



**proud past, promising future**

**CLARK COUNTY**  
WASHINGTON

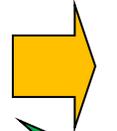
# Quarterly Finance Report 2014 Fourth Quarter Preliminary

February 25, 2015  
BOCC Work Session

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  - Central Support Services (Facilities)

# Leading Indicators



- Building Permits



- Retail Sales



- Construction as a % of Retail Sales



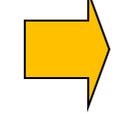
- Home Sales



- Median Home Sales Price

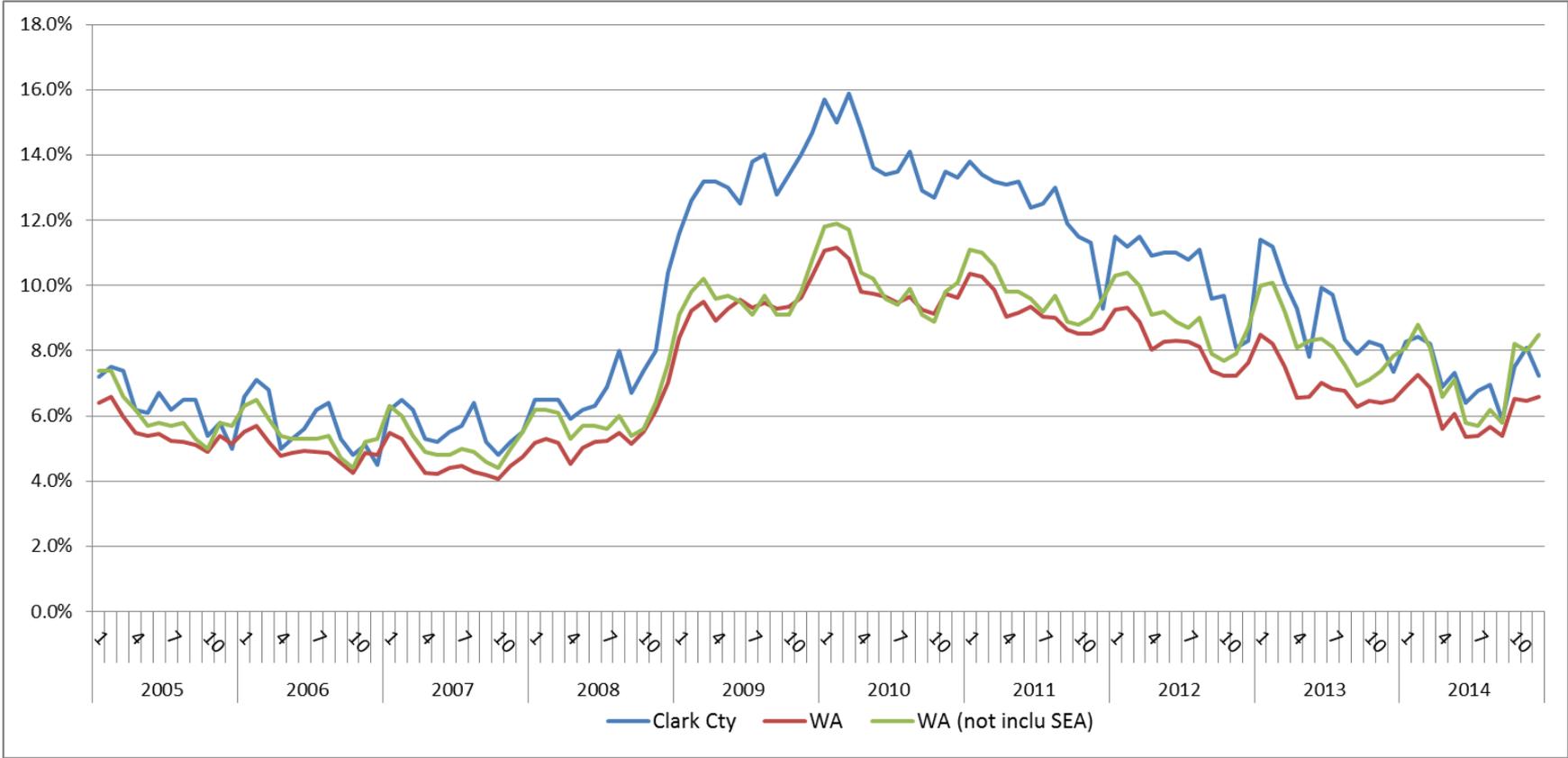


- Employment



- Land Use Review Permits

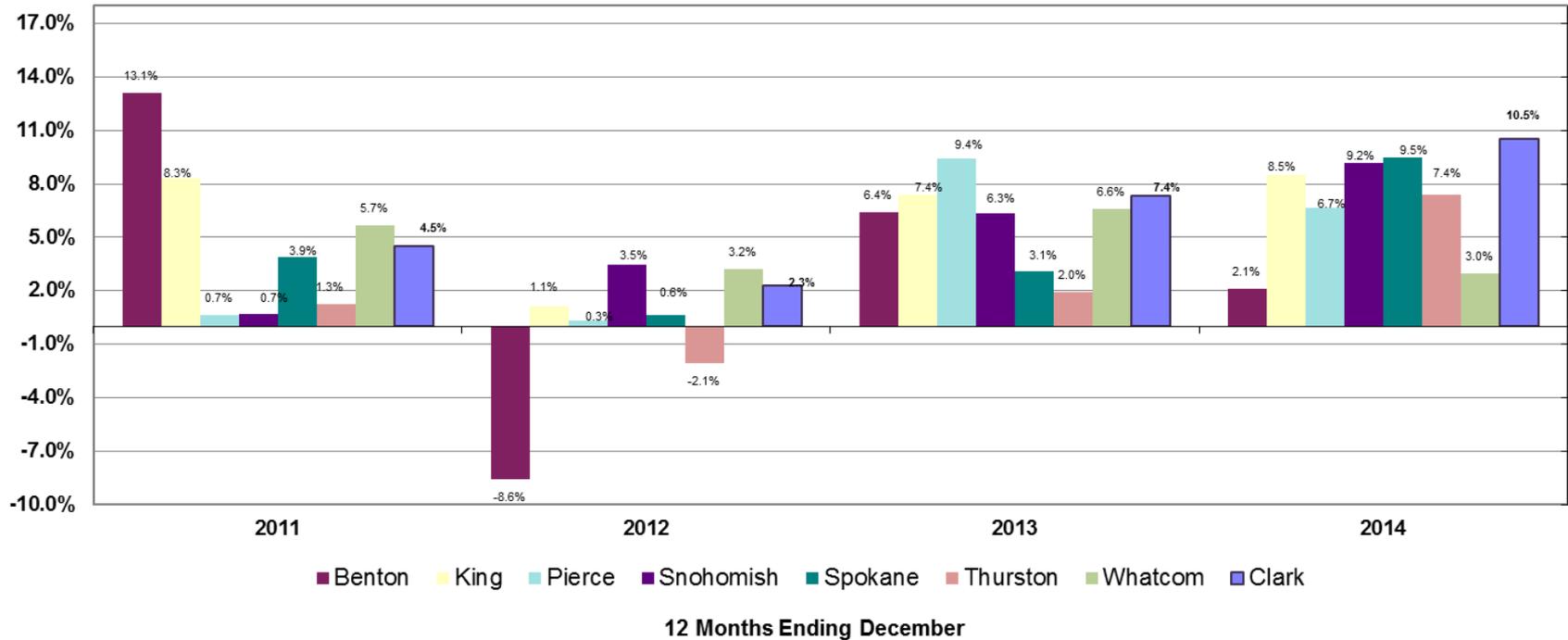
# County Unemployment Compared to State



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

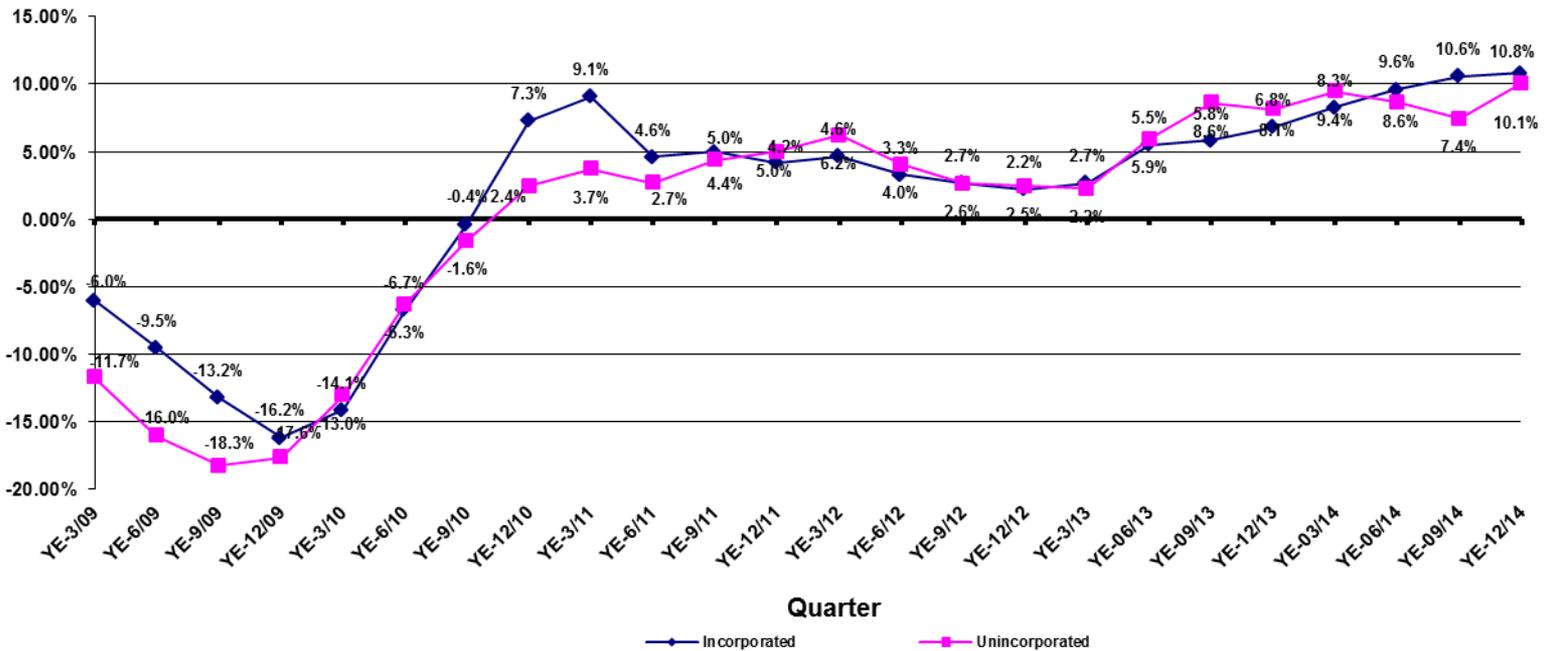
# Major County Retail Sales Growth

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



