



**proud past, promising future**

**CLARK COUNTY**  
WASHINGTON

# Quarterly Finance Report

## 2014 Second Quarter

August 13, 2014  
BOCC Work Session

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# Audit Results

Clark County once again received an unmodified (clean) opinion from the State Auditor's Office for all three areas audited.

Financial

Accountability

Single Audit (Grants)

# Leading Indicators



- Building Permits



- Retail Sales



- Construction as a % of Retail Sales



- Home Sales



- Median Home Sales Price

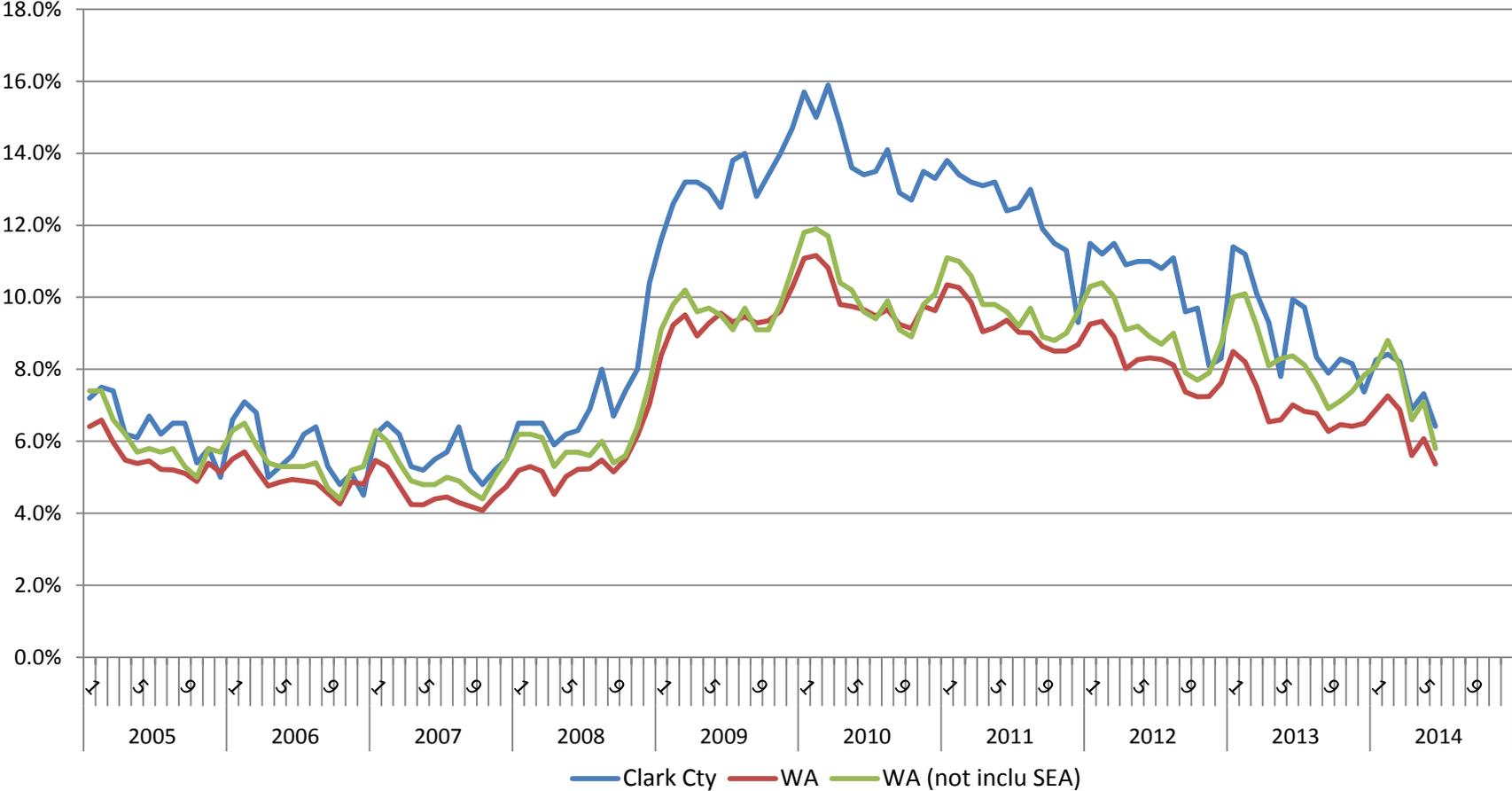


- Employment



- Land Use Review Permits

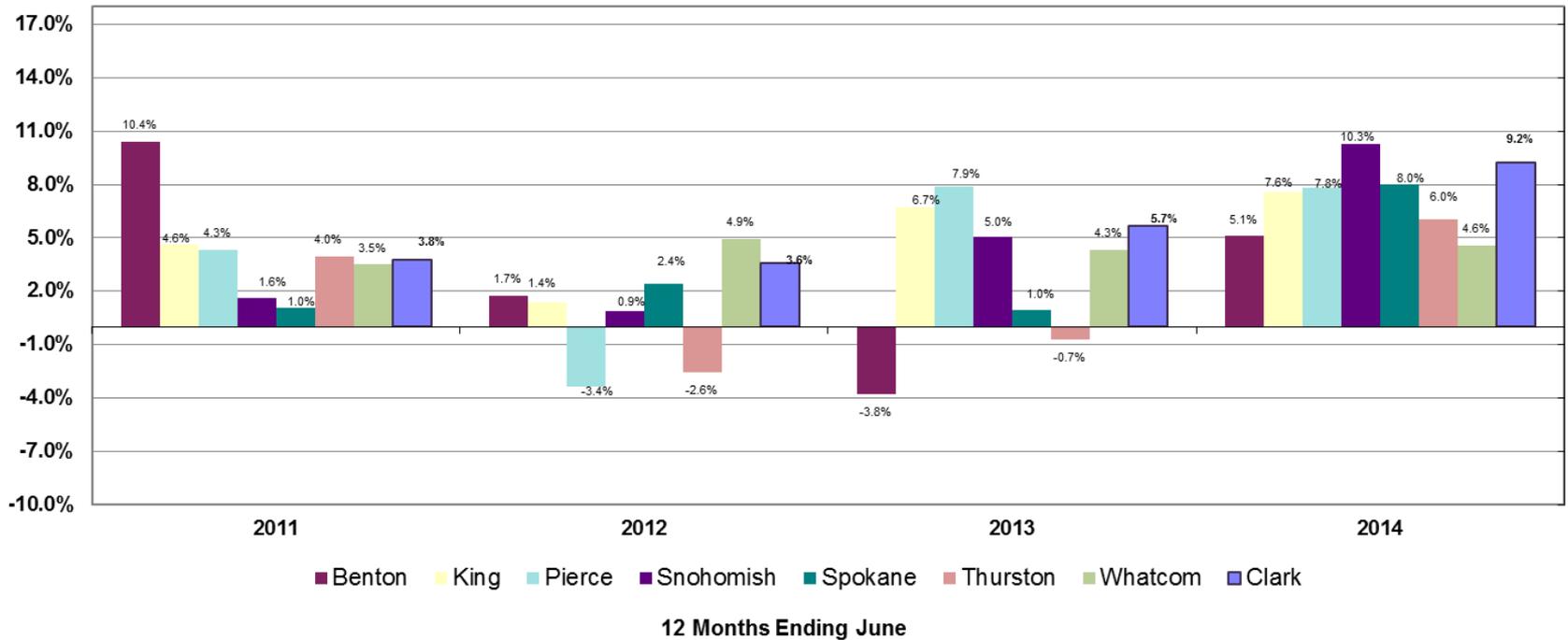
