March 2022, a decrease from the rate of 6.1% in March, 2021.



Employment/Job Growth

Due to the COVID pandemic, Lane County's seasonally adjusted unemployment rate reached a 20-year high of 14.0% in April 2020, but has rebounded considerably to 4.1% in March 2022. The previous 20-year high for Lane County, in response to the recession beginning in 2008, was 12.4%, reached in April and May of 2009.

In March 2022, Oregon's seasonally adjusted unemployment rate was 3.8%, and the U.S. rate was 3.6%.



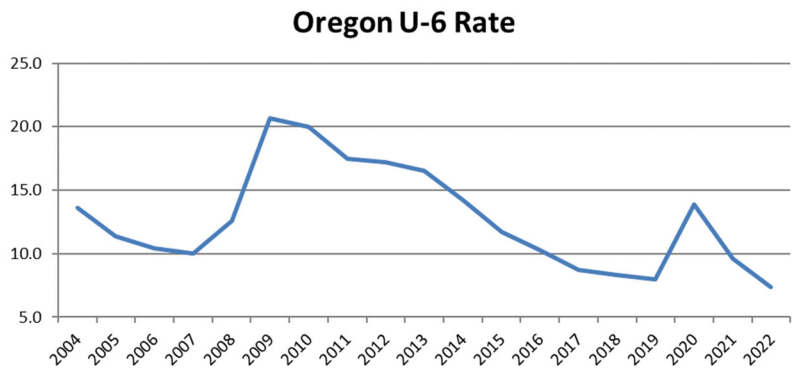
Lane County's payroll employment increased a seasonally adjusted 1,100 jobs in March.

Lane County has gained back 71% of the jobs lost in March and April of 2020 due to onset of the COVID-19 pandemic. In the not seasonally adjusted private-sector industries in March, there were gains in leisure and hospitality (+1,200) and construction and retail trade (+200 each).

Government gained 300 jobs in March due to a gain of 200 in local education and an additional gain of 100 in non-education local 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, rebounding in 2022 to 7.4%. (Source: Bureau of Labor Statistics)



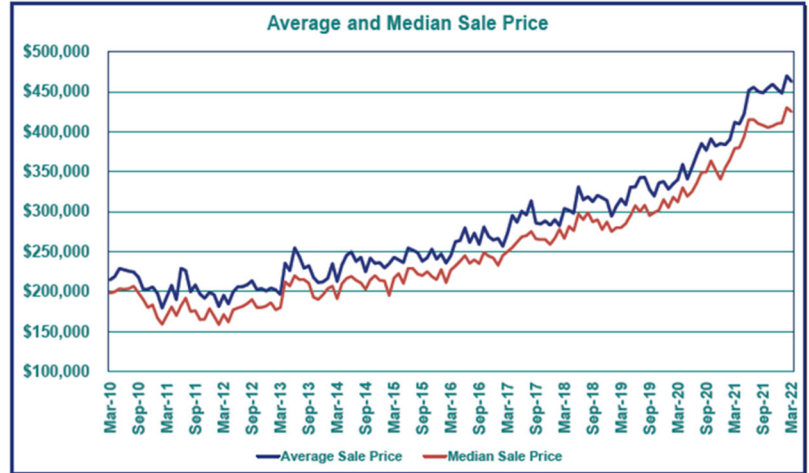
Real Estate Statistics

March 2022 Residential Highlights

New listings (530) increased 16.0% from the 457 listed in March 2021, and increased 24.1% from the 427 listed in February 2022. Pending sales (471) increased 8.5% from the 434 offers accepted in March 2021, and increased 17.2% from the 402 offers accepted in February 2022. Closed sales (406) increased 4.4% from the 389 closings in March 2021, and increased 53.2% from the 265 closings in February 2022.

Comparing 2022 to 2021 through March, the average sale price has increased 16.2% from \$395,600 to \$459,800. In the same comparison, the median sale price has increased 15.9% from \$365,000 to \$422,900.

