



proud past, promising future

CLARK COUNTY
WASHINGTON

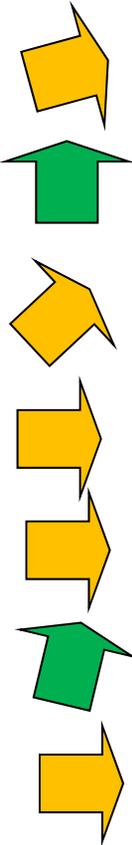
Quarterly Finance Report 2014 Third Quarter

October 29, 2014
BOCC Work Session

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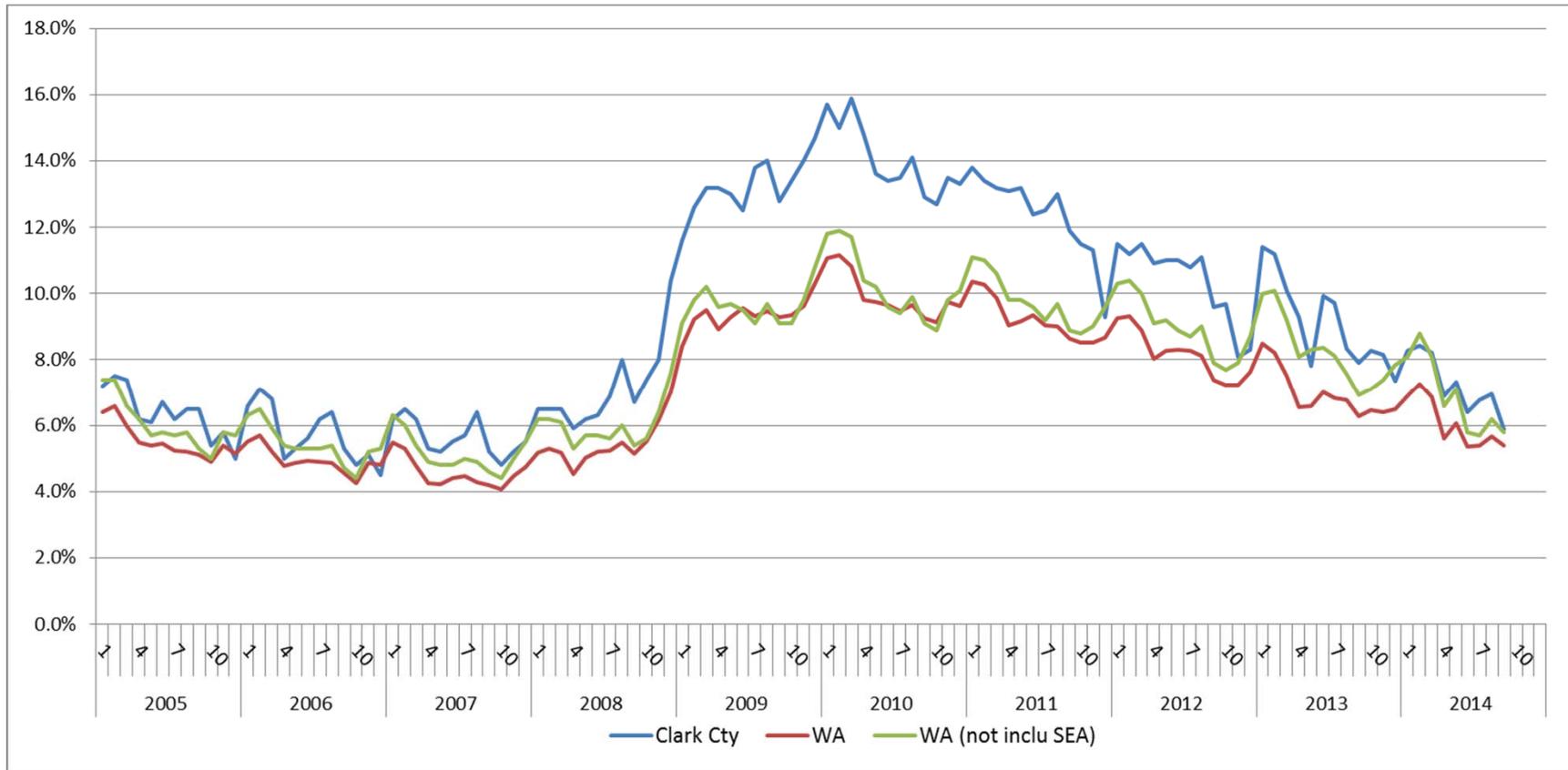
- Leading Indicators
 - Steady
 - Mixed indicators
- Retail Sales
 - Year over Year Improvement
 - Increase mostly anticipated in budget
 - Sales tax policy
- General Fund
 - Fund Balance usage
 - Expenditures
 - Deferred One-time-Only
- Other Major Funds
 - PW, DCD, Health Department
- Funds that might impact General Fund
 - Community Development-Development Services
 - REET Funds
 - Department of Community Services
 - Clean Water Fund
 - Central Support Services
- SAO Financial Condition Tool