# County Unemployment Compared to State



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

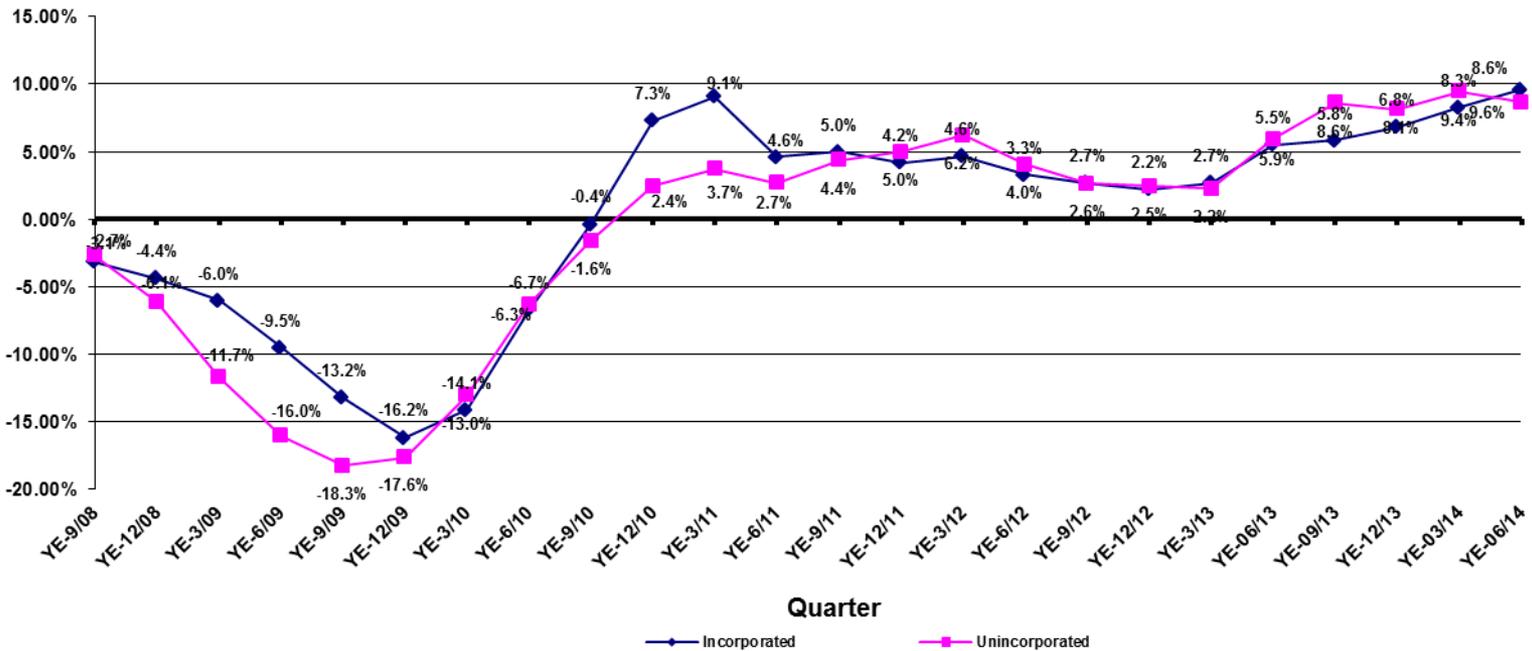
# Major County Retail Sales Growth

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

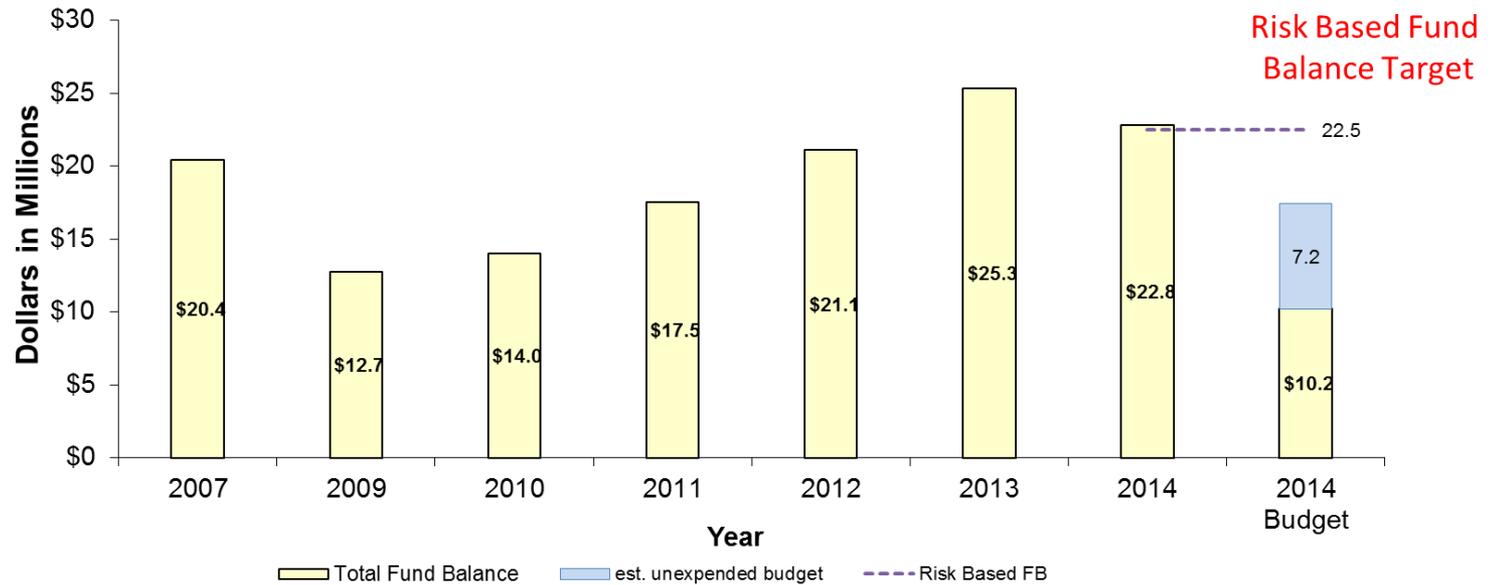
First half of 2014 General Fund revenues were 12 percent higher than same period in 2013 (\$67.6M v. \$65.5M )

