



**proud past, promising future**

**CLARK COUNTY**  
WASHINGTON

# Quarterly Finance Report 2015 Second Quarter

July 30, 2015

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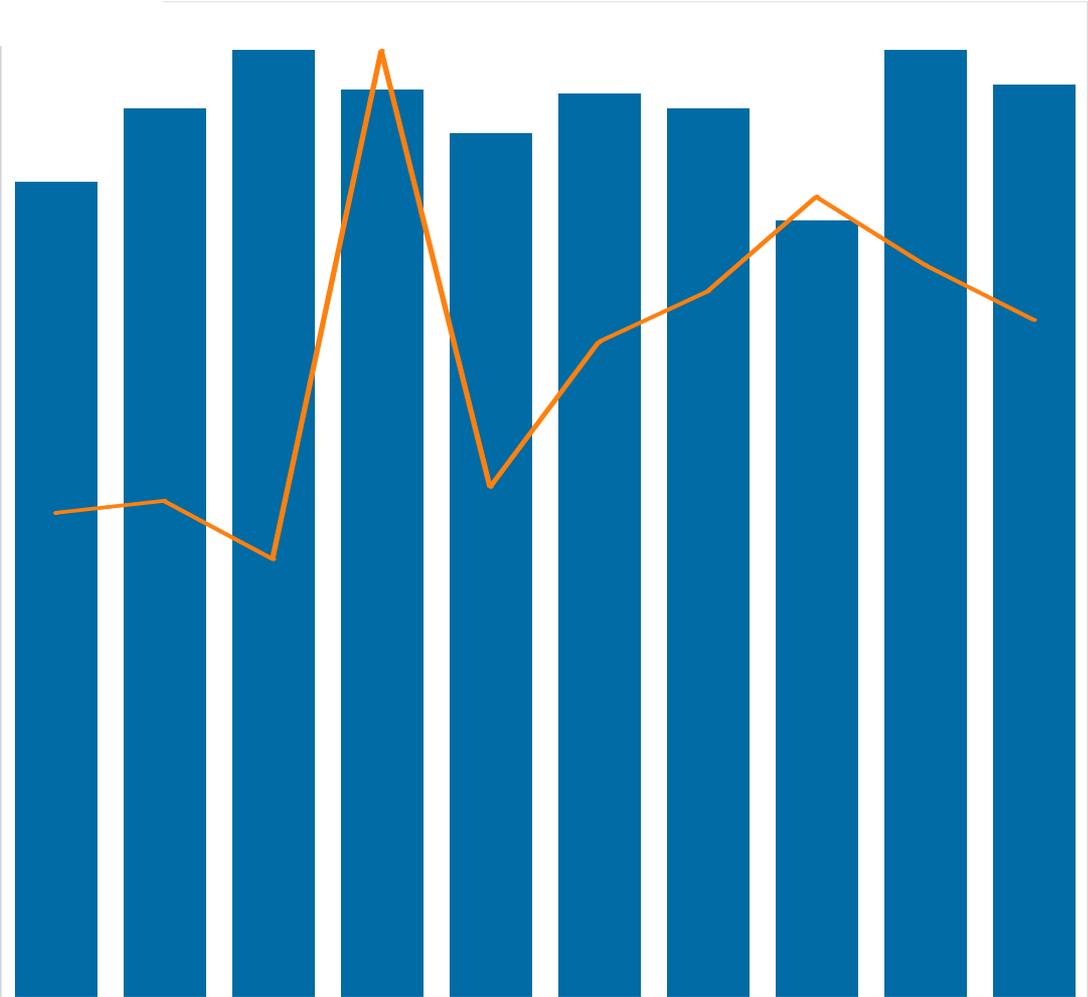
- Leading Indicators
  - Continued Improvement
- Retail Sales
  - Year over Year Improvement
  - Seasonal increase in construction as a percent of retail sales
- General Fund
  - Fund Balance usage
  - Expenditures
  - One-time-Only
- Other Major Funds
  - PW, DCD, Health Department
- Funds that might 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

