



proud past, promising future

CLARK COUNTY
WASHINGTON

Quarterly Finance Report

2014 First Quarter

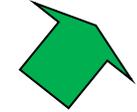
April 30, 2014

BOCC Work Session

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Leading Indicators



- Building Permits



- Retail Sales



- Construction as a % of Retail Sales



- Home Sales



- Median Home Sales Price

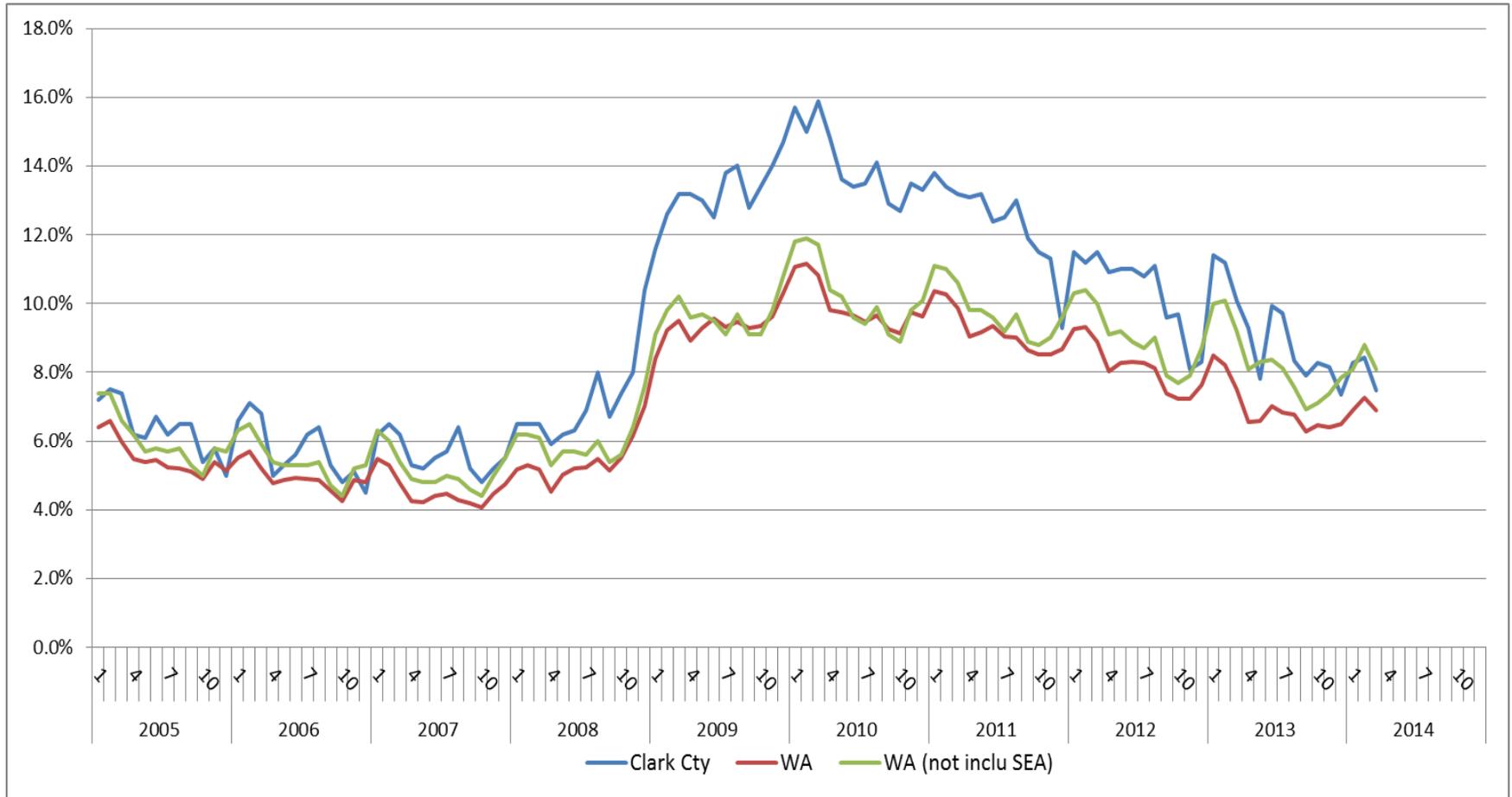


- Unemployment



- Land Use Review Permits

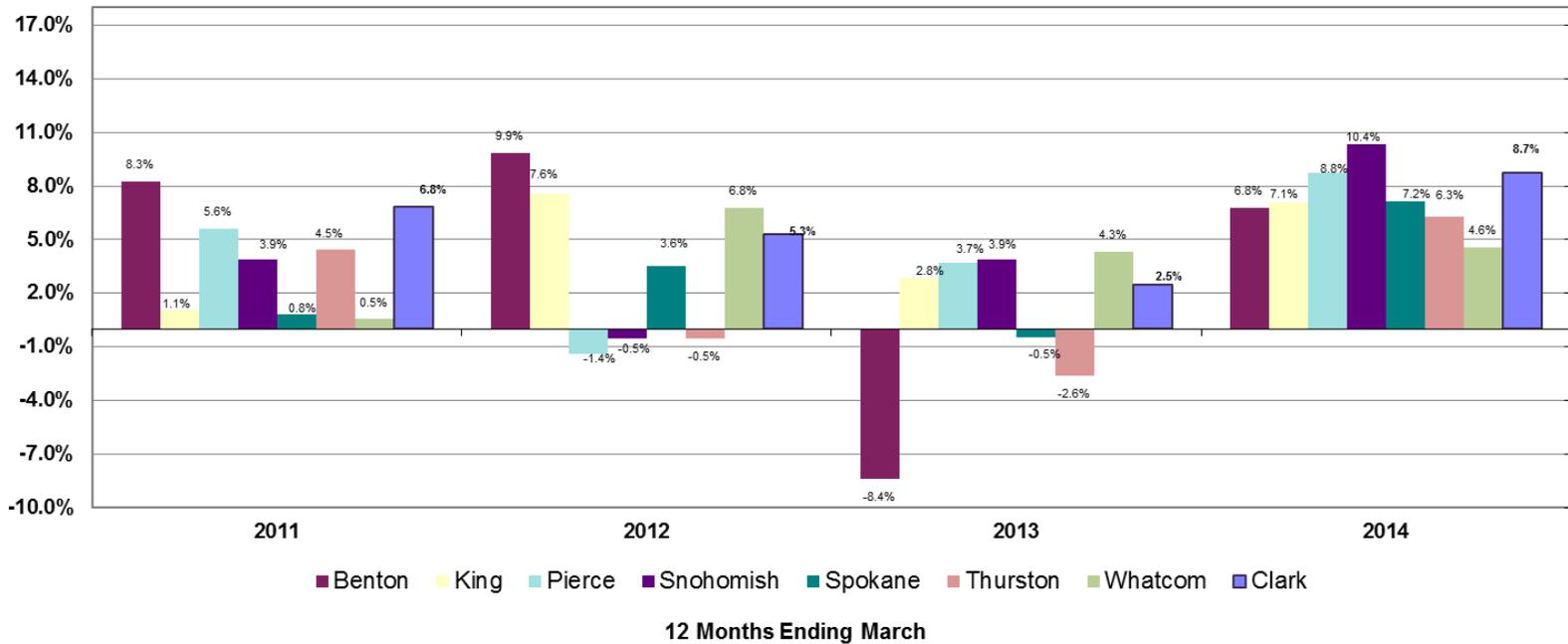
County Unemployment Compared to State



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

