



**proud past, promising future**

**CLARK COUNTY**  
WASHINGTON

# Quarterly Finance Report 2013 Fourth Quarter

February 5, 2014  
BOCC Work Session

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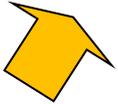
# Leading Indicators



- Building Permits



- Retail Sales



- Home Sales



- Construction as a % of Retail Sales



- Median Home Sales Price

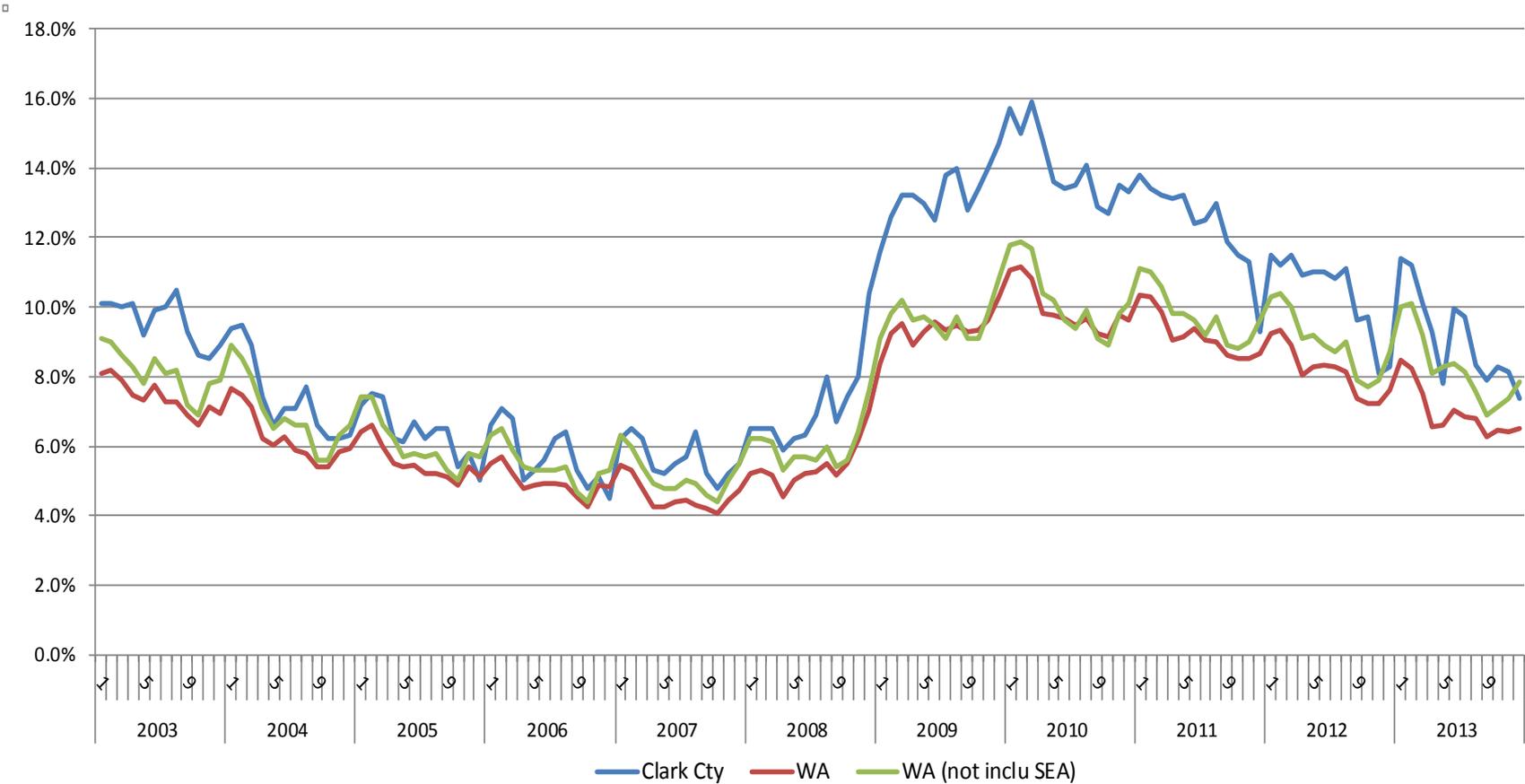


- Unemployment



- Land Use Review Permits

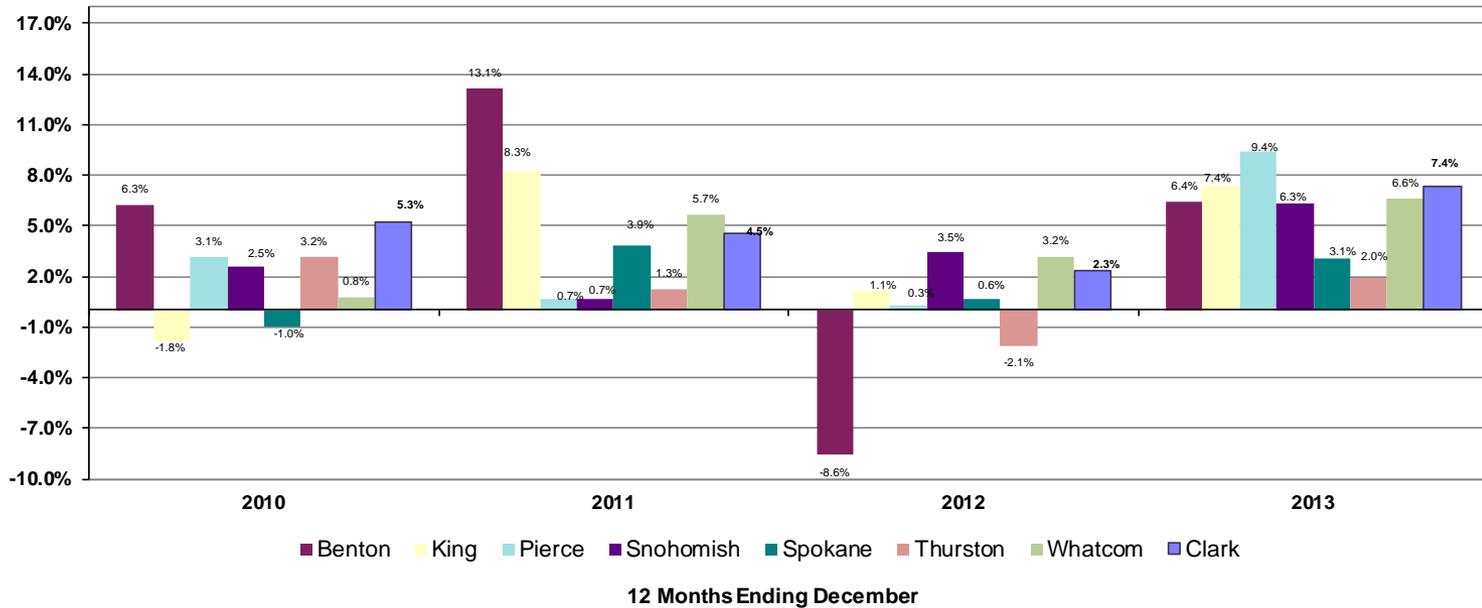
# County Unemployment Compared to State



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

