



proud past, promising future

CLARK COUNTY
WASHINGTON

Quarterly Finance Report

2015 First Quarter

Preliminary

April 30, 2015

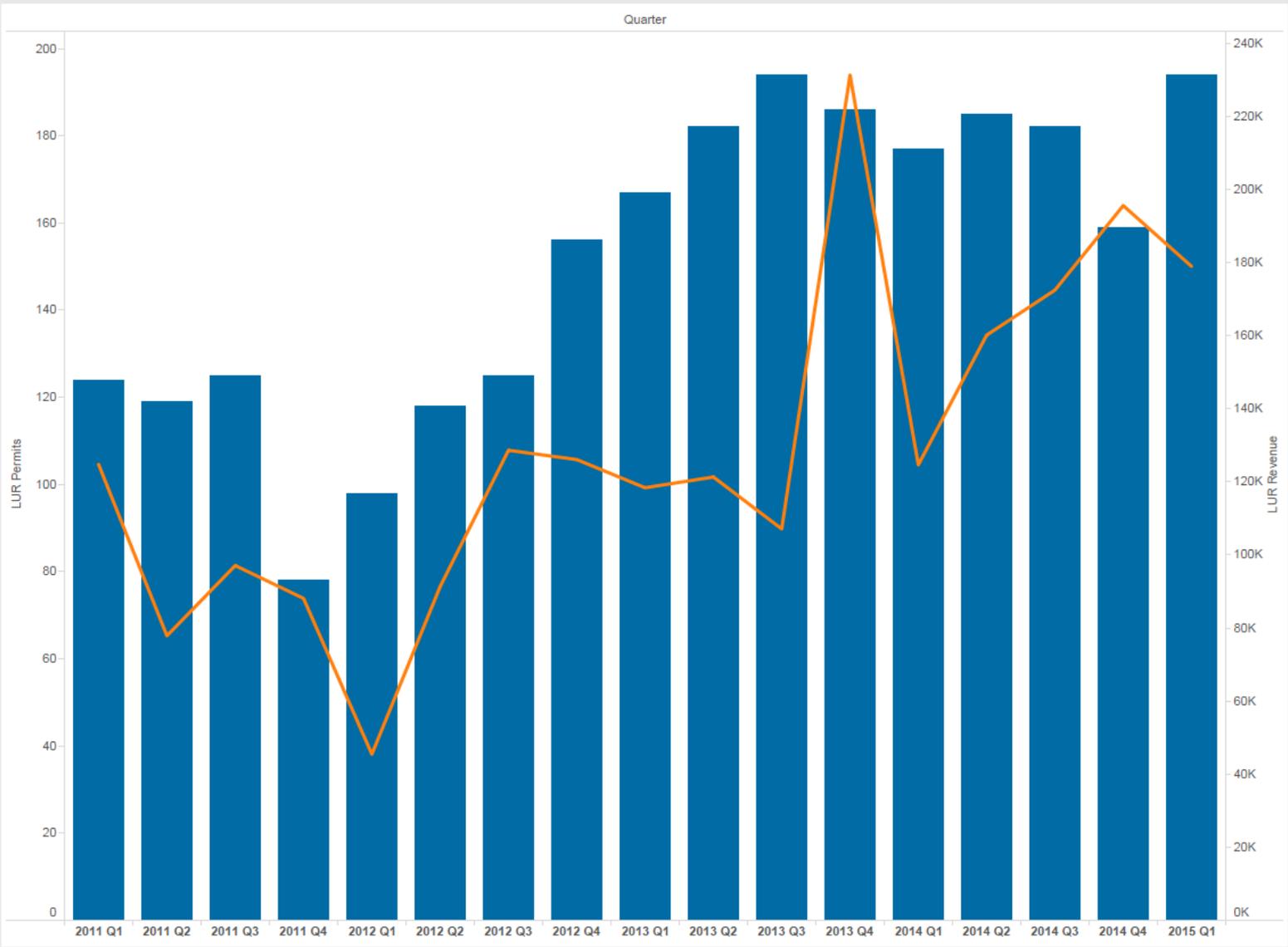
Contents

- Leading Indicators
 - Continued Improvement
- Retail Sales
 - Year over Year Improvement
 - Dip in construction as a percent of retail sales
- General Fund
 - Fund Balance usage
 - Expenditures
 - One-time-Only
- Other Major Funds
 - PW, DCD, Health Department
- Funds that might impact General Fund
 - Community Development-Land Use Review
 - Central Support Services (Facilities)