Leading Indicators



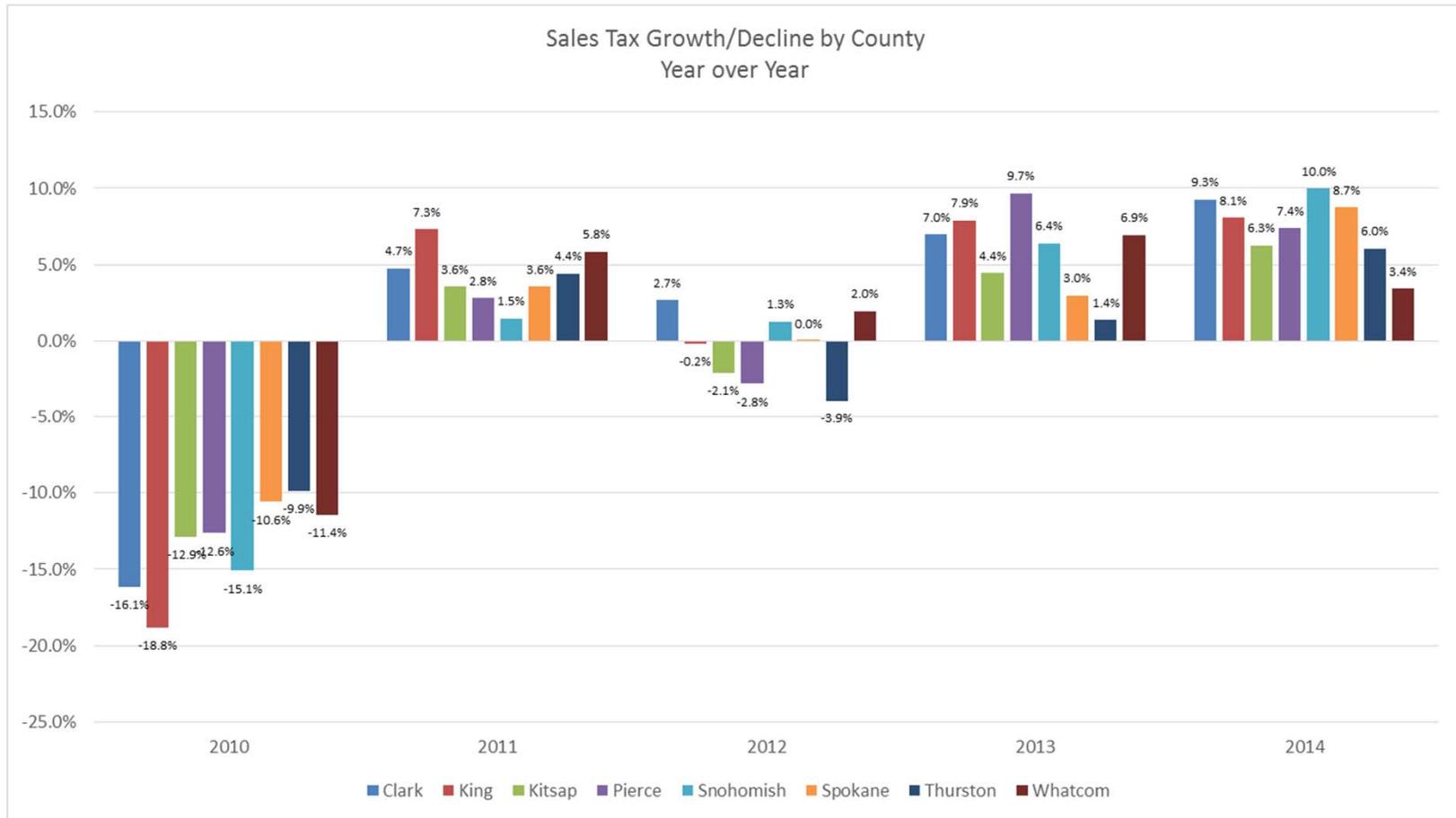
- Building Permits
- Retail Sales
- Construction as a % of Retail Sales
- Home Sales
- Median Home Sales Price
- Employment
- Land Use Review Permits