General Fund biennium to date expenses were \$223.9M or approximately 71.3 percent of budget. Expenditures for the first half of 2014 were essentially the same as the same period a year ago (\$70.9M v \$71.0M).

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 slightly in second quarter 2014 (185) over 2013 (182) .
  - Land Use Review estimated General Fund support for Fee Holiday activities thru 2014 will be \$380K.
  - Commercial permit valuations in the second quarter 2014 didn't change much from the first quarter. The number of permits didn't change either from the first quarter. There was a slight change from 2013 Q2 (86) to 2014 Q2 (88).
- Road Fund
  - Road Fund revenues are 71.9 percent of current biennial budget and expenses are 64.2 percent of budget. Road Fund is budgeted to use approximately \$7.9M of fund balance this biennium. In the first half of 2014, Road Fund generated a surplus of \$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, 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 58.4 percent of Budget (\$14.5M).
  - Health Department Fund Balance has improved from 2012 ending (\$3.9M 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.
  - In the second quarter, for the first time in the past two years, permit revenue from single family housing did not cover the full cost of operations in the building function.
- Events Center Fund
  - The 10 day fair continues to operate at a profit.
  - The June 2014 fund balance was just positive.
  - 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 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. Currently budgeted with expenditures to exceed revenues by \$104K .
  - 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 be below the balance needed to 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 second quarter financial report may be obtained at:

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

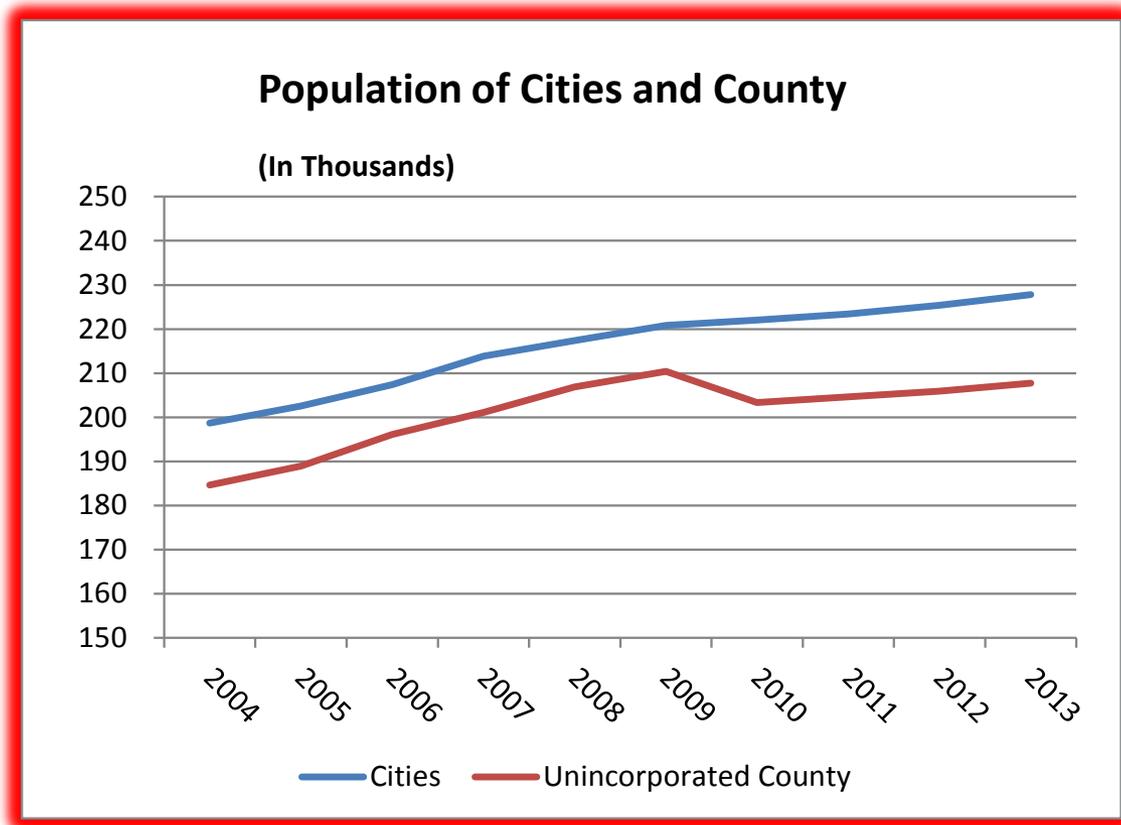
# Trends Report

- Update on how Clark County is doing in complying with its financial policies.
- Update of the 10 year trends for 29 significant measurements.
- Five of these trends improved, four were lower, and twenty remained the same.

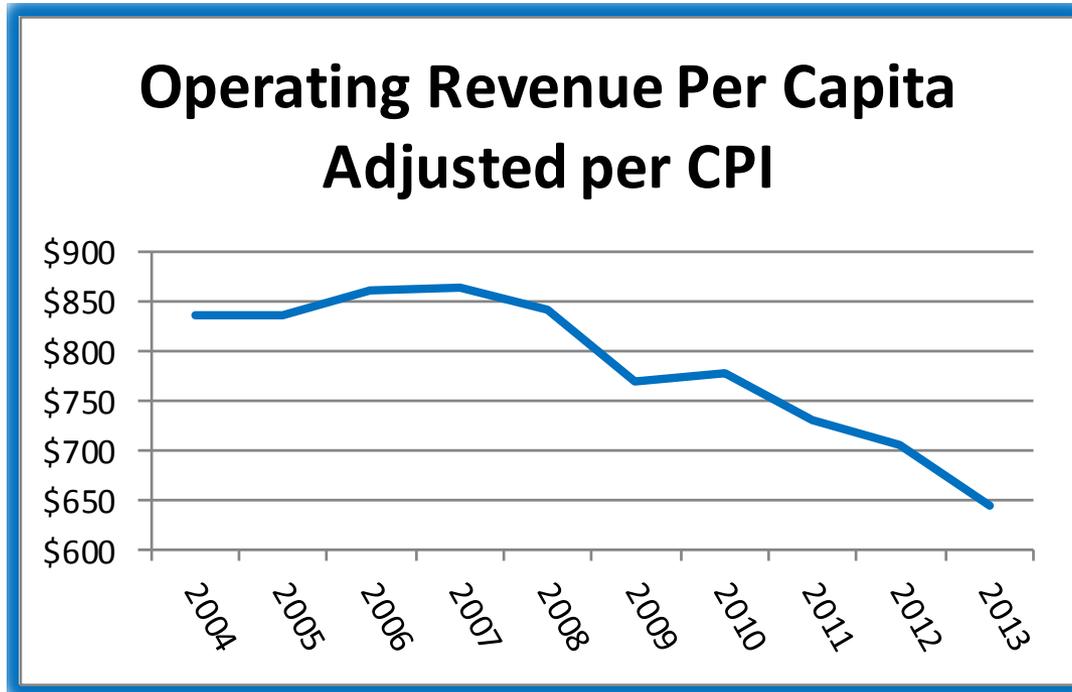
# Trends Report Summary

- Clark County Population Growth continues
- Revenues per capita continue to decline
- County's response has been to decrease expenditures per capita
- The decrease in expenditures has come through a reduction in county employees per capita.