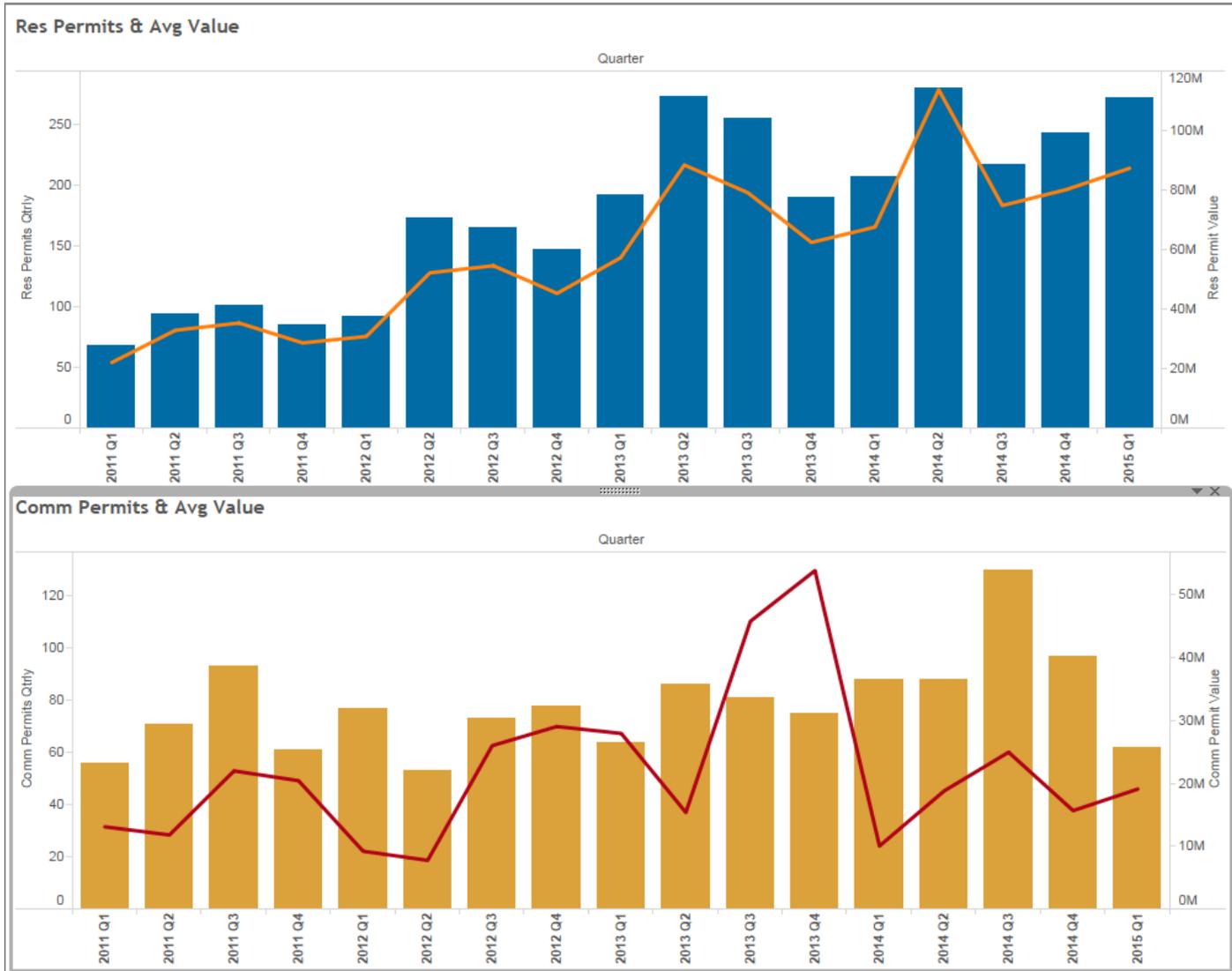
Leading Indicators

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

Land Use Review Permits and Average Value

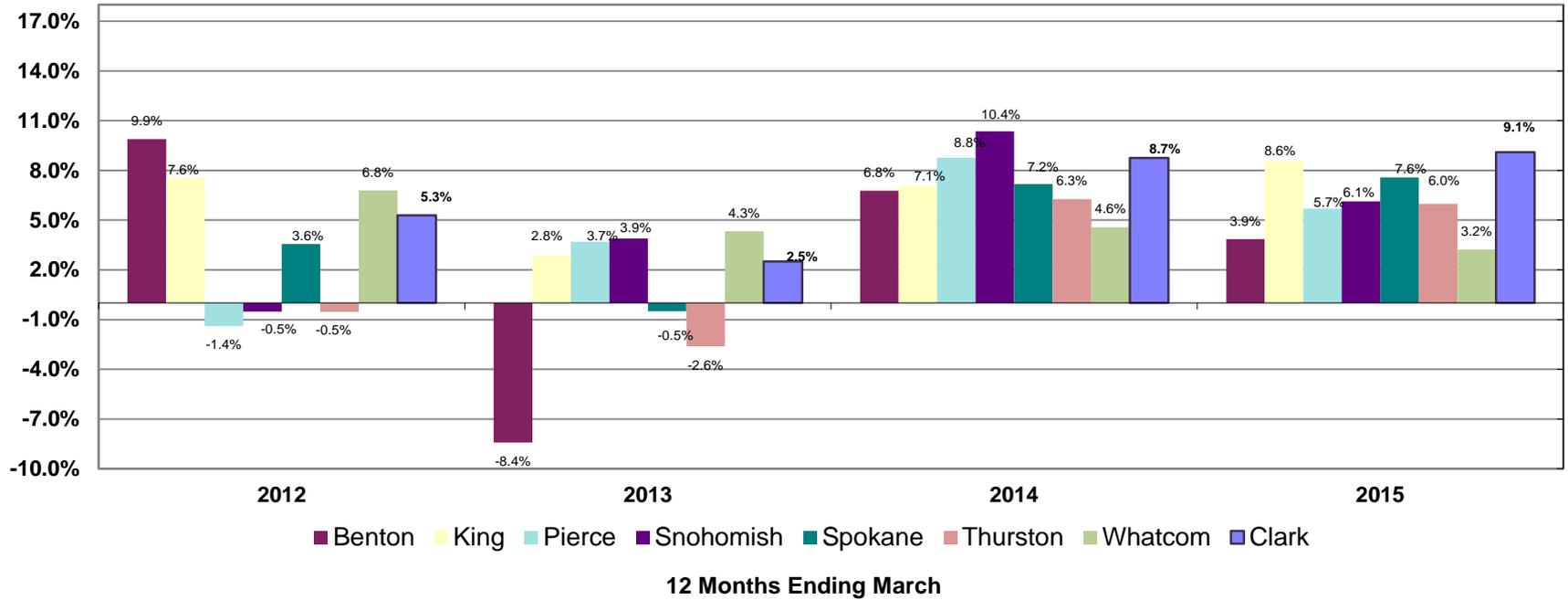