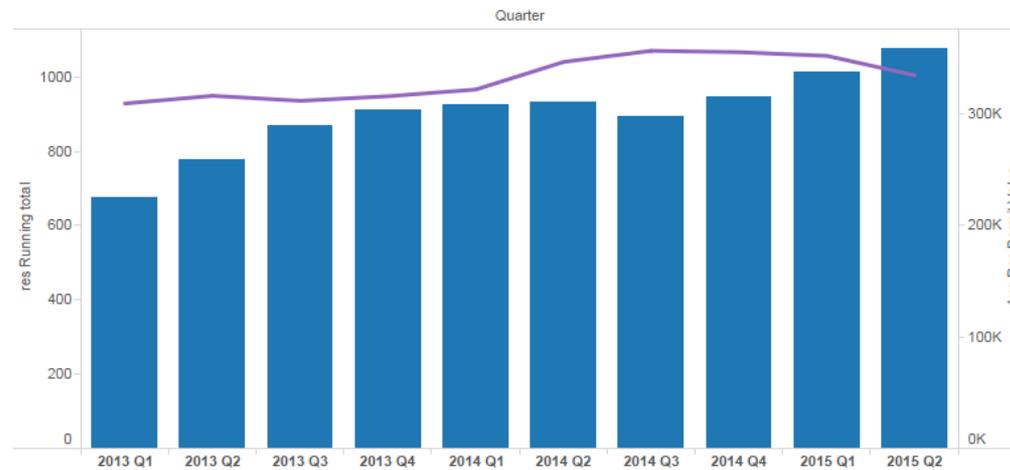
# Land Use Review Permits and Revenue

Measure Names



# Residential and Commercial Building Permits and Average Value

Res Permits & Avg Value



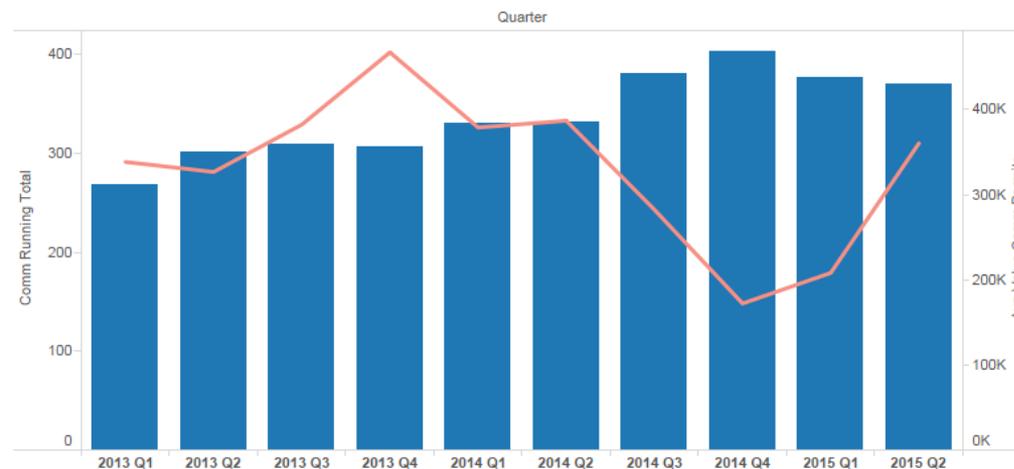
Res Permits Qtrly

Quarter	Res Permits Qtrly	Avg Res Permit Value
2013 Q1	192	309,107
2013 Q2	273	315,993
2013 Q3	255	311,512
2013 Q4	190	315,623
2014 Q1	207	321,664
2014 Q2	280	346,400
2014 Q3	217	356,324
2014 Q4	243	355,101
2015 Q1	272	351,810
2015 Q2	343	334,392

Comm Permits Qtrly

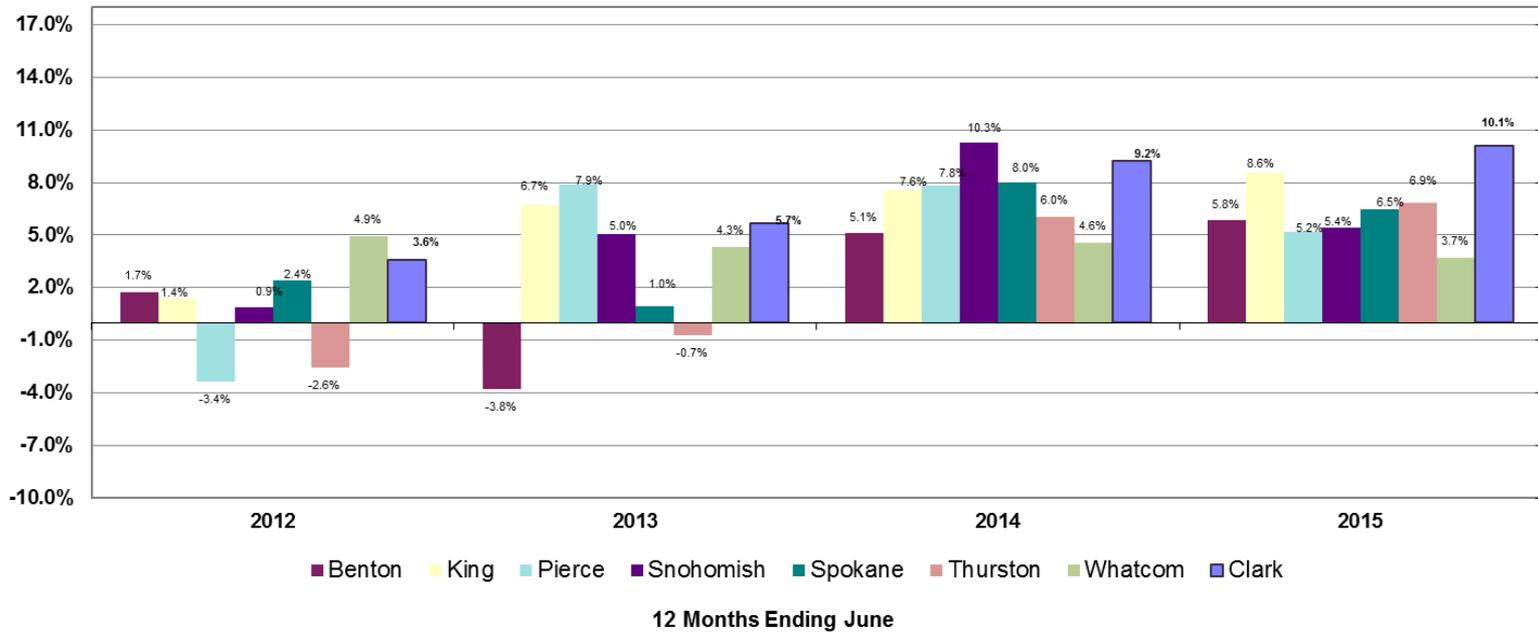
Quarter	Comm Permits Qtrly	Avg Comm Permit V..
2013 Q1	64	338,435
2013 Q2	86	326,680
2013 Q3	81	382,292
2013 Q4	75	467,153
2014 Q1	88	378,870
2014 Q2	88	386,864
2014 Q3	130	282,400
2014 Q4	97	172,160
2015 Q1	62	208,064
2015 Q2	81	360,250