County Unemployment Compared to State



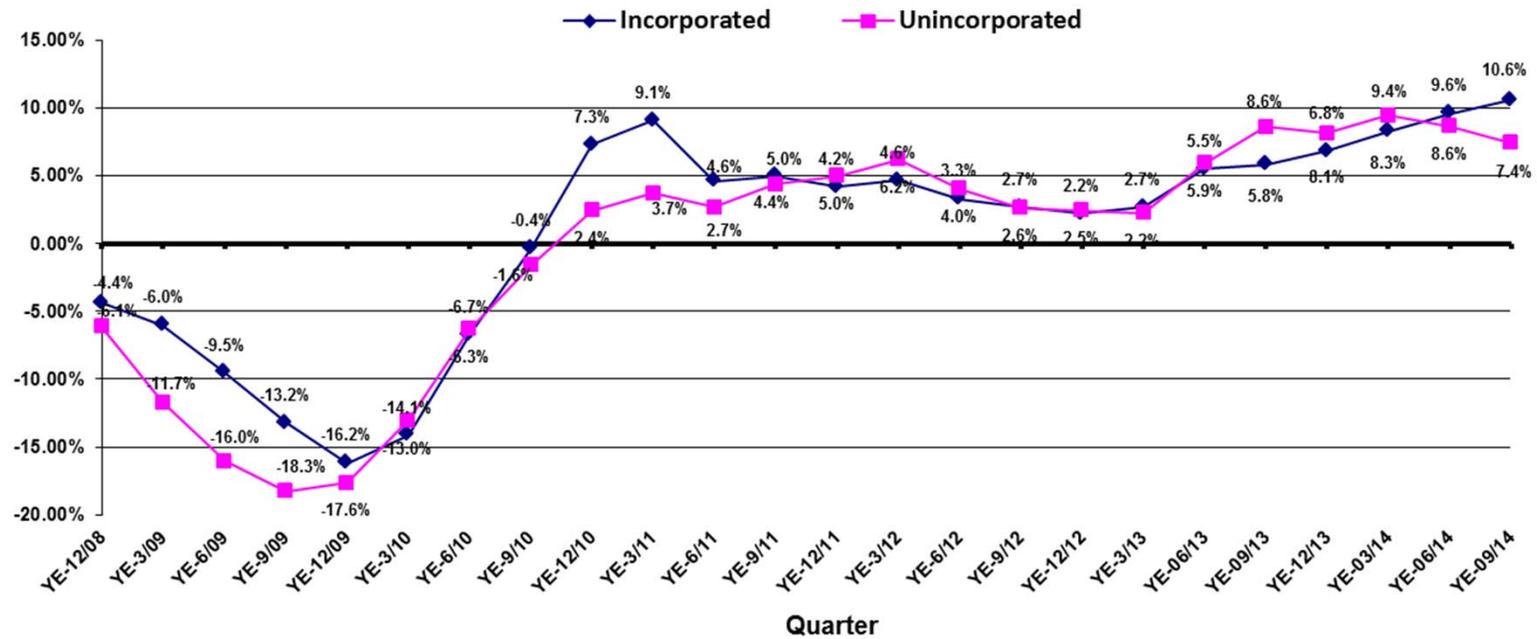
Source: Employment Security
Department/LMEA; U.S. Bureau of Labor
Statistics, Local Area Unemployment Statistics