Residential and Commercial Building Permits and Average Value



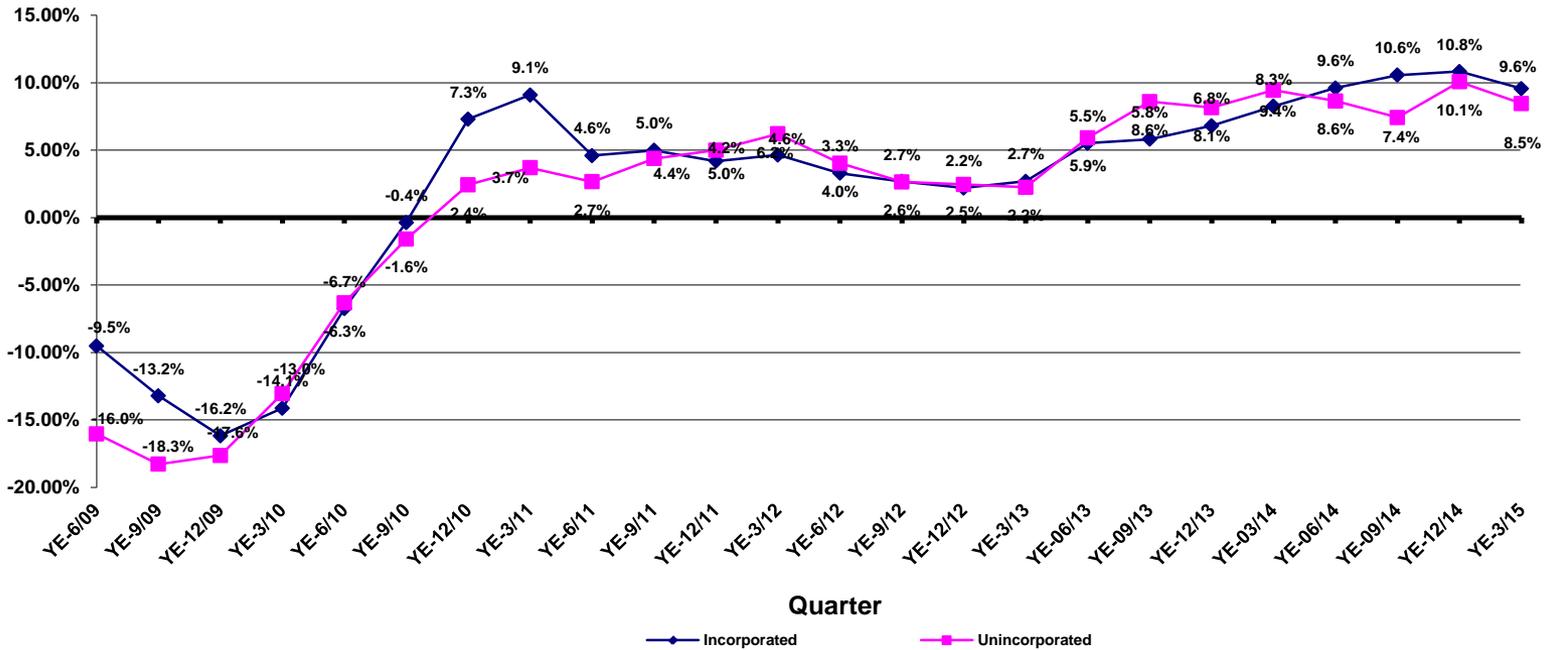
Major County Retail Sales Growth

Washington Counties Retail Sales Growth/Decline Rate (Year over Year)