Comm Permits & Avg Value



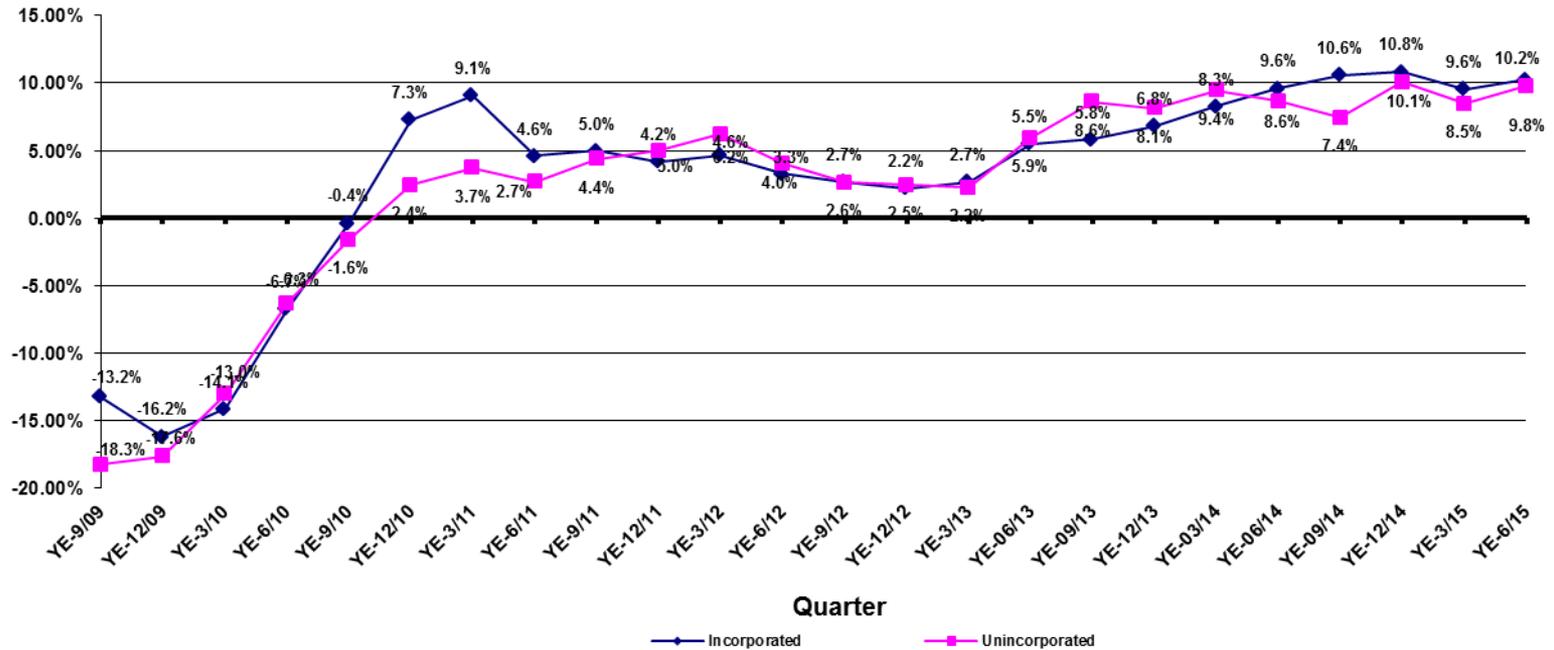
# Major County Retail Sales Growth

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



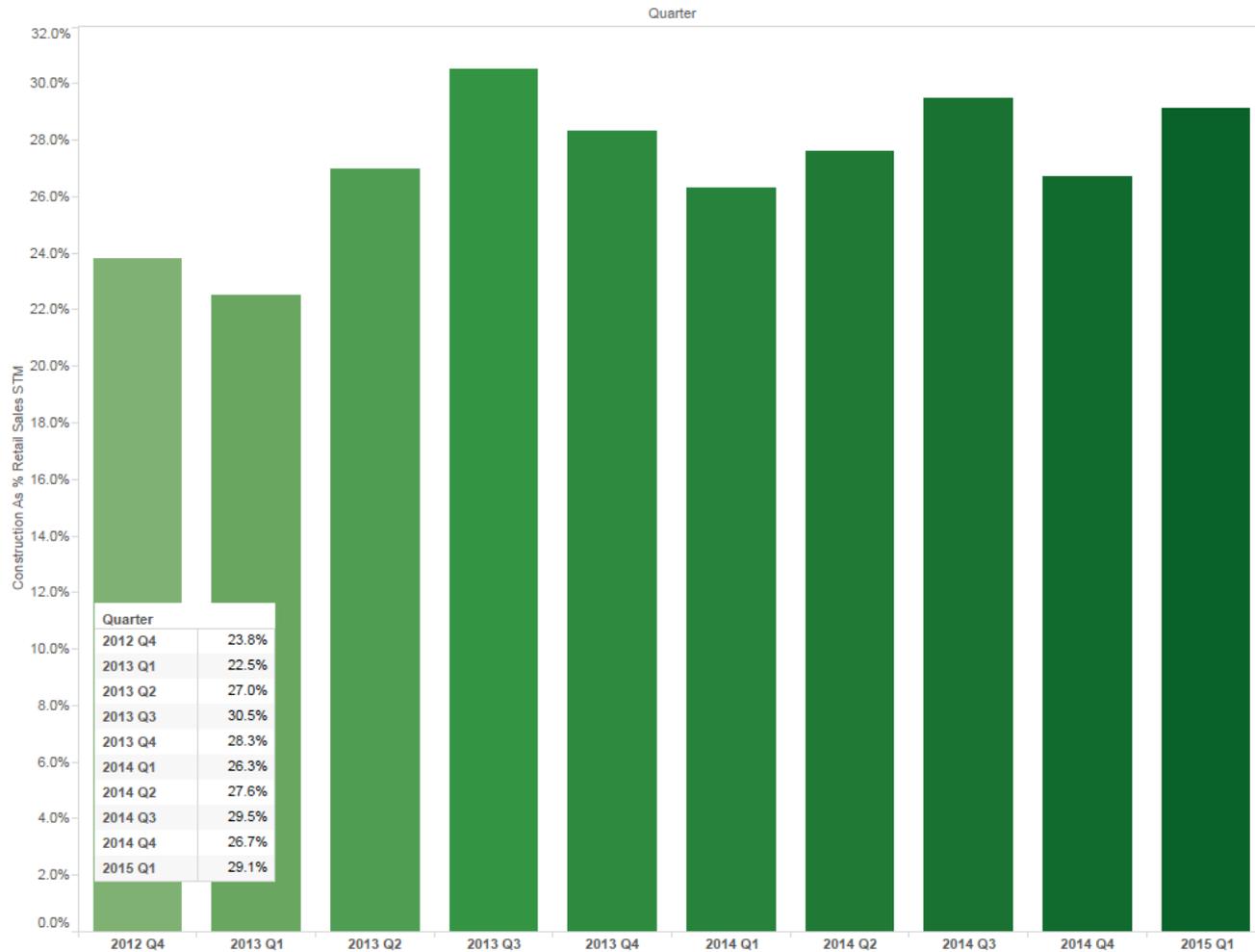
# Clark County 12 Months Ending Retail Sales Growth/Decline