# General Fund

## 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

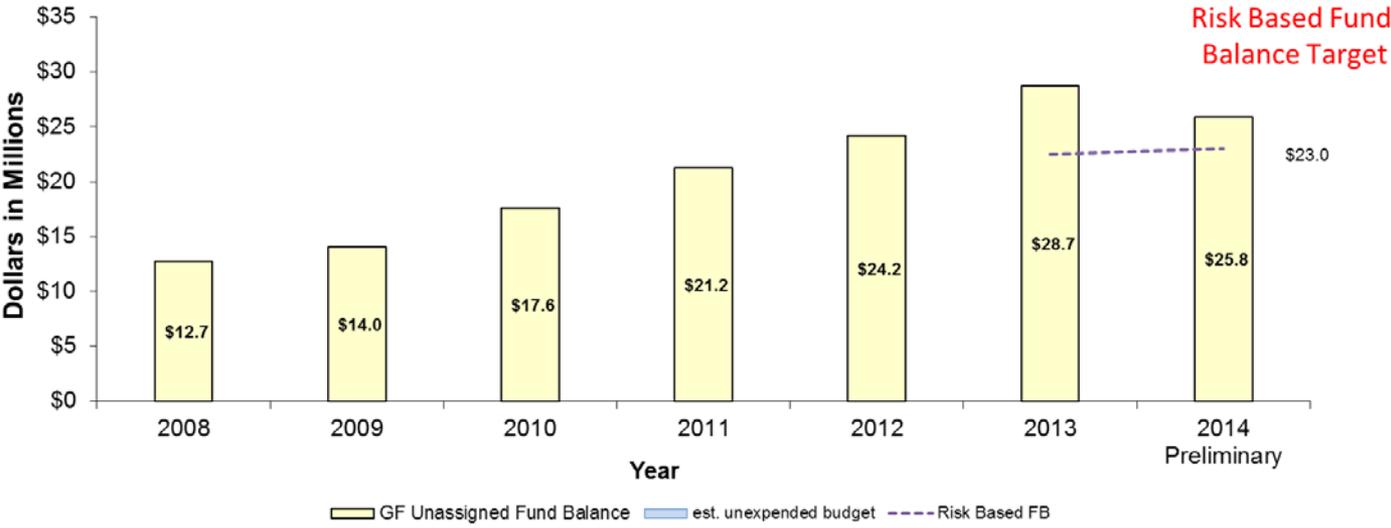
General Fund revenues were 1 percent lower than 2013 (\$145.8M v. \$146.9M )

General Fund biennium to date expenses were approximately 91.8 percent of budget, excluding the one-time expense of upgrading Sheriff radio replacement. Expenditures in 2014 were 3.3 percent higher than 2013 (\$146.2M v. \$141.5M) excluding one-time items.