Major County Retail Sales Growth



Clark County 12 Months Ending Retail Sales Growth/Decline

Clark County 12 Months Ending Retail Sales Growth/Decline



General Fund

Proposed Fund Balance Policy Amendment

- Funding stabilization for County Services
 - Places excess sales tax revenue in good economic cycles into Permanent Fund
 - Funds are available during economic downturns to maintain essential County service levels
 - Stabilizes service levels to meet citizen needs on a consistent basis

General Fund

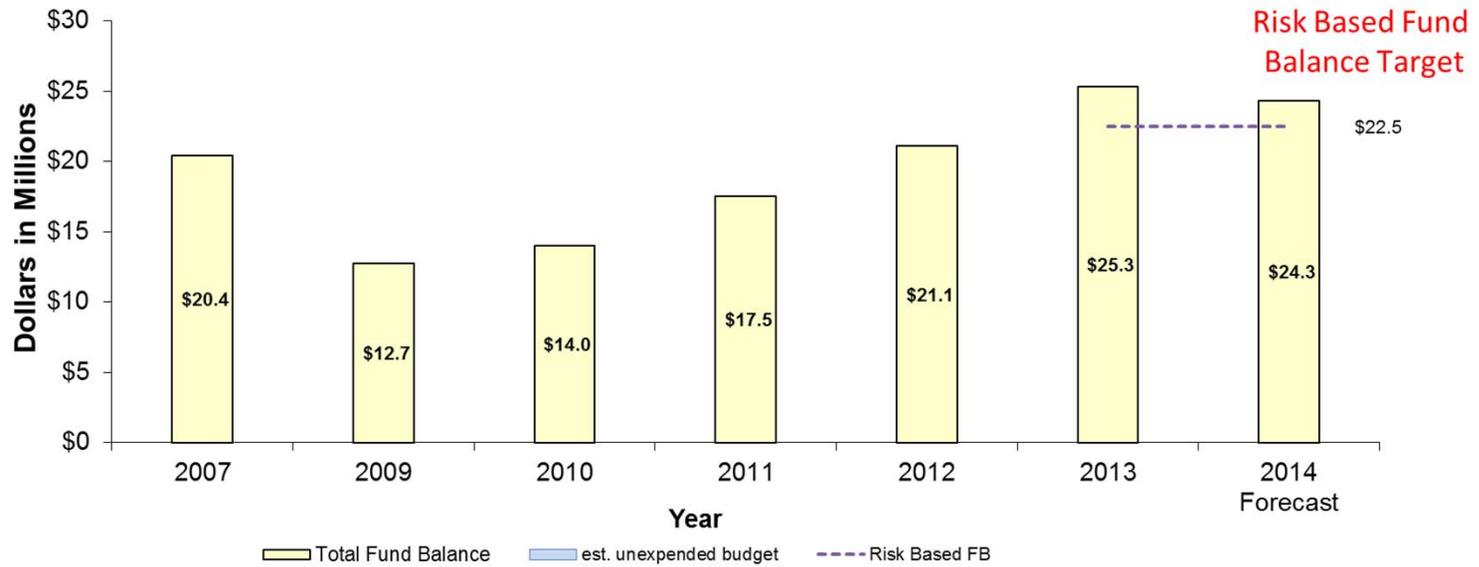
General Fund revenues were 1.8 percent higher than same period in 2013 (\$94.3M v. \$92.8M)

General Fund biennium to date expenses were approximately 82.3 percent of budget. Expenditures in 2014 were slightly higher than the same period a year ago (\$105.7M v. \$104.3M).