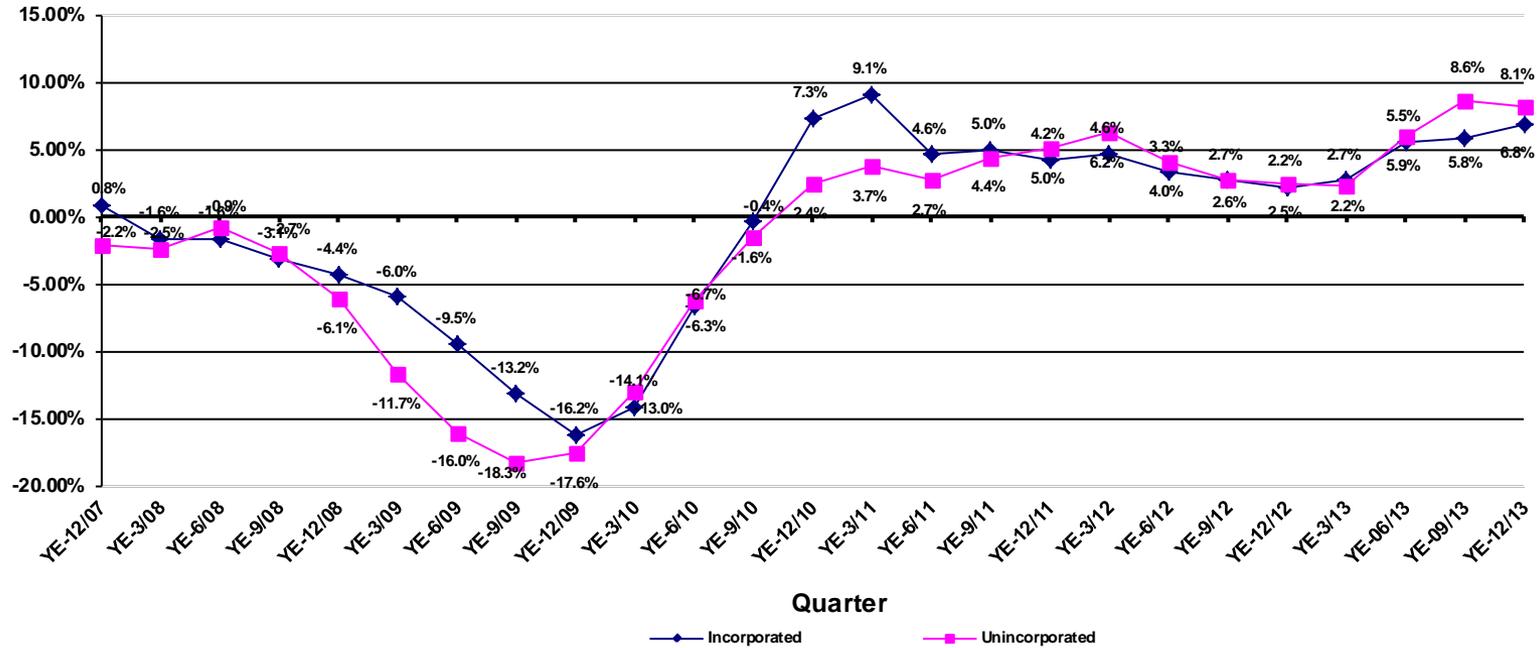
# Major County Retail Sales Growth

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

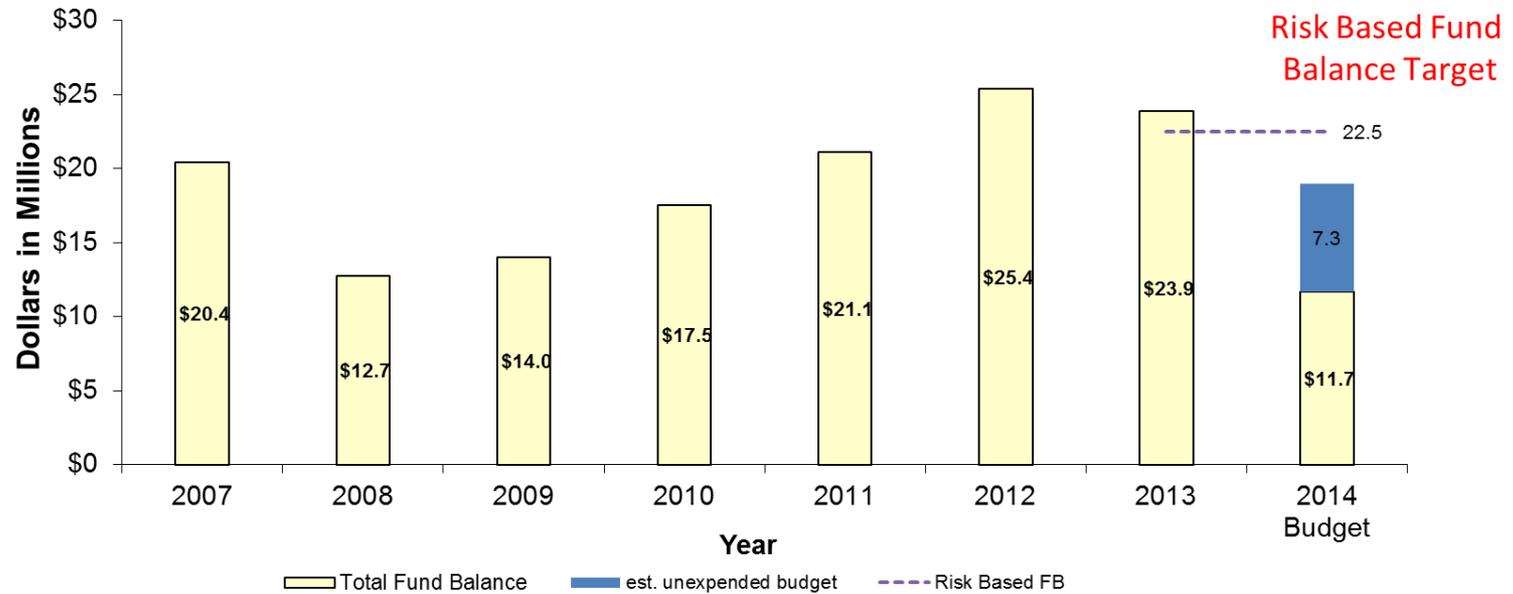
2013 General Fund revenues are slightly lower than 2012 \$3.8M or 2.7 percent (\$140.8M v. \$144.6M).