General Fund was budgeted to use \$6.7M of unassigned fund balance during the 2013-2014 biennium. Actual usage was \$7.3M including the \$2.3M one-time charge.

# General Fund

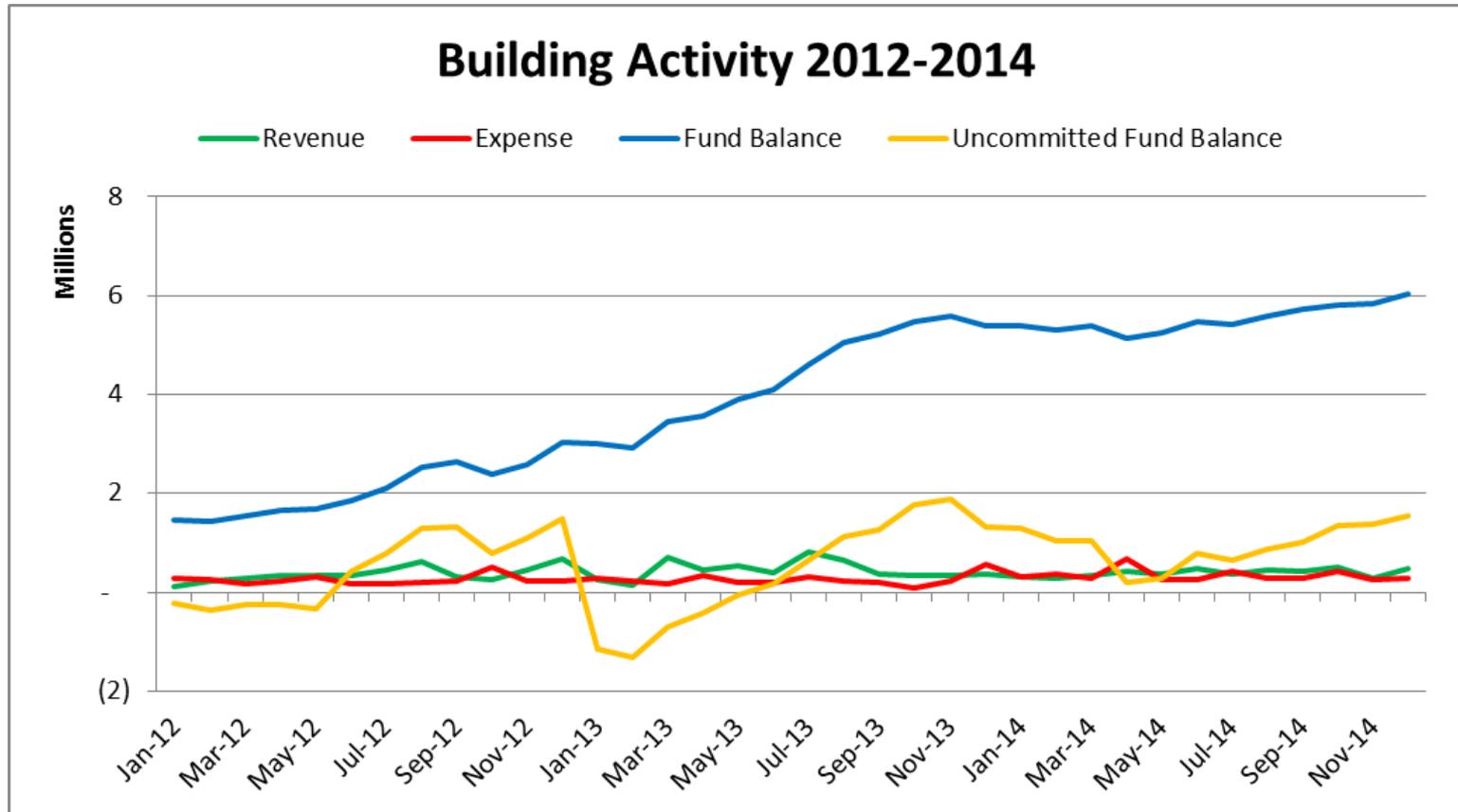
Clark County General Fund Total Unassigned Fund Balance Compare to Best Practices