General Fund was budgeted to use \$6.7M of unassigned fund balance during the 2013-2014 biennium. Current projection shows a use of approximately \$3.0M-\$4.0M of unassigned fund balance.

General Fund

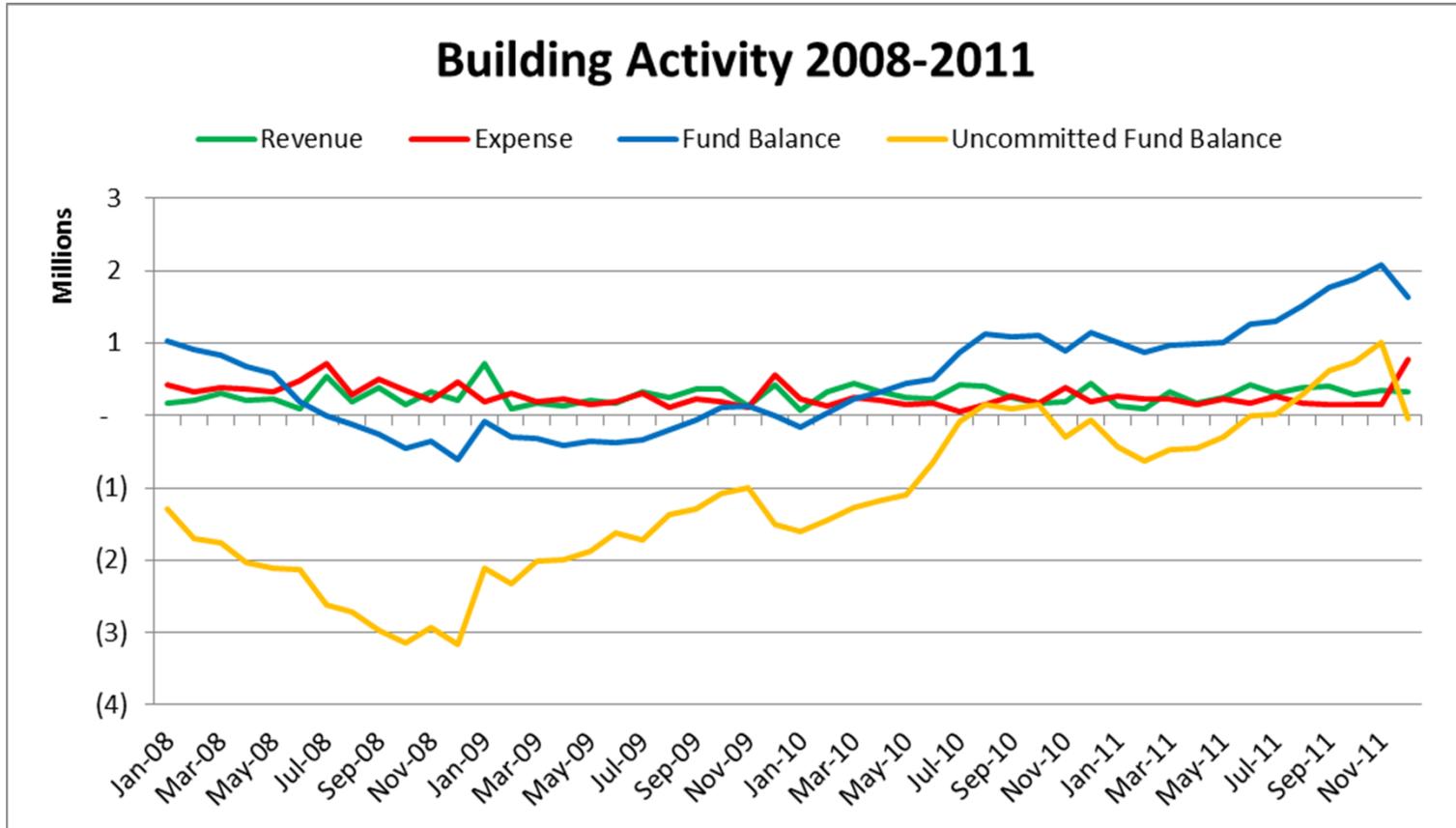
Clark County General Fund Total Fund Balance Compare to Best Practices