General Fund expenses in 2013 were \$141.1M or approximately 45.4 percent of budget. Total expenditures were 0.9 percent lower than the same period a year ago (2012 \$142.0M).

General Fund is budgeted to use \$17.7M of fund balance during the 2013-2014 biennium (\$12.2M ongoing, \$5.5M one-time). In 2013, due to unexpended budget, revenues and expenditures were close to break even.

# General Fund

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



# General Fund

## Assigned Fund Balance to carry over

- \$0.8M Sheriff's record system
- \$1.5M Sheriff's system implementation
- \$1.0M Tidemark replacement
- \$1.0M Fee Holiday
- \$2.1M Compensated Absences
- \$6.4M

# Other Major Funds

- Department of Community Development
  - Land Use Review permits increased significantly in 2013 (729) over 2012 (497) .
  - Land Use Review estimated General Fund support for Fee Holiday activities in 2013 will be \$186K plus \$232K for non-fee activities.
  - Program changes and expense reduction should keep the General Fund contribution for non-fee activities to a reasonable level. However, any reduction in LUR fees will require additional General Fund support.
- Road Fund
  - Road Fund revenues are 51.1 percent of current biennial budget and expenses are 49.8 percent of budget. The increase in expenditures is due to an increase in capital expenditures to comply with the Annual Construction Program.
  - 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 having been reduced, may require Public Works to revise the Plan.
- Health Department
  - Health Department expenses are 39.2 percent Of Budget (\$9.5M).
  - Health Department Fund Balance has improved from 2012 ending (\$3.0M 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 2012 loss for the fund was \$392K.
  - The General Fund has budgeted \$250K annually to support the fund.
  - General Fund has transferred \$1.0M to support the deficit in the Event Center Fund.
- Exhibit Hall Reserve Fund
  - The Reserve Fund is now included in the Capital Facilities Plan. Any shortfall in debt service reserves will be filled from REET funds.
  - Revenues dedicated to the fund improved in 2013 reducing the need for REET assistance.
- REET Funds
  - REET receipts continued to be higher in Q4 2013 than the same period in the previous year.
  - 2013 REET receipts were about 67 percent of budget.
  - 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
  - Based on the court settlement the County will be responsible for \$3.6M. \$0.6M in 2014 and \$0.5M/year 2015-2020. This is in addition to current permit program levels.
  - The Department of Environmental Services will be scheduling a work session to present recommendations for ongoing program and settlement funding.

# 2013 Initiatives

- Transparency
- Economic Development
- Fund Balance Policy

# 2014 Initiatives

- Sales tax
  - To smooth cyclical nature of some sales tax receipts
  - Submit to Finance Committee for recommendation
    - Sales tax growth over baseline for construction receipts
- Strategic Planning
  - Coordinate and standardize methodology for six year plans for all County programs
  - Prioritize program budgeting

# Summary

- Economic indicators are still inconsistent. We are currently seeing increases in building and retail sales, however, increased revenues in these areas do not quite offset lagging revenues in other areas. As a result fund balances are flat, limiting the County's ability to increase expenditures.
- 2013/2014 General Fund budgeted operating expenditures exceed revenues by \$10.3M. The 2013 General Fund operating revenues and expenditures are anticipated to break even. Prior assigned fund balance is being used for one-time projects.
- 2013 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. This is more than 60% of the cost of this program. Elimination of the land use review fees requires \$0.5M in additional annual support from General Fund.

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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