Quarterly Finance Report
2014 Third Quarter

October 29, 2014
BOCC Work Session
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• SAO Financial Condition Tool
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

Sales Tax Growth/Decline by County
Year over Year

- Clark
- King
- Kitsap
- Pierce
- Snohomish
- Spokane
- Thurston
- Whatcom

2010: -12.9%, 12.4%
2011: -10.6%, 10.6%
2012: -11.4%
2013: 3.2%, 4.4%, 7.0%, 2.0%, 3.0%, 6.0%
2014: 6.3%, 7.4%, 6.0%, 8.7%, 6.0%
Clark County 12 Months Ending Retail Sales Growth/Decline

Clark County 12 Months Ending Retail Sales Growth/Decline

- Incorporated
- Unincorporated
General Fund
Proposed 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

General Fund revenues were 1.8 percent higher than same period in 2013 ($94.3M v. $92.8M).

General Fund biennium to date expenses were approximately 82.3 percent of budget. Expenditures in 2014 were slightly higher than the same period a year ago ($105.7M v. $104.3M).

General Fund was budgeted to use $6.7M of unassigned fund balance during the 2013-2014 biennium. Current projection shows a use of approximately $3.0M-$4.0M of unassigned fund balance.
General Fund

Clark County General Fund Total Fund Balance Compare to Best Practices

Year
2007
2009
2010
2011
2012
2013
2014 Forecast

Dollars in Millions
$0
$5
$10
$15
$20
$25
$30

$20.4
$12.7
$14.0
$17.5
$21.1
$25.3
$24.3
$22.5

Total Fund Balance
est. unexpended budget
Risk Based FB

Risk Based Fund Balance Target
Other Major Funds

• Department of Community Development
  – Land Use Review permits decreased slightly in third quarter 2014 (182) over 2013 (194).
  – Land Use Review estimated General Fund support for Fee Holiday activities thru 2014 will be $380K.
  – Commercial permits increased in the third quarter 2014 compared to third quarter 2013 (381 v. 309). However, valuations were significantly lower ($282K v. $382K)

• Road Fund
  – Road Fund revenues are 76.5 percent of current biennial budget and expenses are 76.7 percent of budget. Road Fund is budgeted to use approximately $7.9M of fund balance this biennium. Year to date, Road Fund has a deficit of $7.4m. Biennium to date, the Road fund has a deficit of $6.2M.
  – 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.

• Health Department
  – Health Department expenditures are 69.4 percent of Budget ($17.3M).
  – Health Department Fund Balance has improved from 2012 ending ($3.8M v. $2.7M).
Community Development

Building Activity 2012-2014

- Revenue
- Expense
- Fund Balance
- Uncommitted Fund Balance

Millions

(2)  0  2  4  6  8

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.
  – Year to date, building permit operations for single family housing is flat after losing ground in the second quarter.

• Events Center Fund
  – The 10 day fair continues to operate at a profit.
  – Fund Balance as of September 30 was $562K.
  – 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 2013, there was no shortfall requiring REET funds for debt service.
  – It is projected that the fund may need $100K from REET to meet debt service requirements in December.

• 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 ($671K).
  – Currently budgeted with expenditures to exceed revenues by $104K.
  – Fund may require a one-time transfer to eliminate the deficit before year end.
Other Obligations That Impact General Fund

- Radio replacement
- Phone replacement
- Facilities major maintenance
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 amendment has been proposed to smooth volatile receipts and use excess revenue for service stabilization.
- 2013/2014 General Fund is projected to use approximately $3.0M-$4.0M of unassigned fund balance.
- 2014 General Fund ending fund balance will likely be at the balance needed to meet the newly proposed fund balance policy.
- Continued evaluation of General Fund’s ability to pay for needed, large capital projects in the near term is necessary.
A copy of the complete third quarter financial report may be obtained at:

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