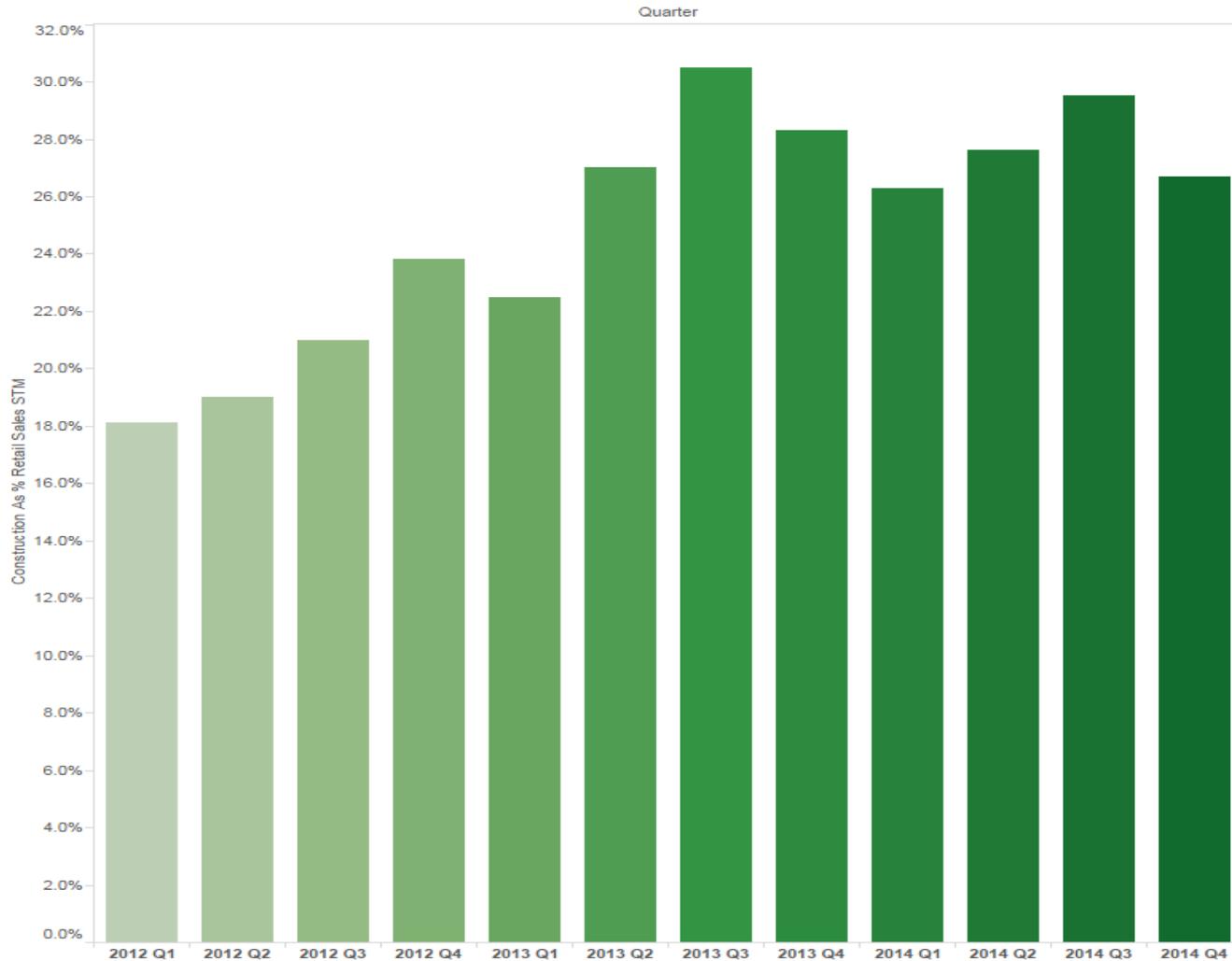


Clark County 12 Months Ending Retail Sales Growth/Decline

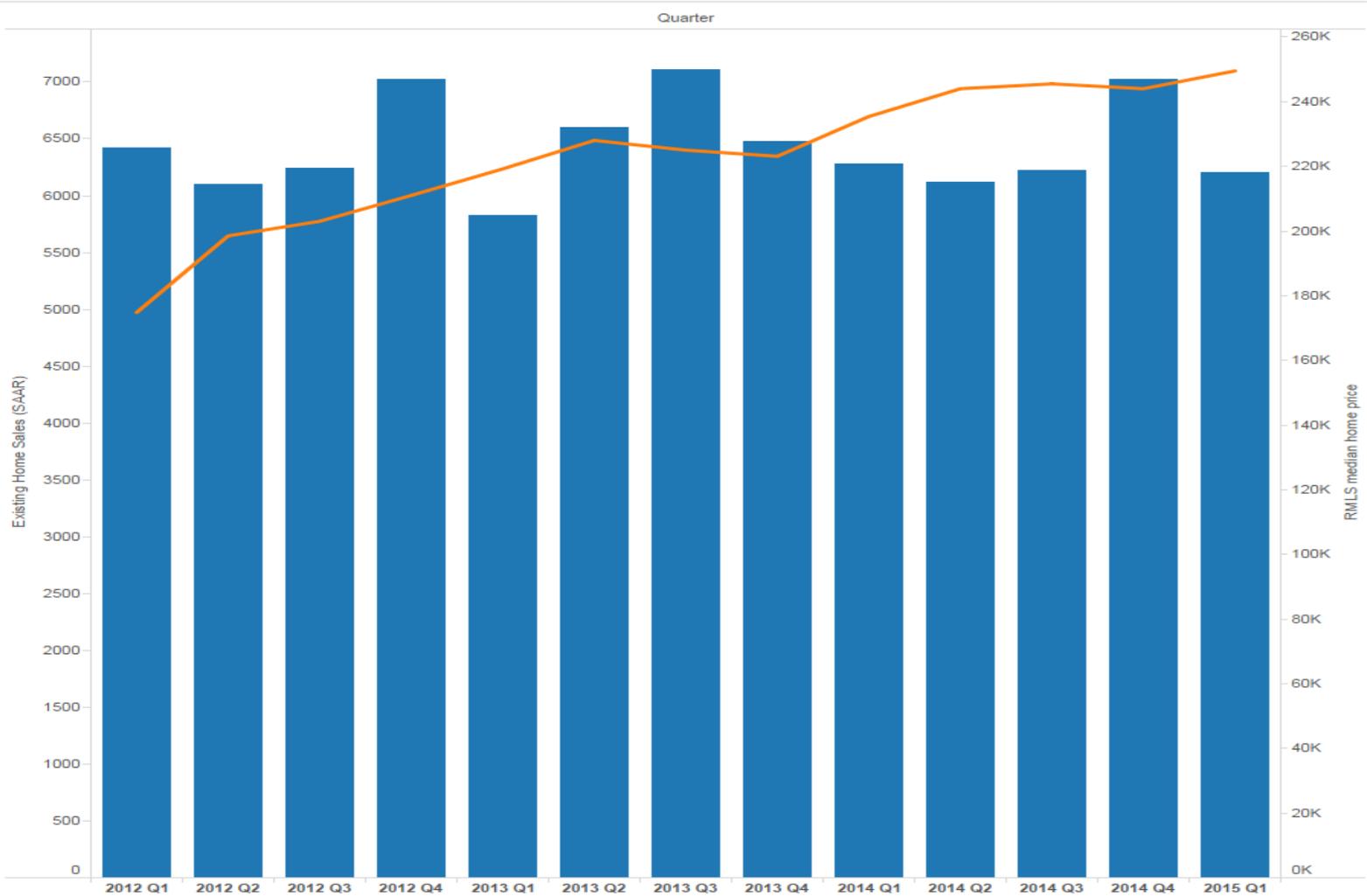