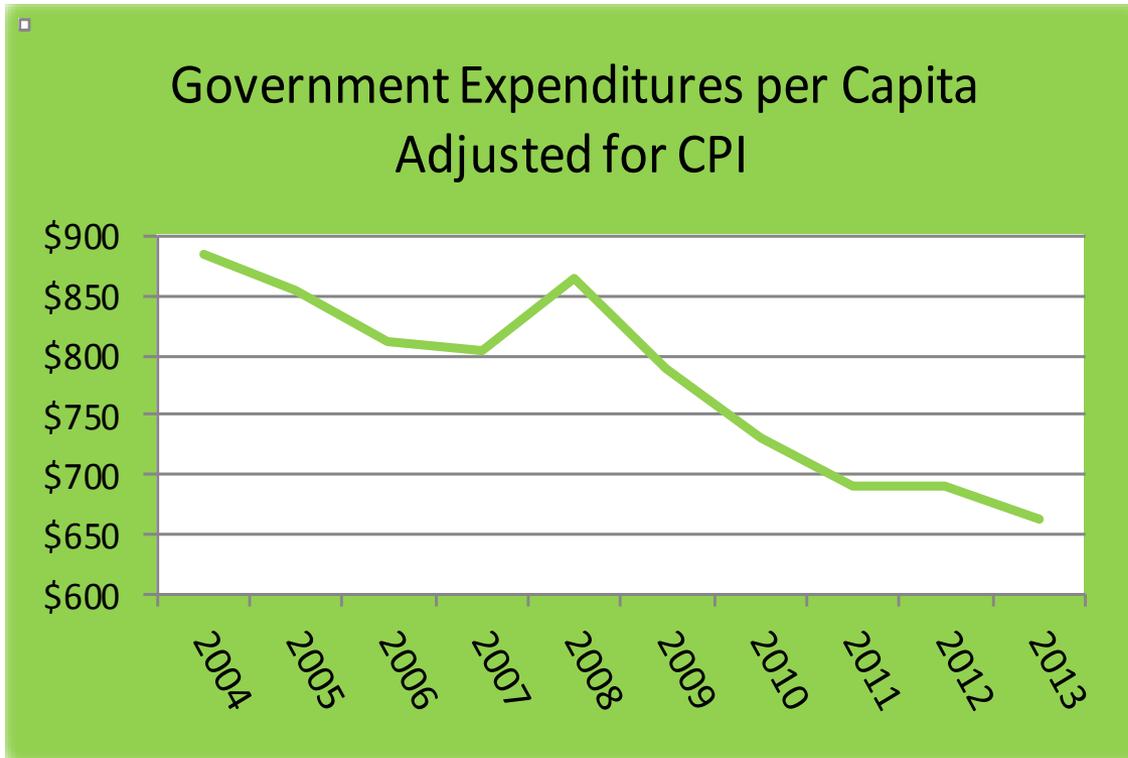
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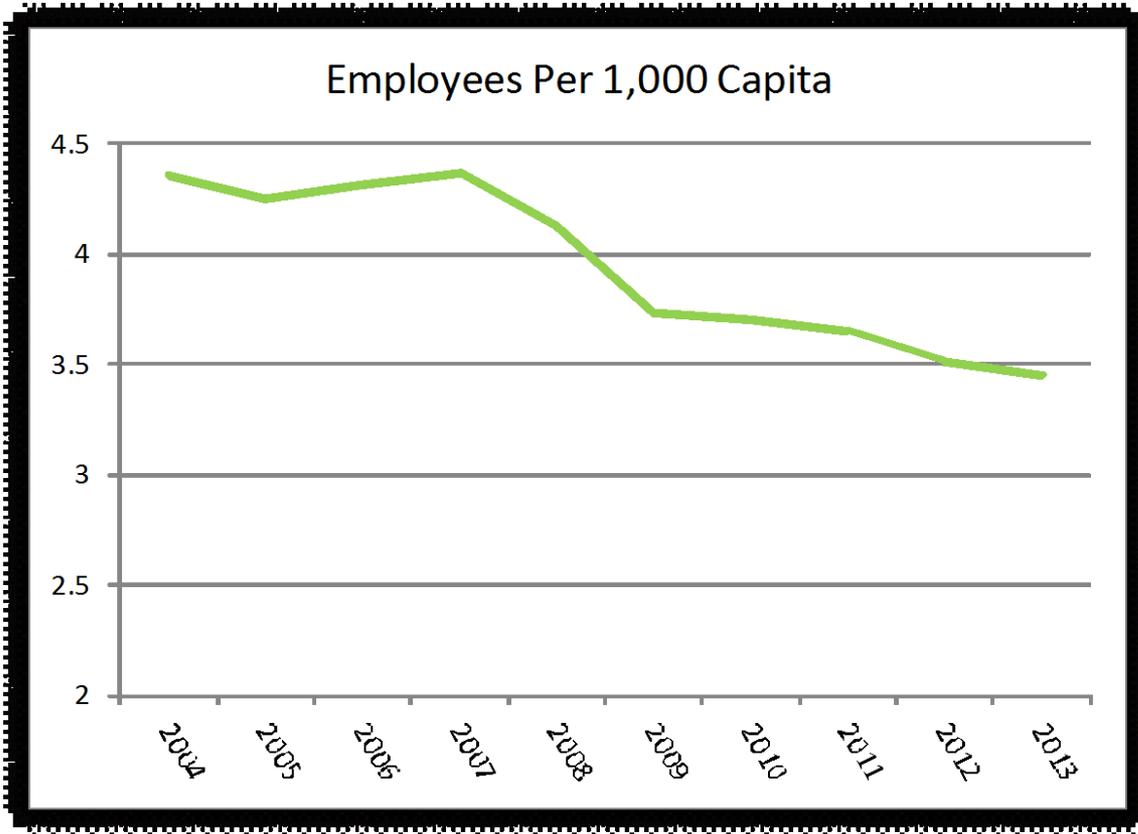