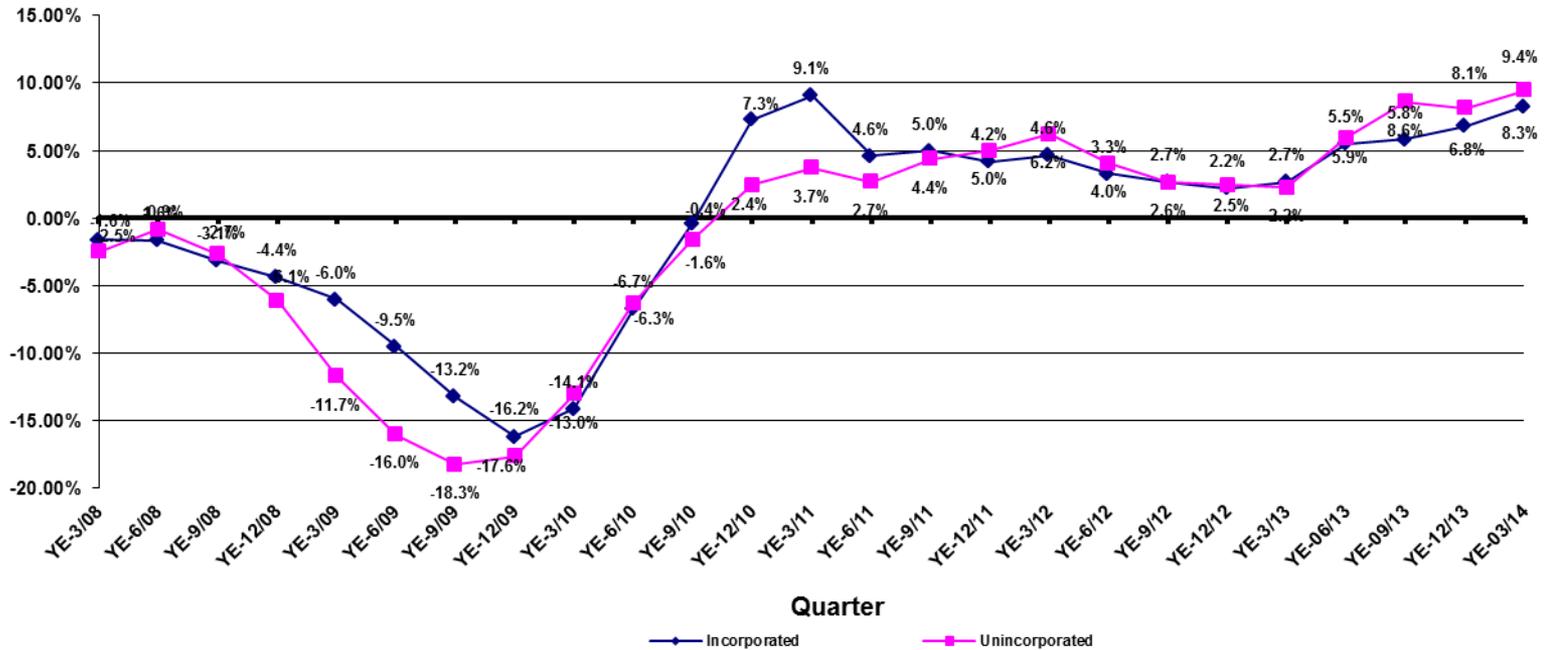
Major County Retail Sales Growth

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

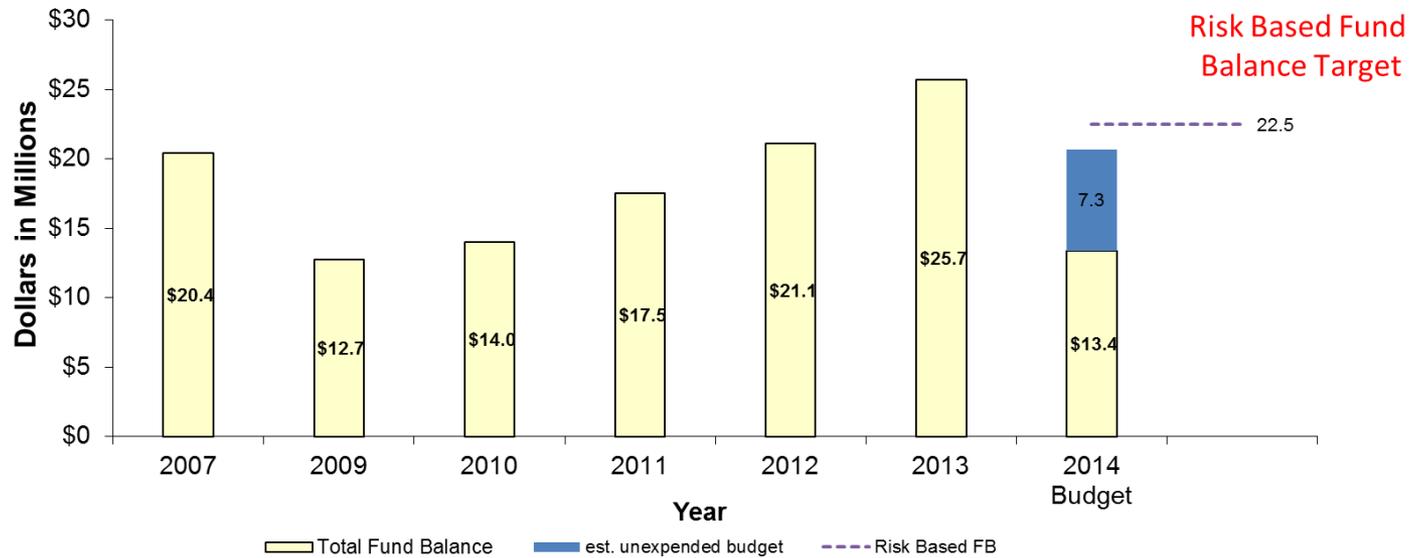
First quarter 2014 General Fund revenues were 15 percent higher than 2013 (\$20.7M v. \$18.0M)