Clark County 12 Months Ending Retail Sales Growth/Decline



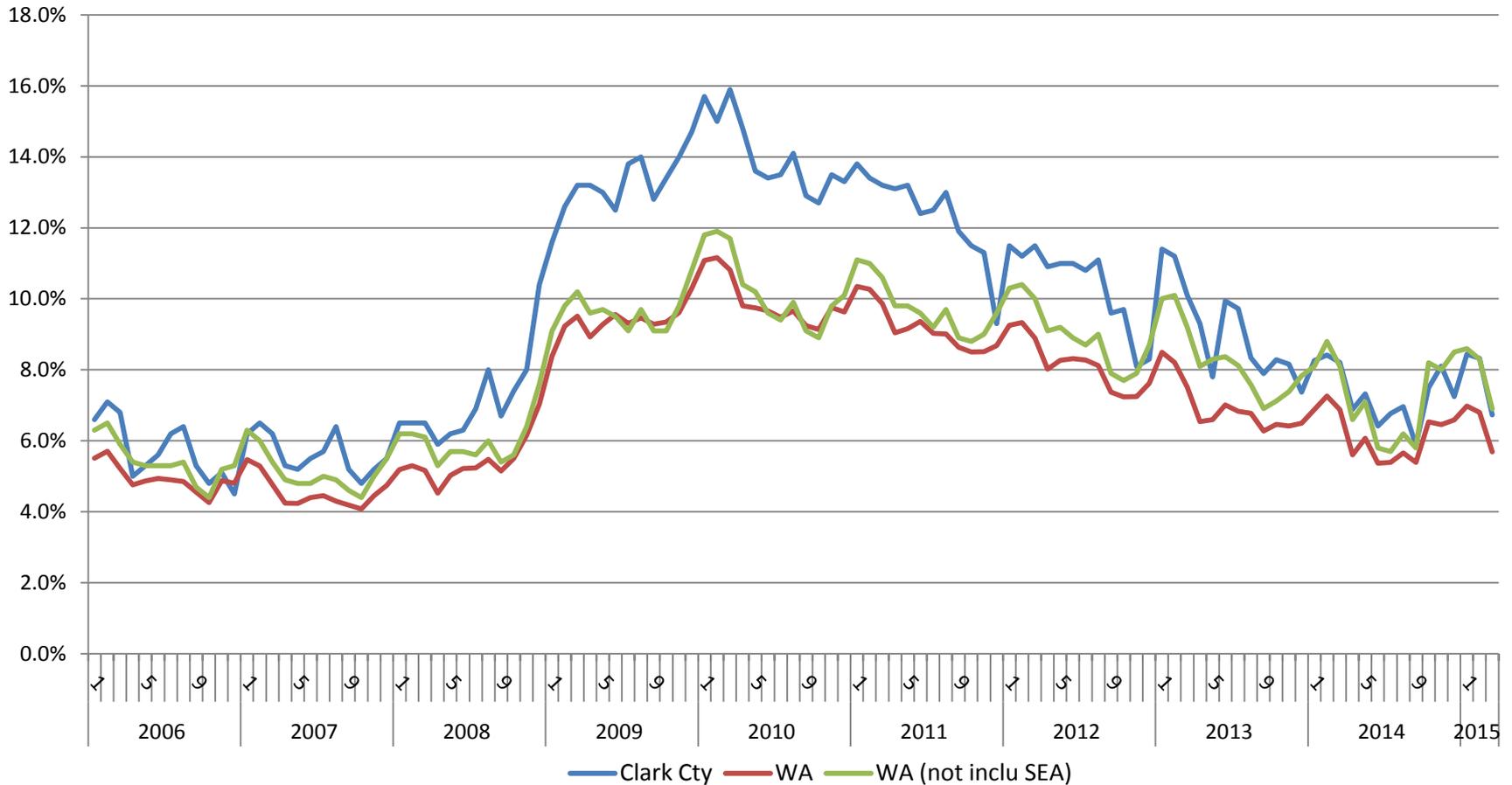
Construction as a Percent of Retail Sales



