Quarterly Finance Report
2014 Fourth Quarter
Preliminary

February 25, 2015
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
- Employment
- Land Use Review Permits
County Unemployment Compared to State

Major County Retail Sales Growth

Washington Counties Retail Sales Growth/Decline Rate
(Year over Year)

12 Months Ending December
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 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

- Year: 2008 - $12.7
- Year: 2009 - $14.0
- Year: 2010 - $17.6
- Year: 2011 - $21.2
- Year: 2012 - $24.2
- Year: 2013 - $26.7
- Year: 2014 Preliminary - $25.8

Risk Based Fund Balance Target: $23.0

Legend:
- GF Unassigned Fund Balance
- Est. Unexpended Budget
- Risk Based FB
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
  – BTD 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

Building Activity 2012-2014

- Revenue
- Expense
- Fund Balance
- Uncommitted Fund Balance

Millions

Months:
- Jan-12
- Mar-12
- May-12
- Jul-12
- Sep-12
- Nov-12
- Jan-13
- Mar-13
- May-13
- Jul-13
- Sep-13
- Nov-13
- Jan-14
- Mar-14
- May-14
- Jul-14
- Sep-14
- Nov-14
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:

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