Quarterly Finance Report
2013 Second Quarter

July 24, 2013
BOCC Work Session
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County Unemployment Compared to State


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First Quarter Major County Retail Sales Growth

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

12 Months Ending June

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

General Fund

General Fund revenues are lagging 2012 by approximately $2.5M or 3.6 percent ($65.5M v. $68.0M).

General Fund expenses in the first half of 2013 were $69.9M or approximately 47 percent of budget, higher than the same period a year ago (2012 $67.1). Part of that is due to GIS becoming a General Fund Department ($1.1M).

General Fund is budgeted to use $10.7M of fund balance during the 2013-2014 biennium.
General Fund Unassigned Fund Balance 2007-2014

Clark County General Fund Unassigned Fund Balance Compare to Best Practices

GFOA General Fund Best Practices Range 15%-20% of annual Revenues

Year
- 2007: $20.4
- 2008: $12.7
- 2009: $14.0
- 2010: $17.5
- 2011: $21.1
- 2012: $24.2
- 2013 Budget: $17.9
- 2014 Budget: $13.4

Dollars in Millions

Total Fund Balance
Minimum Best Practice Range
Maximum Best Practice Range
Other Major Funds

• Department of Community Development
  - Land Use Review permits increased in Q2 2013 (139) over Q1 (125) and over Q2 2012 (119). The number of permits is below Q4 2012 (156) though.
  - 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 22% of current biennial budget and expenses are only 13% of budget.
  - 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 Work 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 $3.6M.

• Events Center Fund
  – Thru the first half of 2013, the Events Center fund has revenues in excess of expense of almost $76K, not including General Fund Support. That compares favorably with a loss of $50K for the same period 2012.
  – The 10 day fair continues to operate at a profit, however, it does not earn enough to cover non-fair activities. 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.
  – General Fund has budgeted $0.5M annually to support the fund.

• REET Funds
  – REET receipts continued to be higher in Q2 2013 than the same period in the previous year.
  – REET receipts were about 28% of budget.
  – With the changes in REET funding priorities, REET fund revenues and expenses have stabilized and fund balances should remain positive through 2016.

• 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
Summary

- 2013/2014 General Fund budgeted expenditures exceed revenues by $10.7M. Within a year, General Fund unassigned fund balance is projected to drop below GFOA recommended best practices for fund balance, which is not sustainable.

- 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:

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