General Fund biennium to date expenses were \$188.4M or approximately 60.0 percent of budget. Expenditures for the first quarter of 2014 were 13.4 percent lower than the same period a year ago (\$14.6M v \$16.9M).

General Fund is budgeted to use \$15.7M of fund balance during the 2013-2014 biennium (\$10.2M ongoing, \$5.5M one-time).

General Fund

Clark County General Fund Total Fund Balance Compare to Best Practices



Other Major Funds

- Department of Community Development
 - Land Use Review permits increased in first quarter 2014 (177) over 2013 (167) .
 - Land Use Review estimated General Fund support for Fee Holiday activities thru 2014 will be \$234K.
 - Commercial permit valuations dropped significantly in the first quarter 2014. The number of permits increased from 75 in 2013 Q4 to 88 in 2014 Q1. Total valuation of permits dropped from \$53.8M in 2013 Q4 to \$10.0M in 2014 Q1.
- Road Fund
 - Road Fund revenues are 57.4 percent of current biennial budget and expenses are 56.1 percent of budget. Road Fund is budgeted to use approximately \$7.9M of fund balance this biennium. In the first quarter of 2014, Road Fund expenditures exceeded revenues by \$4.5M.
 - 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 (\$1.3M TIF to be used in 2014).
- Health Department
 - Health Department expenditures are 48.0 percent of Budget (\$12.0M).
 - Health Department Fund Balance has improved from 2012 ending (\$4.4M v. \$2.6M).

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.
 - General Fund will be required to fund the 2013 Fee Holiday estimated at \$1.0M.
- Events Center Fund
 - The 10 day fair continues to operate at a profit. In 2013 fair operations generated a surplus of \$437K.
 - The 2013 operating loss for the fund was \$353K.
 - The General Fund has budgeted \$250K annually to support the fund. With changes in operations, the entire budgeted amount may not be necessary.
- 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 a small amount of REET funding will be necessary in 2014.
- REET Funds
 - REET receipts for the first quarter are 17 percent higher than the same period in 2013.
 - 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 Department of Environmental Services is currently working on a solution to fund the recent clean water settlement. Based on the court settlement the County will be responsible for \$3.6M. \$0.6M in 2014 and \$0.5M/year 2015-2020.
 - The Department of Environmental Services is also working to address the clean water fee shortfall.
- Central Support Services
 - Fund continues to run a deficit fund balance. Currently budgeted with expenditures to exceed revenues by \$46K .
 - Fund should be monitored to determine if a one-time transfer may be necessary to eliminate the deficit

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 policy to smooth volatile receipts and use excess for one-time needs. Finance Team will evaluate options to present to the Board.
- 2013/2014 General Fund budgeted operating expenditures exceed revenues by \$15.7M. The 2013 General Fund operating revenues and expenditures were anticipated to break even. However, expenditures exceeded revenues by approximately \$8.4M.
- 2014 General Fund ending fund balance will likely meet the newly proposed fund balance policy.
- In the past four years, the general public through General Fund transfers have subsidized the cost of Land Use Review activities by \$3.3M. In 2013 LUR activities did not require additional support from General Fund beyond budgeted transfers for non-fee activities.

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

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



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