# Other Major Funds

- Department of Community Development
  - Land Use Review permits decreased in 2014 (703) over 2013 (729) .
  - Land Use Review revenue increased in 2014 (\$652K v. \$577K)
  - Land Use Review estimated General Fund support for 2014 will be \$184K.
  - Commercial permits increased in the 2014 (1,446 v. 1,184). However, valuations were lower (\$305K v. \$378K)
- Road Fund
  - Road Fund operating revenues were \$57.6M in 2014 compared to \$64.9M in 2013.
  - Road Fund current budget anticipated using about \$200K of fund balance this biennium.
  - Actual fund balance usage appears to be \$3.4M
  - 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 expenditures were \$10.4M in 2014
  - LTD expenditures were 94.3 percent of Budget (\$20.0M).
  - Health Department Fund Balance has improved from 2012 ending (\$3.1M v. \$2.7M).

# Community Development

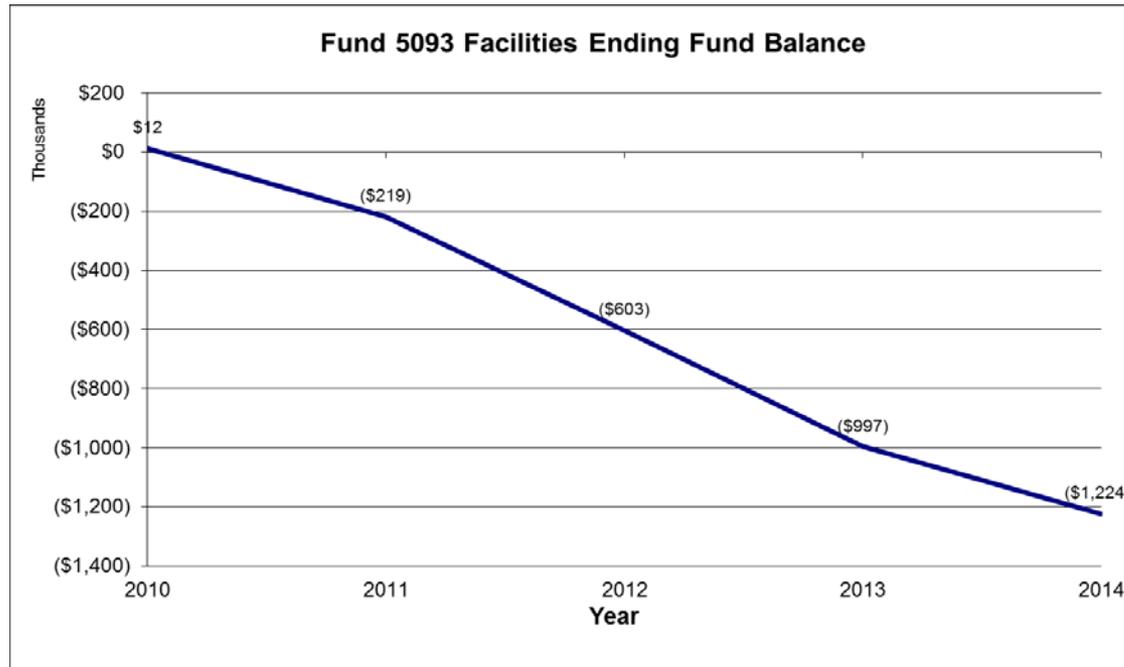


# Funds That May Impact General Fund

- Department of Community Development
  - Land Use Review Permits are still low and declining. This area 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 slowed and are slightly 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 \$0.6M 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.
  - Fees increased in 2014 over 2013 (\$5.0M v \$5.2M) but are well below budget for the biennium.
  - Currently fund balance, net of investment in capital assets, is a deficit of \$3.2M, which is an improvement from \$3.9M deficit in 2013.
  - The fund should be monitored to ensure that the solution is successful.
- Central Support Services (Facilities)
  - Fund continues to run a deficit fund balance (\$1.2M).
  - Unable to pay utility bills out of current budget. General Fund paid \$212K for utilities directly.
  - Fund may require review of budget and spending priorities.

# Other Obligations That Impact General Fund

- Phone replacement
- Facilities major maintenance



# Summary

- Economic indicators are leveling. 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 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 \$7.3M of unassigned fund balance including one-time charge for radio upgrade.
- 2014 General Fund ending fund balance is within the guidelines of newly implemented risk-based fund balance policy.
- General Fund's ability to pay for needed, large capital projects in the near term will continue to be evaluated.

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

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



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