



proud past, promising future

CLARK COUNTY
WASHINGTON

Quarterly Finance Report 2013 Third Quarter

October 23, 2013
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

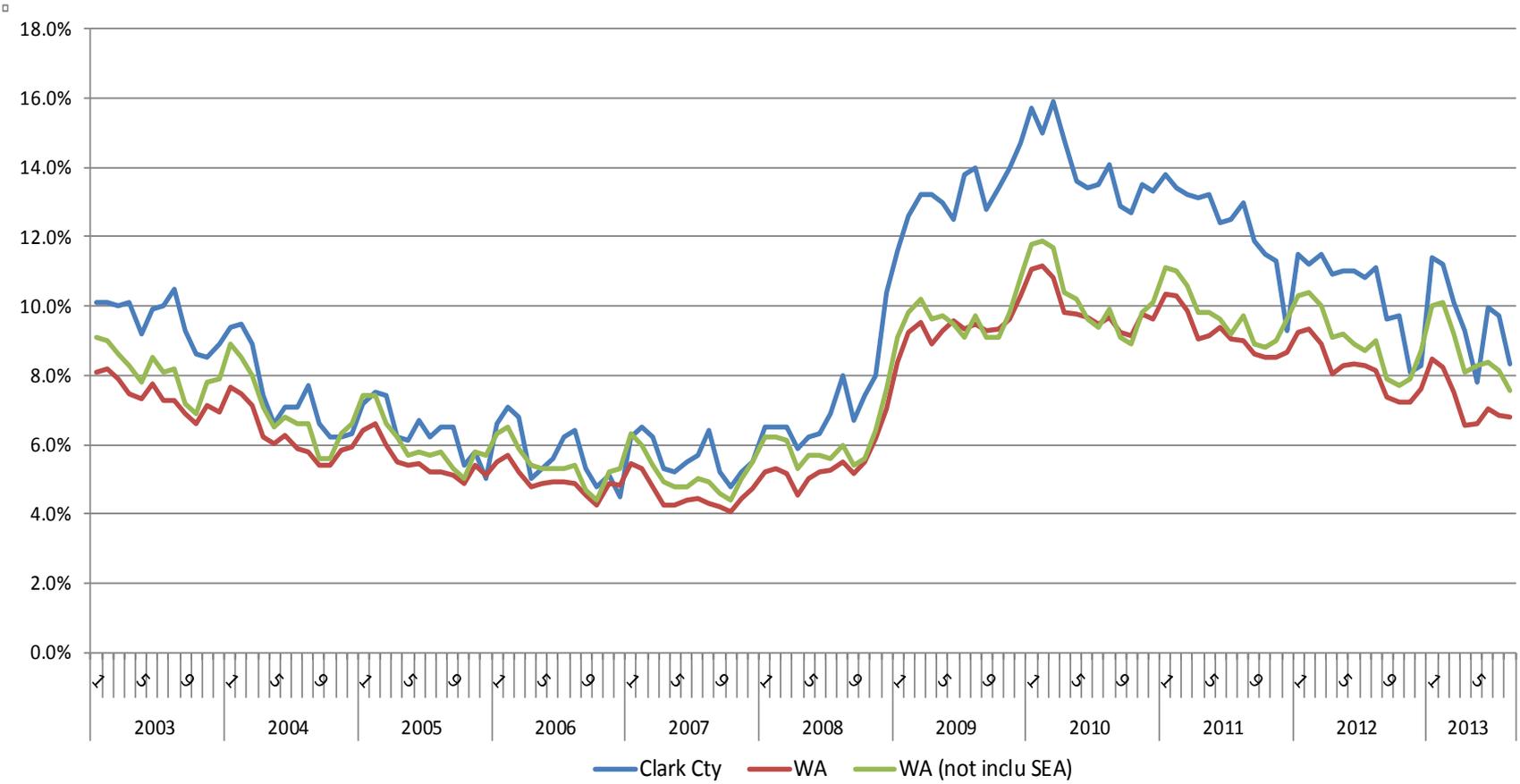


- Unemployment



- Land Use Review Permits

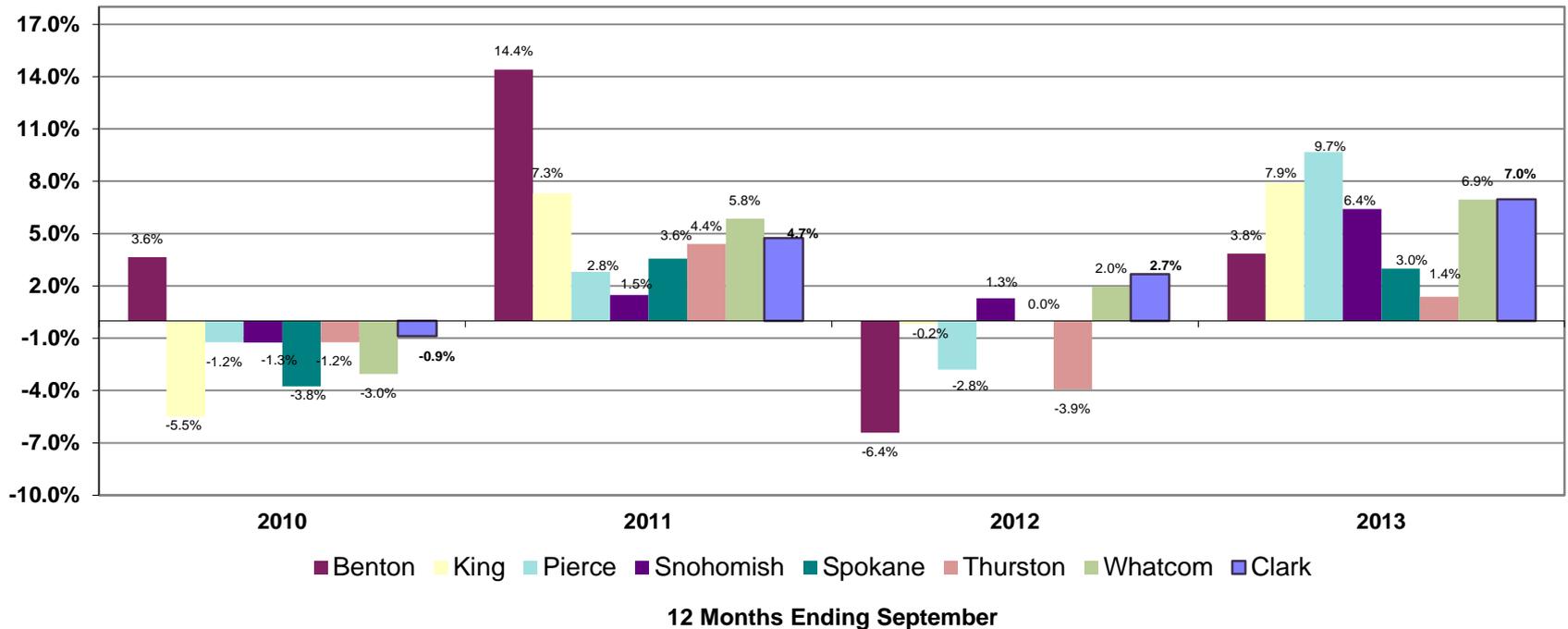
County Unemployment Compared to State



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

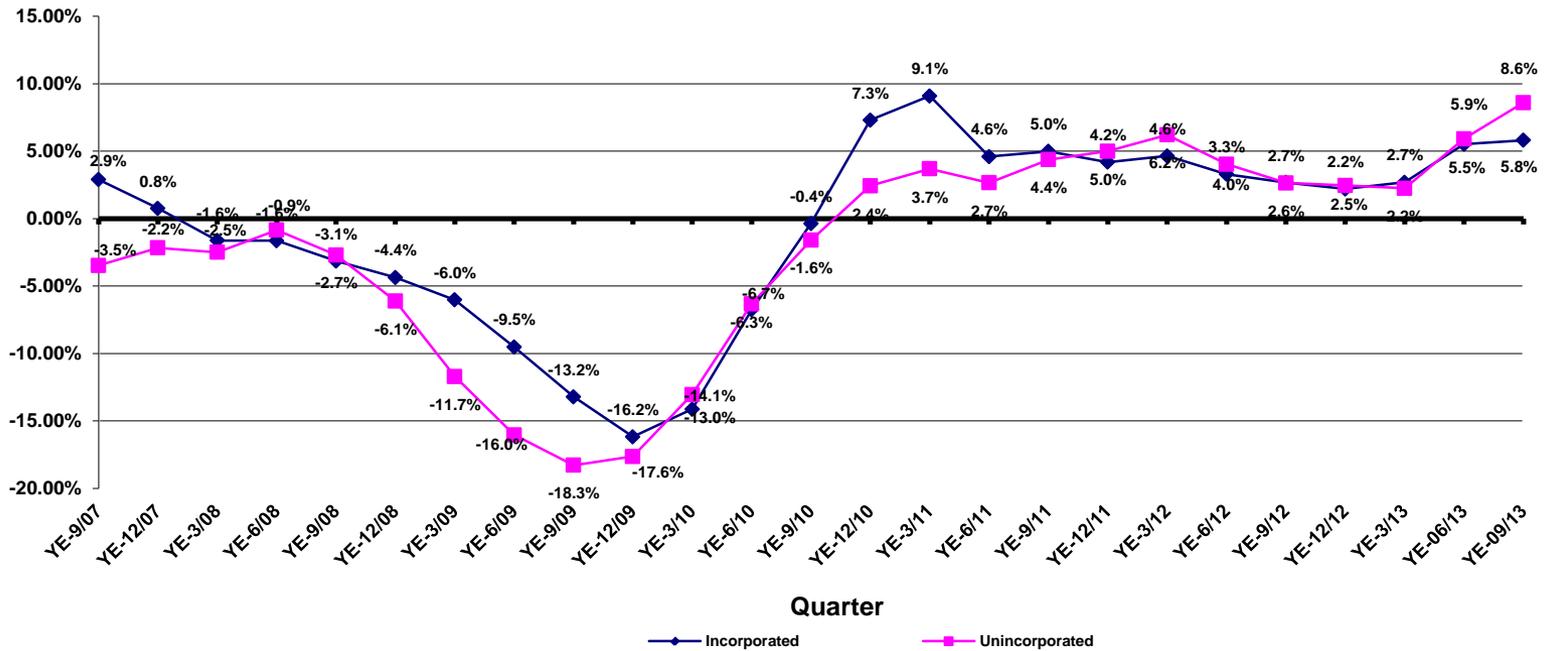
Major County Retail Sales Growth

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

General Fund revenues are slightly lower than 2012 \$1.0M or 1.1 percent (\$92.7M v. \$93.7M).

General Fund expenses thru the third quarter of 2013 were \$104.3M or approximately 34.4 percent of budget. Total expenditures were 3.2 percent higher than the same period a year ago (2012 \$101.0M).

General Fund is budgeted to use \$8.0M of fund balance during the 2013-2014 biennium. However, for 2013 revenues and expenditures are projected to break even.