Home Sales and Medium Home Price



County Unemployment Compared to State



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

General Fund

2015-2016 General Fund revenues and expenses were budgeted with no increase from 2013-2014 actuals. 2014-2015 quarters show very similar results, with the 2015 quarter deficit \$1.1M less than 2014.

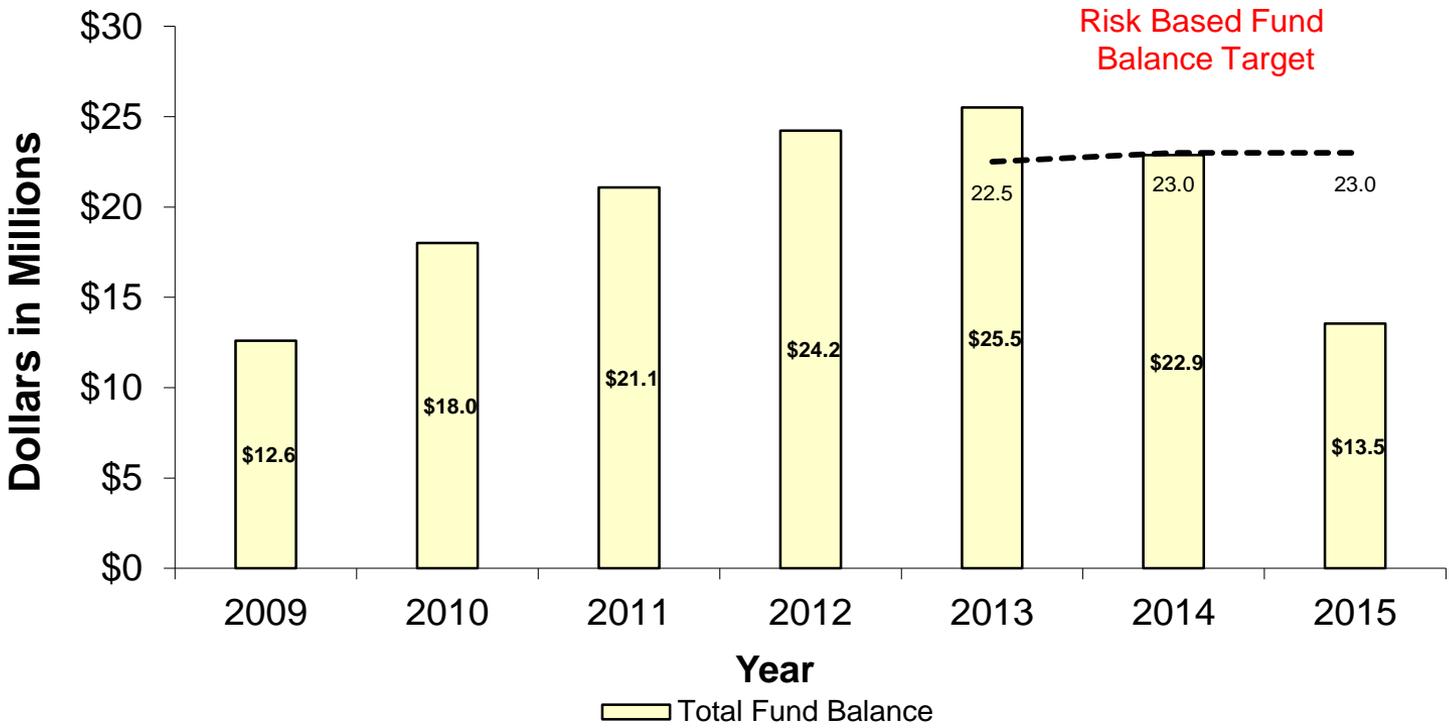
2014 excess fund balance was spent on the replacement radios required by the CRESA digital upgrade project. However, with an additional sales tax adjustment of \$1.2M for revenues not transferred in 2014 the 2015 beginning fund balance will be \$23.8M.