## Clark County 12 Months Ending Retail Sales Growth/Decline



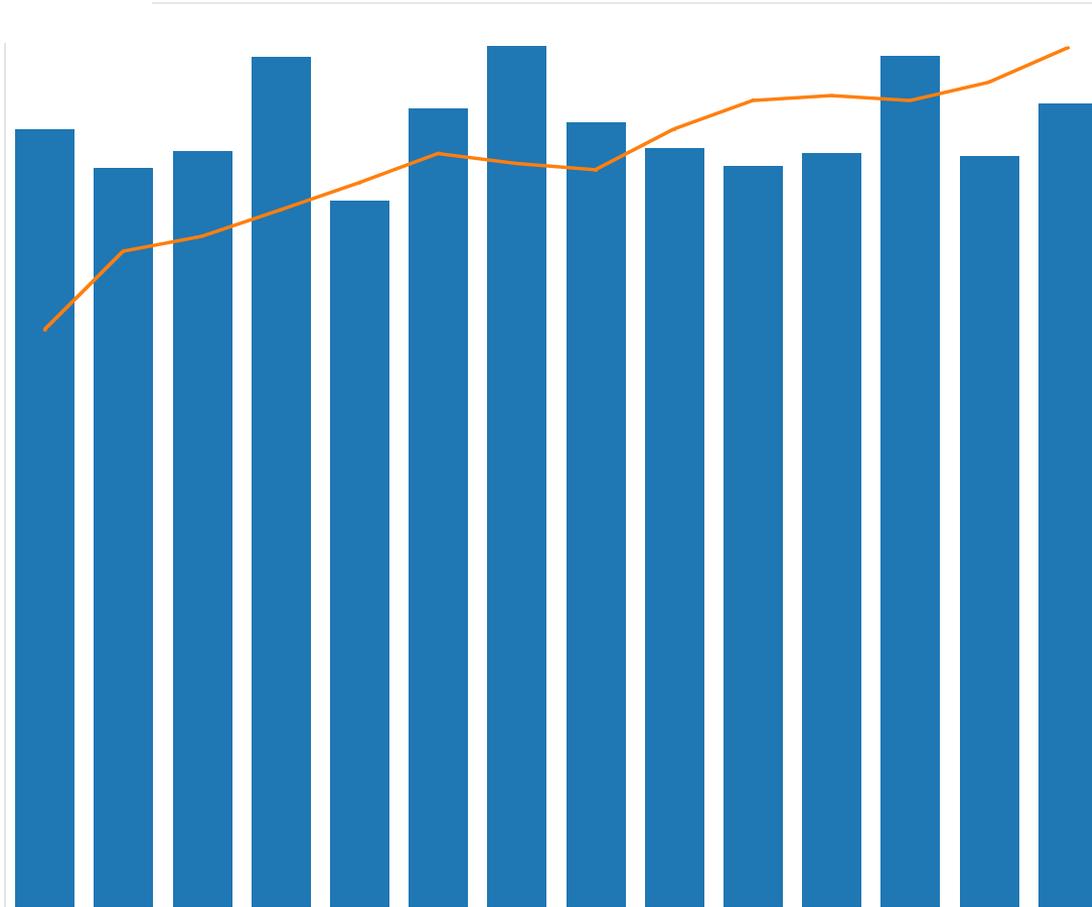
# Construction as a Percent of Retail Sales