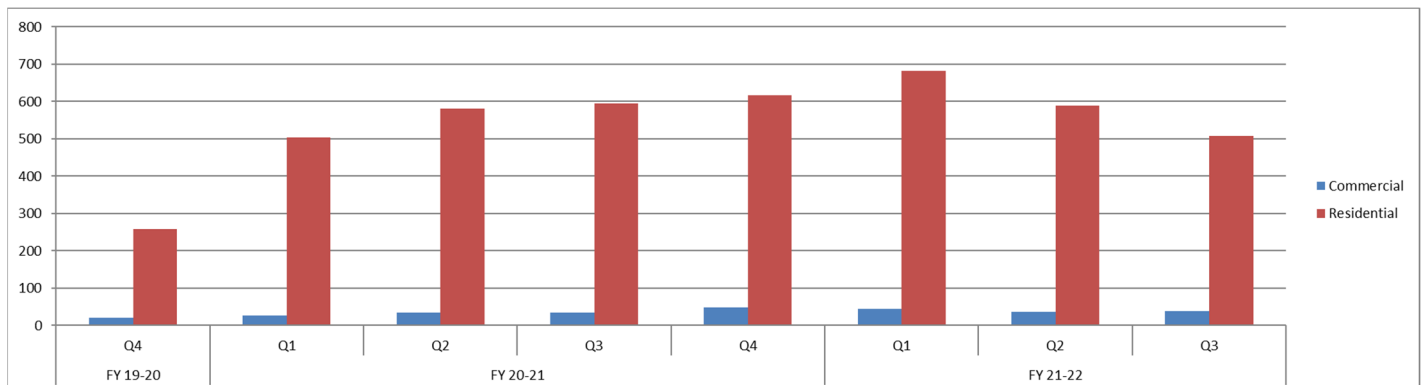
Source: Market Action, RMLS, March 2022



Building Permit

Building permit activity within Lane County Land Management decreased slightly from an initial post-Holiday Farm Fire peak period between the Quarter ending September 2021 (FY 21-22 Q2) and March 2022 (FY 21-22 Q3). In March 2022 (FY 21-22 Q3), residential permits have decreased 17.7%, and commercial permits have decreased by 20.4% as compared to the same period in 2021.

Property Type	FY 19-20	FY 20-21				FY 21-22			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Total
Commercial	20	26	34	34	49	45	36	39	120
Residential	258	503	581	594	617	682	589	508	1779
Percent change Commercial last Quarter	-155.0%	23.1%	23.5%	0.0%	30.6%	-8.9%	-25.0%	7.7%	
Percent change Residential last Quarter	-63.57%	48.71%	13.43%	2.2%	3.73%	9.53%	-15.79%	-15.94%	
Percent change Commercial 1 year	-160.0%	-103.8%	5.9%	-50.0%	59.2%	42.2%	5.6%	12.8%	
Percent change Residential 1 year	-108.9%	-8.9%	-0.5%	29.0%	58.2%	26.2%	1.4%	-16.9%	



**ALL COUNTY FUNDS
FY 21-22**

RESOURCES	First Quarter	Second Quarter	Third Quarter	Year to Date	Current Budget	% Actual to Budget
Beginning Fund Balance/Reserves	365,906,460	2,745,903	-	368,652,363	368,499,011	100.04%
<u>Revenues</u>						
Taxes & Assessments	1,825,768	68,020,436	5,225,669	75,071,873	79,548,337	94.37%
Federal Revenue	(6,024,199)	9,967,400	13,197,335	17,140,536	111,952,845	15.31%
State & Local Revenue	25,323,642	30,790,424	65,187,945	121,302,011	190,038,774	63.83%
Fees & Charges	34,230,844	41,035,939	44,319,562	119,586,345	173,198,558	69.05%
Other Revenues	12,014,985	10,319,089	22,928,505	45,262,578	66,881,644	67.68%
Total Revenue	67,371,040	160,133,288	150,859,015	378,363,343	621,620,158	60.87%
Transfers In	5,452,690	30,166,714	3,515,104	39,134,508	61,712,755	63.41%
Other Resources	371,359,150	32,912,617	16,848,402	421,120,169	430,211,766	97.89%
TOTAL RESOURCES	438,730,190	193,045,905	167,707,417	799,483,512	1,051,831,924	76.01%

REQUIREMENTS	First Quarter	Second Quarter	Third Quarter	Year to Date	Current Budget	% Actual to Budget
<u>Expenditures</u>						
Salaries & Wages	26,454,487	34,974,509	29,428,100	90,857,096	137,066,782	66.29%
Employee Benefits & Taxes	17,396,393	21,964,737	20,271,719	59,632,849	95,092,745	62.71%
Other Personnel Expenses	227,962	227,962	227,962	683,887	911,851	75.00%
Material & Services	57,723,067	70,426,361	78,450,469	206,599,897	356,893,810	57.89%
Capital	9,665,278	18,035,905	9,281,119	36,982,302	70,868,044	52.18%
Debt Service	216,799	2,580,002	11,388,298	14,185,098	14,251,651	99.53%
Total Expenditures	111,683,986	148,209,476	149,047,667	408,941,129	675,084,883	60.58%
Transfers Out	5,452,690	30,166,714	3,515,104	39,134,508	61,712,755	63.41%
Ending Fund Balance/Reserves					315,034,286	0.00%
TOTAL REQUIREMENTS	117,136,676	178,376,190	152,562,771	448,075,637	1,051,831,924	42.60%

Net Revenue (Expense)	(44,312,946)	11,923,812	1,811,348	(30,577,786)	(53,464,725) *
-----------------------	--------------	------------	-----------	--------------	----------------