The 2015 beginning fund balance will allow the General Fund to absorb the proposed omnibus budget without dropping the fund balance significantly below our policy level of \$23.0M. (\$22.93M)

The Finance Team is identifying and proactively addressing revenue shortfalls and excess expenditures early in the biennium to identify solution to minimize the impact on General Fund resources

General Fund

Clark County General Fund Total Unassigned Fund Balance Compare to Best Practices

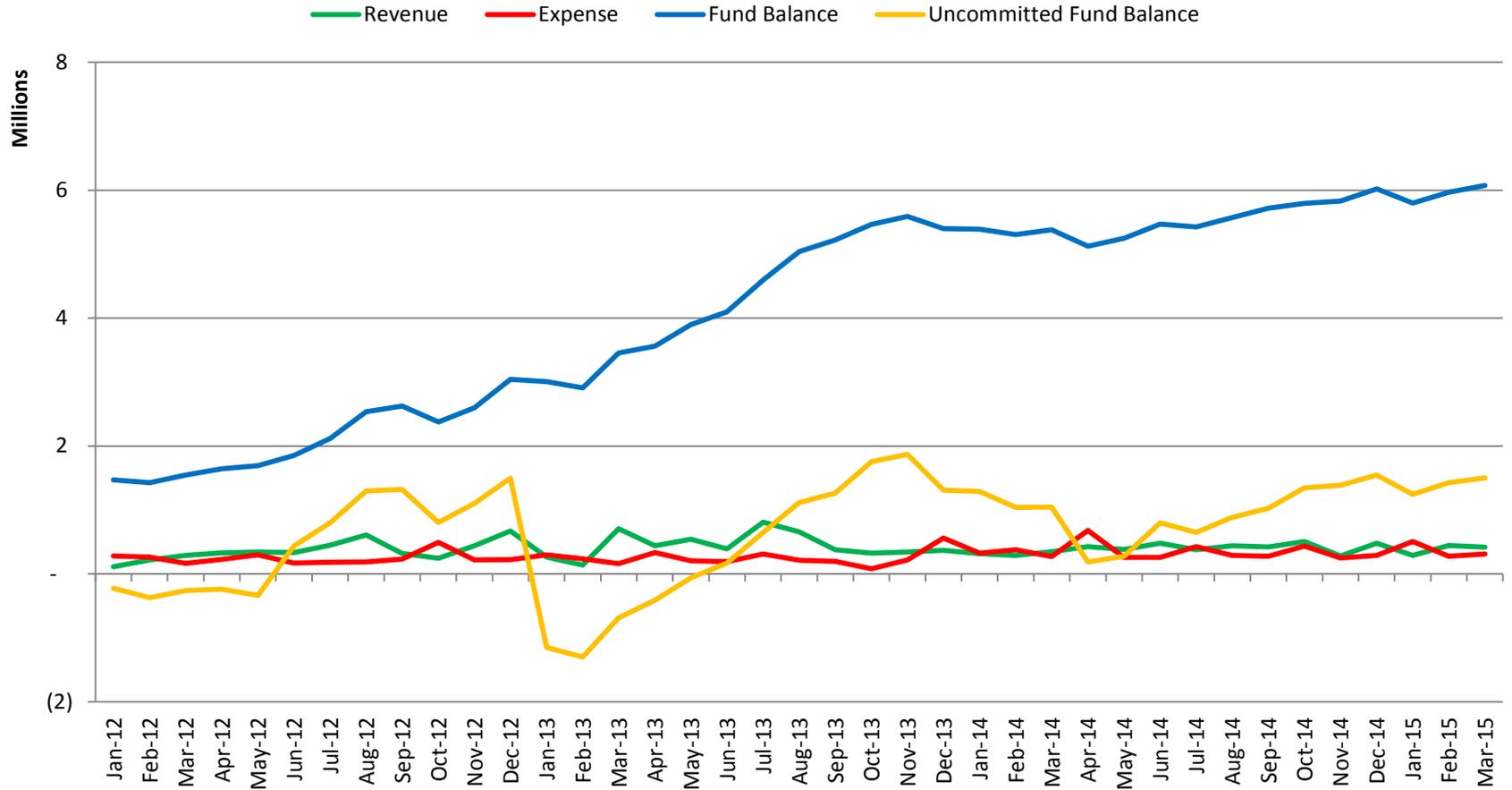


Other Major Funds

- Department of Community Development
 - Land Use Review permits are slowly increasing.
 - Land Use Review revenue is also increasing in 2015, up 44 percent in 1Q over 2014 1Q.
 - Land Use Review estimated General Fund support for 2014 will be \$184K.
 - Residential and commercial 2015 1Q are up over 2014 1Q. Residential building permit fees remain sufficient to offset the subsidy of commercial fee waivers. (Next slide)
- Road Fund
 - The Road Fund fund balance for 1Q 2015 is about the same as last year, \$26.3M.
 - 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. There have been approximately \$4M in impact fee waivers granted, which may require Public Works to revise the Plan.
- Health Department
 - Health Department revenues were slightly ahead of budget in 2015 Q1.
 - Expenditures were on pace for the current budget.
 - Health Department Fund Balance remains unchanged from 2014 year end of \$3.4M.