Const % of Sales

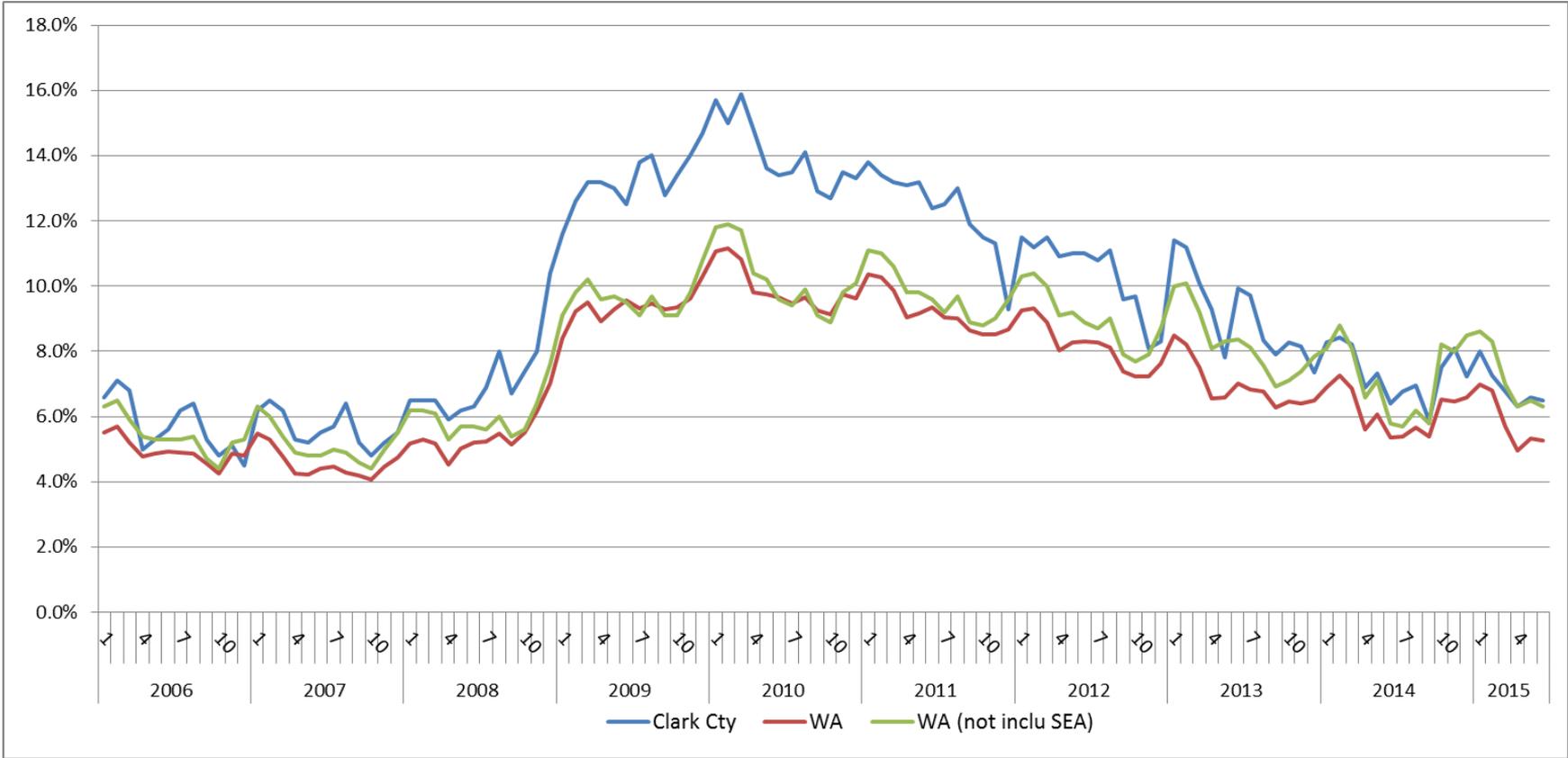


# Home Sales and Medium Home Price

Measure Names



# 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 YTD deficit \$1.9M less than 2014 primarily due to increased revenue (-\$1.4M v -\$3.3M).

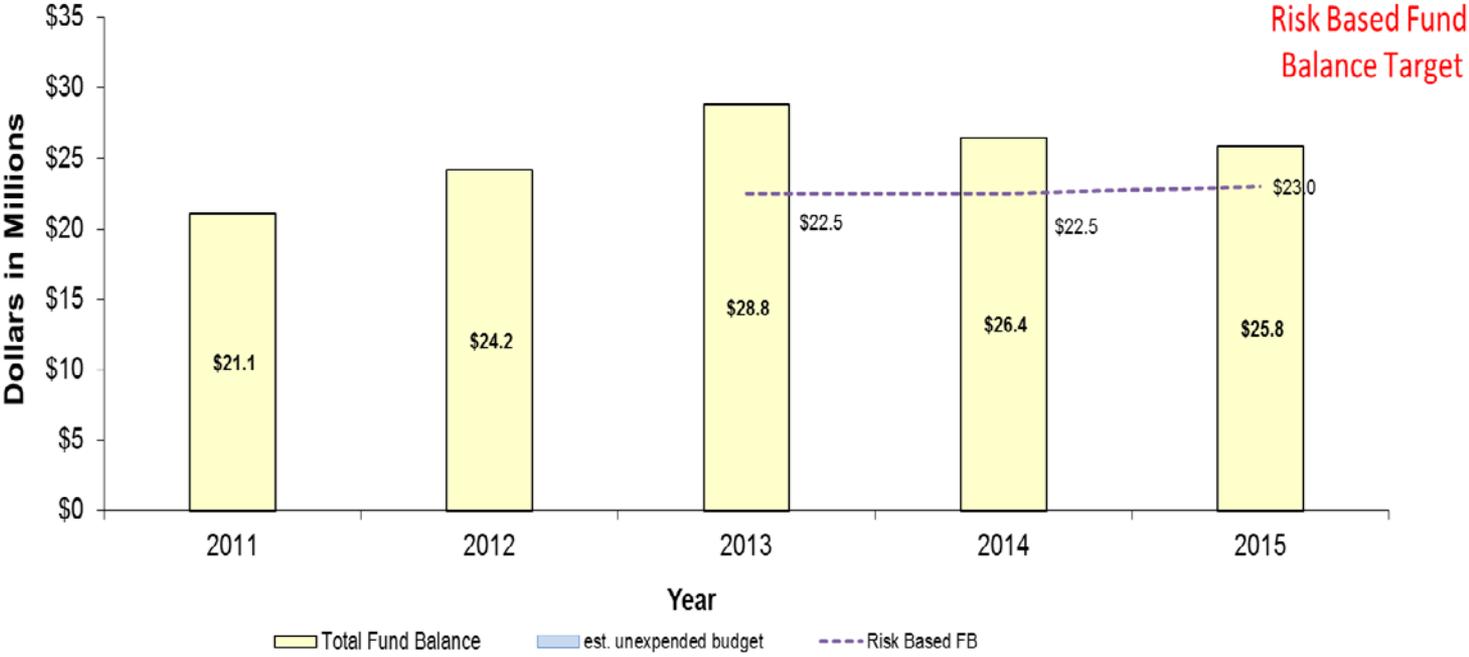
Increases in sales tax revenue, property tax collections, and other fees have offset decreases in court revenues and corrections fees and contributed to a stronger fund balance at the end of June 2015 compared to June 2014 (\$25.8M v \$24.5M).