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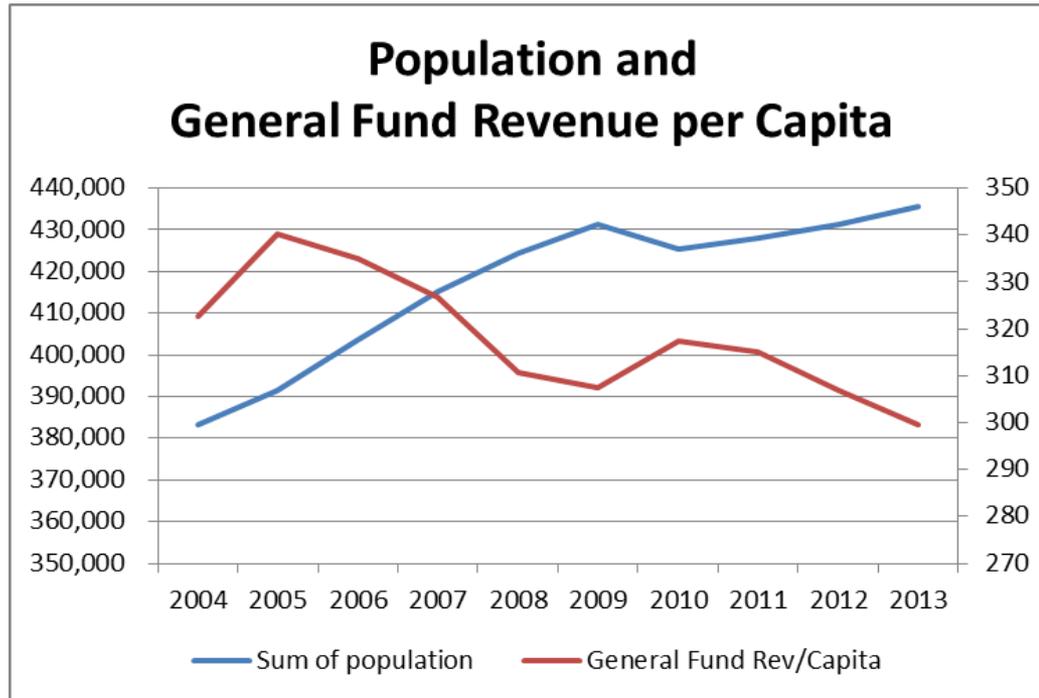
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