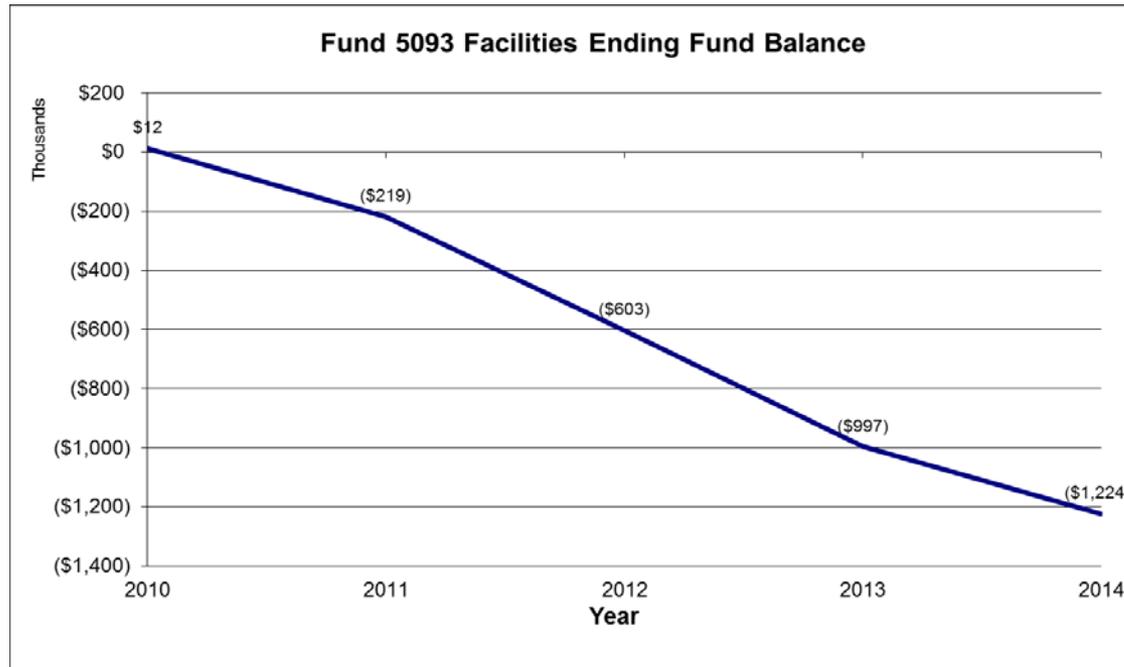
Community Development

Building Activity 2012-2015



Other Obligations That Impact General Fund

- Phone replacement
- Facilities major maintenance



Funds That May Impact General Fund

- Department of Community Development
 - Land Use Review Permits are growing. Continued Growth could impact the General Fund in the amount of committed subsidies.
 - Building permit revenues for single family housing is still adequate to support commercial permit operations.
- Events Center Fund
 - The 10 day fair continues to operate at a profit (\$232K in 2014).
 - Fund Balance at year end was \$38K.
 - 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 2014, there was no shortfall requiring REET funds for debt service.
- REET Funds
 - REET receipts have continued to grow at an unexpected rate in 2015 Q1.
 - 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 \$0.6M annually to support the fund to offset the impact of the RSN departure.
- Clean Water Fund
 - The Board of County Councilors 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 (\$1.0M).
 - Unable to pay utility bills out of current budget. General Fund paid \$212K for utilities directly.
 - Budget is working with General Services to address this issue.

Summary

- Economic indicators have improved and are moderating in most areas. 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 may not offset lagging revenues in other areas. As a result total revenues are flat, limiting the County's ability to increase expenditures for existing programs or add new programs.
- Sales tax policy will take effect to smooth volatile receipts and use excess revenue for service stabilization.
- 2013/2014 General Fund used \$9.3M of unassigned fund balance including one-time charges for the radio upgrade, the jail records system, the REGIN communication system, and the Fair.
- Beginning 2015, the General Fund will be at its recommended fund balance level, incorporating additional sales tax revenue and the impact of the proposed omnibus.
- Excess unassigned fund balance is not available in the General Fund balance at the beginning of 2015 to fund large one-time projects. The County will have to rely on expense savings over the year and evaluate the amount it has available.
- Current vacancies in the General Fund have the ability to generate anticipated expense saving, but at this point in the biennium it is premature to estimate or commit these funds.

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

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



proud past, promising future

CLARK COUNTY
WASHINGTON

Quarterly Finance Report 2015 First Quarter Preliminary

April 30, 2015