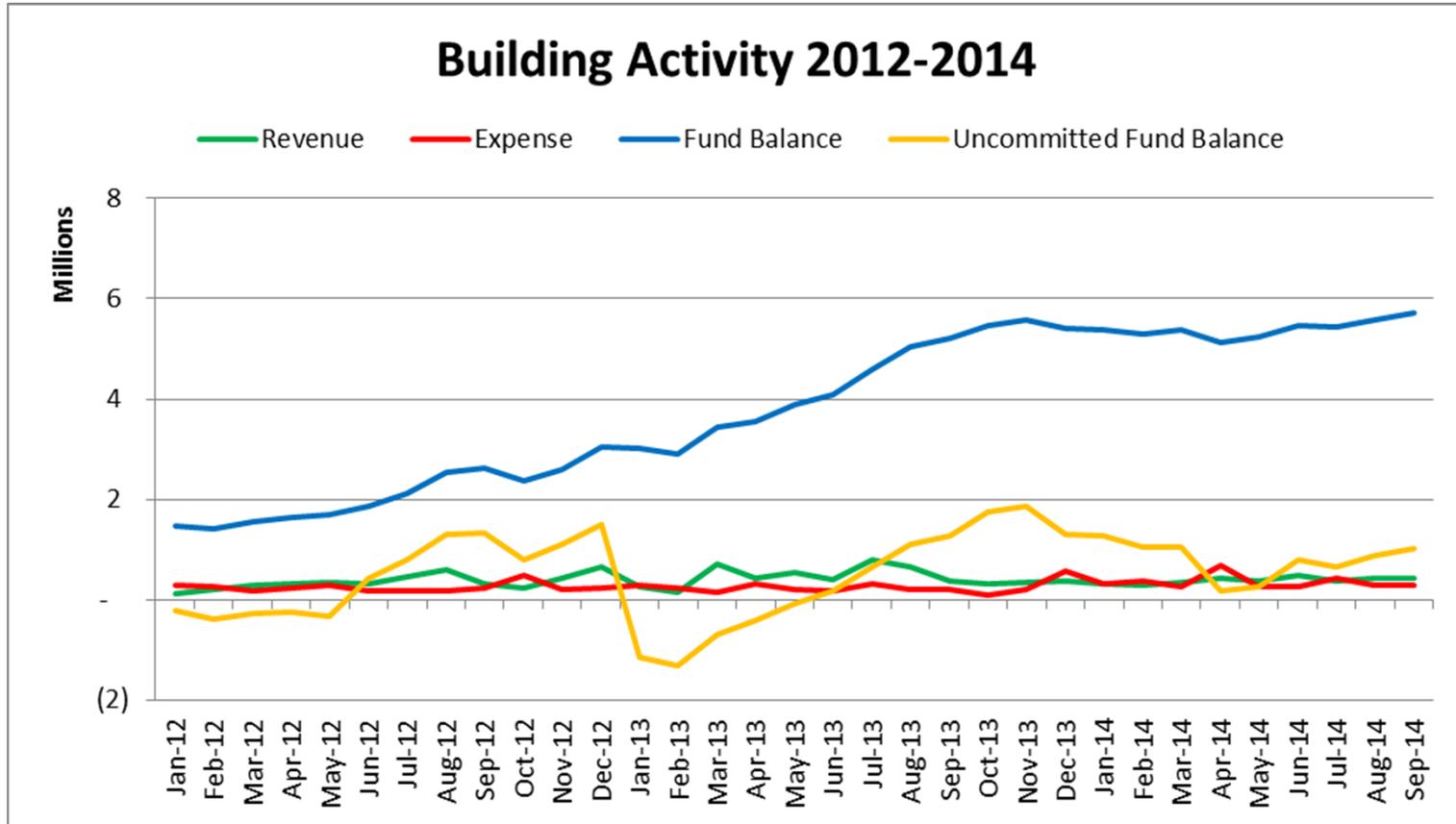
Other Major Funds

- Department of Community Development
 - Land Use Review permits decreased slightly in third quarter 2014 (182) over 2013 (194) .
 - Land Use Review estimated General Fund support for Fee Holiday activities thru 2014 will be \$380K.
 - Commercial permits increased in the third quarter 2014 compared to third quarter 2013 (381 v. 309). However, valuations were significantly lower (\$282K v. \$382K)
- Road Fund
 - Road Fund revenues are 76.5 percent of current biennial budget and expenses are 76.7 percent of budget. Road Fund is budgeted to use approximately \$7.9M of fund balance this biennium. Year to date, Road Fund has a deficit of \$7.4m. Biennium to date, the Road fund has a deficit of \$6.2M.
 - Based on the six year Transportation Improvement Plan (TIP), Road Fund fund balance is committed to a variety of projects and a significant increase in road preservation and maintenance.
 - The current TIP relies on impact fees, which, depending on waivers granted, may require Public Works to revise the Plan.
- Health Department
 - Health Department expenditures are 69.4 percent of Budget (\$17.3M).
 - Health Department Fund Balance has improved from 2012 ending (\$3.8M v. \$2.7M).

Community Development



Community Development



Funds That May Impact General Fund

- Department of Community Development
 - Development Service-Permits are still low. This area could impact the General Fund in the amount of committed subsidies.
 - Year to date, building permit operations for single family housing is flat after losing ground in the second quarter.
- Events Center Fund
 - The 10 day fair continues to operate at a profit.
 - Fund Balance as of September 30 was \$562K.
 - The General Fund has budgeted \$250K annually to support the fund. With changes in operations, the entire budgeted amount may not be necessary in future years.
- Exhibit Hall Reserve Fund
 - The Reserve Fund is now included in the Capital Facilities Plan.
 - In 2013, there was no shortfall requiring REET funds for debt service.