Other Major Funds

- Department of Community Development
 - Land Use Review permits increased in Q3 2013 (194) over Q2 (182) and over Q3 2012 (125).
 - Land Use Review required General Fund support for non-fee activities in 2011-2012 of \$0.9M.
 - 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, which at current activity levels, would be approximately \$0.5M annually.
- Road Fund
 - Road Fund revenues are 28.8% of current biennial budget and expenses are 34.0% of budget. The jump 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 eliminated, will require Public Works to revise the Plan.
- Health Department
 - Health Department expenses are 19.6% of Budget (\$4.75M).
 - The Fund Balance is approximately the same as 2012 ending.

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 \$1.2M.
- Events Center Fund
 - Thru the first half of 2013, the Events Center fund has revenues in excess of expense of almost \$158K, not including General Fund Support. That compares favorably with a surplus of \$12K for the same period 2012.
 - 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 fund balance will be exhausted in 2013.
 - The Reserve Fund is now included I the Capital Facilities Plan. Any shortfall in debt service reserves will be filled from REET funds.
- REET Funds
 - REET receipts continued to be higher in Q3 2013 than the same period in the previous year.
 - REET receipts were about 49% 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
 - Currently negotiating penalty phase of case
 - Attorney fees
 - Mitigation
 - Penalty
 - The Finance Team is currently examining the methodology for assessing clean water fees and will present a revised plan in November

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 that has not been budgeted.

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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