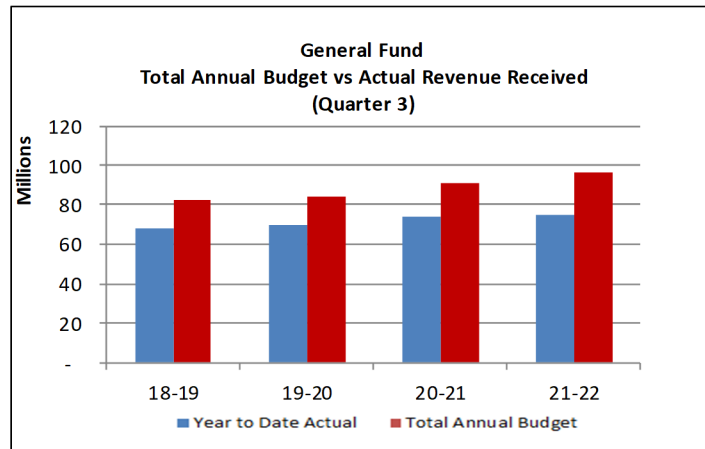
*The net expense shown in the Current Budget column is the result of spending reserves or one-time funds. This typically occurs for one-time expenses - usually in the area of capital expenditures. County policy indicates that one-time resources need to be spent on one-time expenditures, rather than ongoing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

General Fund

Positive and Within Budget

Revenues:

At the end of the Third Quarter of FY 21-22, the County had received 77.26% of its budgeted annual General Fund revenue. This is a decrease of 5.1% 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 21-22.



General Fund Operating Revenues				
Quarter Ending March 31, 2022	18-19	19-20	20-21	21-22
Quarter 1 YTD Actual	67,640,074	69,405,146	74,007,739	74,890,031
Total Annual Budget	82,116,827	83,891,826	90,889,454	96,932,647
Actual as % of Budget	82.37%	82.73%	81.43%	77.26%

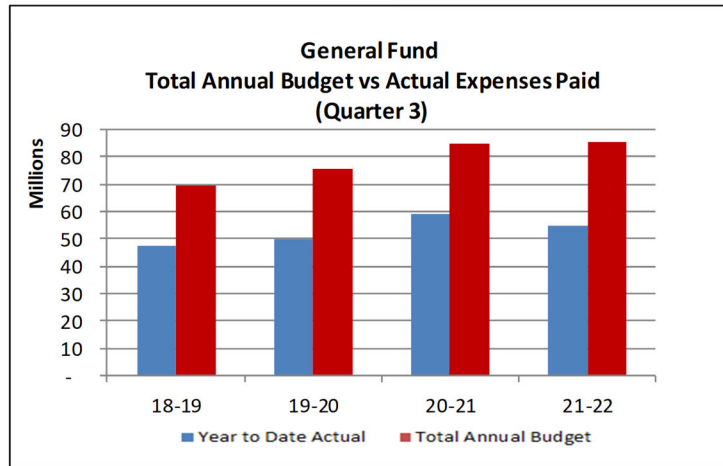
General Fund Operating Revenues					21-22 vs. 20-21 Variance	
Quarter Ending March 31, 2022	18-19	19-20	20-21	21-22	\$	%
Taxes & Assessments	43,639,380	44,406,383	45,943,860	48,304,098	2,360,239	5.14%
Federal Revenue	969,902	908,472	620,587	805,797	185,210	29.84%
State & Local Revenue	7,838,990	7,355,926	8,795,089	6,545,750	(2,249,339)	-25.57%
Fees & Charges	1,761,532	2,252,132	2,682,319	2,436,142	(246,177)	-9.18%
Administrative Charges	9,504,423	10,016,388	11,060,764	13,160,724	2,099,960	18.99%
All Other Revenue	3,925,847	4,465,845	4,905,120	3,637,520	(1,267,600)	-25.84%
Total	67,640,074	69,405,146	74,007,739	74,890,031	882,292	1.19%

General Fund

Positive and Within Budget

Expenses:

At the end of the Third Quarter of FY 21-22, the County has expended 64.43% of its annual General Fund Expenditure budget. This is a 7.3% increase as compared to the same period in FY 20-21. 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, 2022	18-19	19-20	20-21	21-22
Quarter 3 YTD Actual	47,577,215	50,108,986	59,056,456	55,065,103
Total Annual Budget	69,151,493	75,749,202	84,965,140	85,459,685
Actual as % of Budget	68.80%	66.15%	69.51%	64.43%

General Fund Operating Expenses					21-22 vs. 20-21 Variance	
Quarter Ending March 31, 2022	17-18	18-19	19-20	20-21	\$	%
Personnel Services	35,649,638	36,812,176	39,320,693	40,857,872	1,537,178	3.91%
Materials & Services	11,827,249	13,060,423	13,514,422	13,928,787	414,365	3.07%
Capital Projects/Outlay	100,327	236,386	6,221,340	278,445	(5,942,896)	0.00%
Total	47,577,215	50,108,986	59,056,456	55,065,103	(3,991,353)	-6.76%