 - It is projected that the fund may need \$100K from REET to meet debt service requirements in December.
- REET Funds
 - REET receipts have slowed and are behind budget for the biennium.
 - With the changes in REET funding priorities, REET fund revenues and expenses have stabilized and fund balances should remain positive.
- Department of Community Services
 - General Fund has budgeted \$0.5M annually to support the fund to offset the impact of the RSN departure.
- Clean Water Fund
 - The Board of County Commissioners has addressed the clean water fee shortfall.
 - The fund should be monitored to ensure that the solution is successful.
- Central Support Services (Facilities)
 - Fund continues to run a deficit fund balance (\$671K).
 - Currently budgeted with expenditures to exceed revenues by \$104K .
 - Fund may require a one-time transfer to eliminate the deficit before year end.

Other Obligations That Impact General Fund

- Radio replacement
- Phone replacement
- Facilities major maintenance

Summary

- Economic indicators are still inconsistent. We are currently seeing increases in retail sale taxes. However, they are driven primarily by construction, which is a volatile source of revenue. Increased revenues in these areas also do not offset lagging revenues in other areas. As a result fund balances are flat, limiting the County's ability to increase expenditures.
- Sales tax amendment has been proposed to smooth volatile receipts and use excess revenue for service stabilization.
- 2013/2014 General Fund is projected to use approximately \$3.0M-\$4.0M of unassigned fund balance.
- 2014 General Fund ending fund balance will likely be at the balance needed to meet the newly proposed fund balance policy.
- Continued evaluation of General Fund's ability to pay for needed, large capital projects in the near term is necessary.

A copy of the complete third quarter financial report may be obtained at:

<http://www.clark.wa.gov/auditor/financial/finreports.html>



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