The 2015 beginning fund balance has allowed the General Fund to absorb the proposed omnibus budget changes without dropping the fund balance below our policy level of \$23.0M.

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

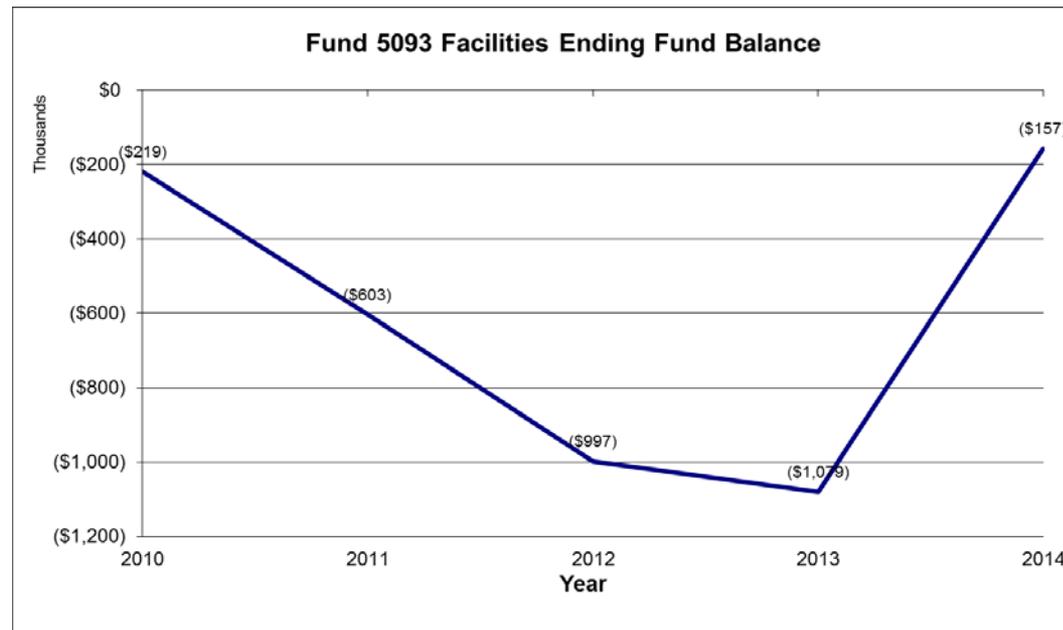
# General Fund

Clark County General Fund Total Fund Balance Compare to Best Practices



# Other Obligations That Impact General Fund

- Phone replacement
- Imaging/electronic records system
- FMS replacement
- Facilities major maintenance
  - Reflects transfers from Campus Development fund in excess of budget
  - Still budgeted to lose \$134K

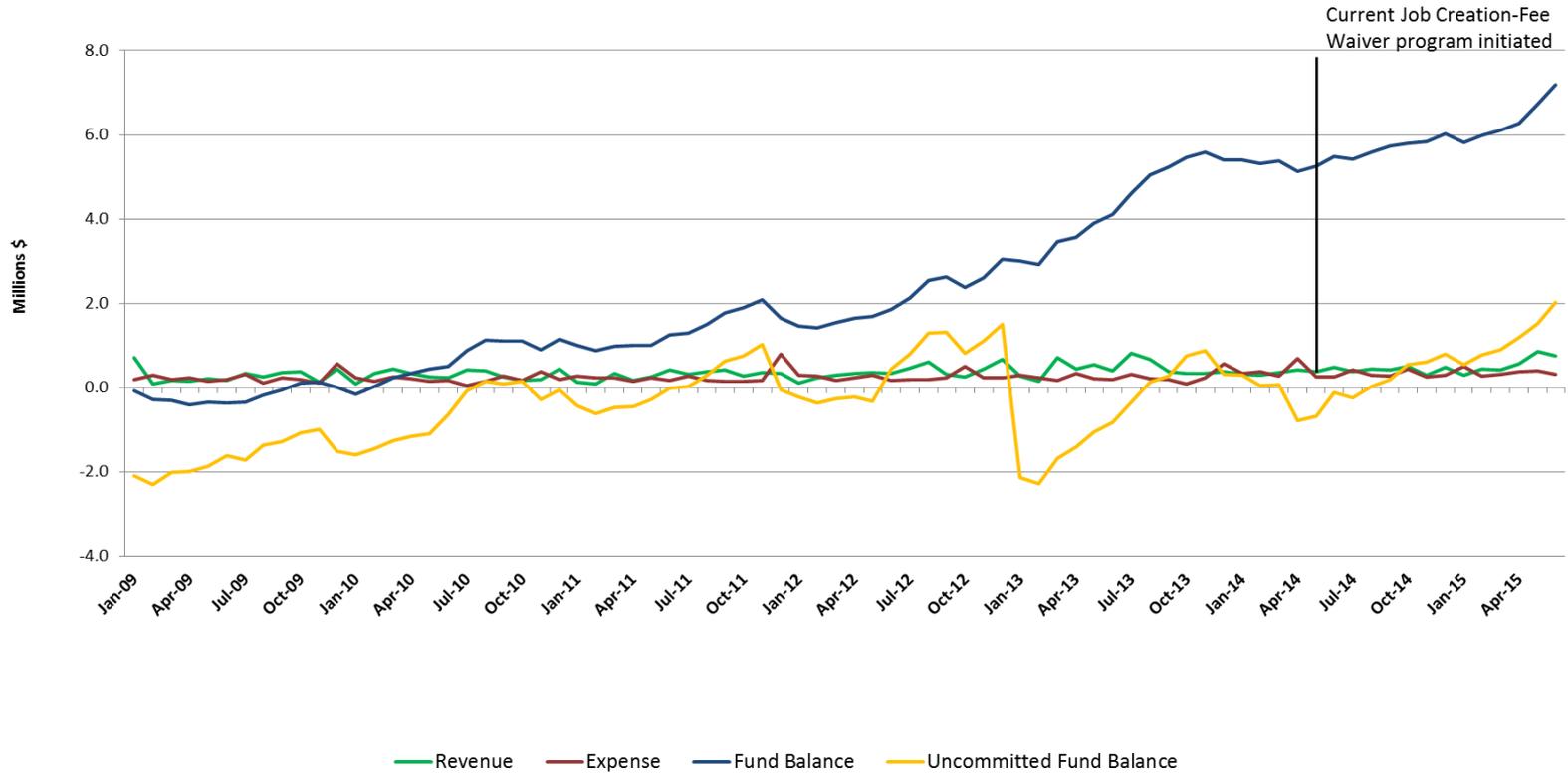


# Other Major Funds

- Department of Community Development
  - Land Use Review permits are increasing.
  - Land Use Review revenue has increased in 2015, up 21 percent over 2014.
  - Residential permits increased for the first half of 2015 compared to 2014 by 26.3%. In the same period Commercial permits are down 18.8%. Residential building permit fees remain sufficient to offset the subsidy of commercial fee waivers. (Next slide)
- Road Fund
  - The Road Fund fund balance at the end of Q2 2015 is lower than 2014, \$29.5M v \$35.3.
  - Based on the six year Transportation Improvement Plan (TIP), Road Fund fund balance is committed to a variety of projects and an increase in road preservation and maintenance.
  - The current TIP relies on impact fees. There have been approximately \$4M in impact fee waivers granted.
- Health Department
  - Health Department revenues were slightly ahead of budget in 2015 Q1.
  - Expenditures are ahead at 26% of the current budget.
  - Health Department Fund Balance decreased some from 2014 year end of \$3.4M to \$2.5M.

# Community Development

## Building Activity 2009-2015



# 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 revenue 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 June 30 was \$177K (after one-time transfer of \$100K).
  - 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 YTD are over 39% of budget.
  - With the changes in REET funding priorities, REET fund revenues and expenses have stabilized and fund balances should remain positive.
- 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.
- Health Department
  - General Fund transfers suspended in the 2015-2016 budget will likely need to be restored in 2017-2018.
- Central Support Services (Facilities)
  - Fund continues to run a deficit fund balance.
  - Budget is working with General Services to address this issue.

# Summary

- Economic indicators continue to show some improvement. 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 are currently offsetting lagging revenues in other areas.
- Sales tax policy to smooth volatile receipts and use excess revenue for service stabilization is in effect.
- General Fund continues to be at its recommended fund balance level, including the impact of the recent omnibus.
- Excess unassigned fund balance is not available in the General Fund in 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 County generally average about 10 percent, however, in the first half of 2015 they are running at 21 percent.
- Lifeline, one of the County's strategic partners has finished paying off the loan it received from the County three years ago. Congratulations!

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

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



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