



**proud past, promising future**

**CLARK COUNTY**  
WASHINGTON

# Quarterly Finance Report 2016 Fourth Quarter

February 21, 2017

# Overview Quarterly Report Sections

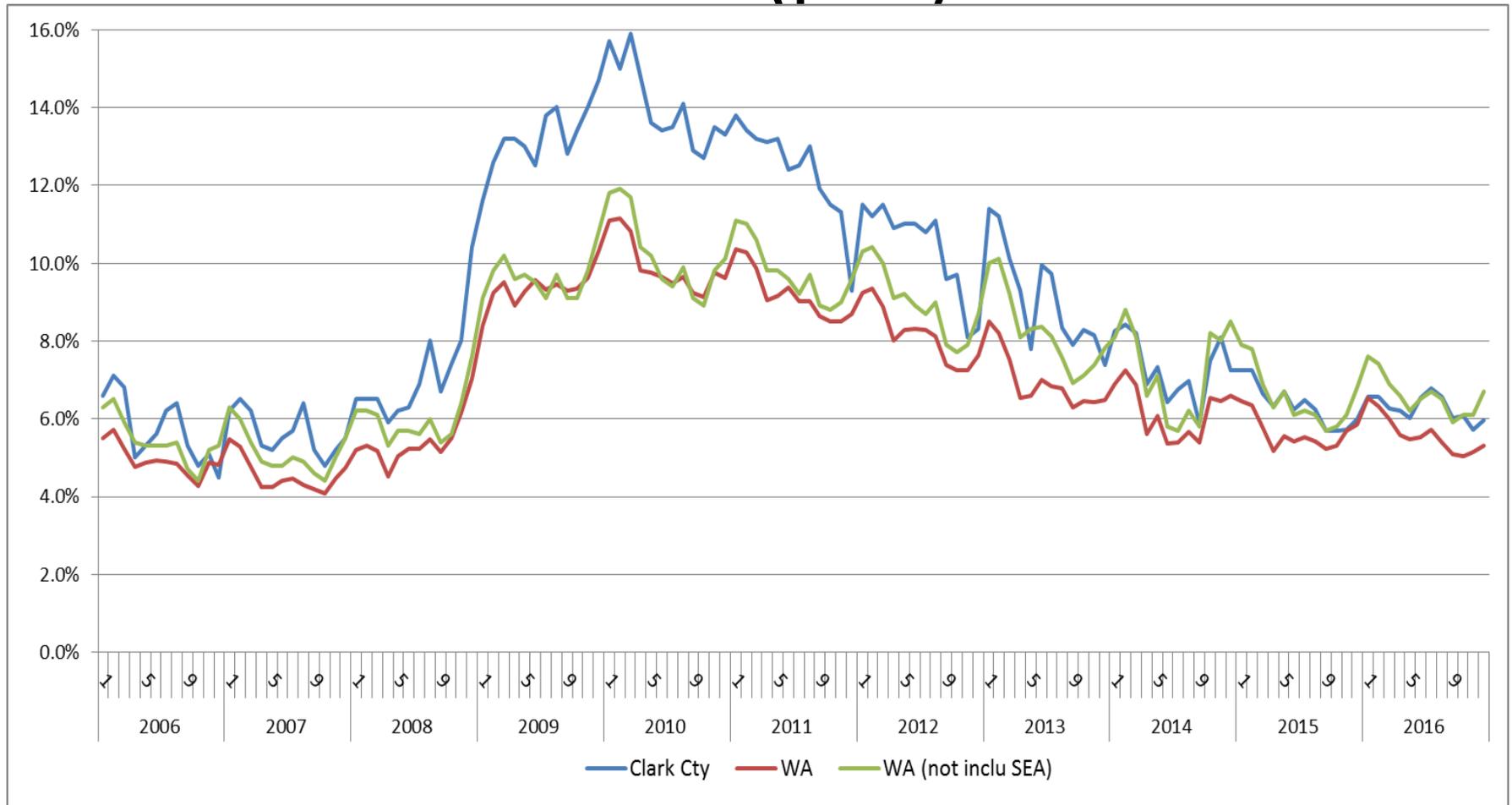
- Leading Indicators pgs. 2-5
  - Retail Sales, Building Permits, Home Sales, Inflation, Unemployment, Jail Bed Days.
- Revenue and Expense Overview pgs. 6-8
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  - General Fund, Community Development, Road Fund, Health Department, Event Center, Central Support (Facilities)
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  - Ten years history



# Leading Indicators

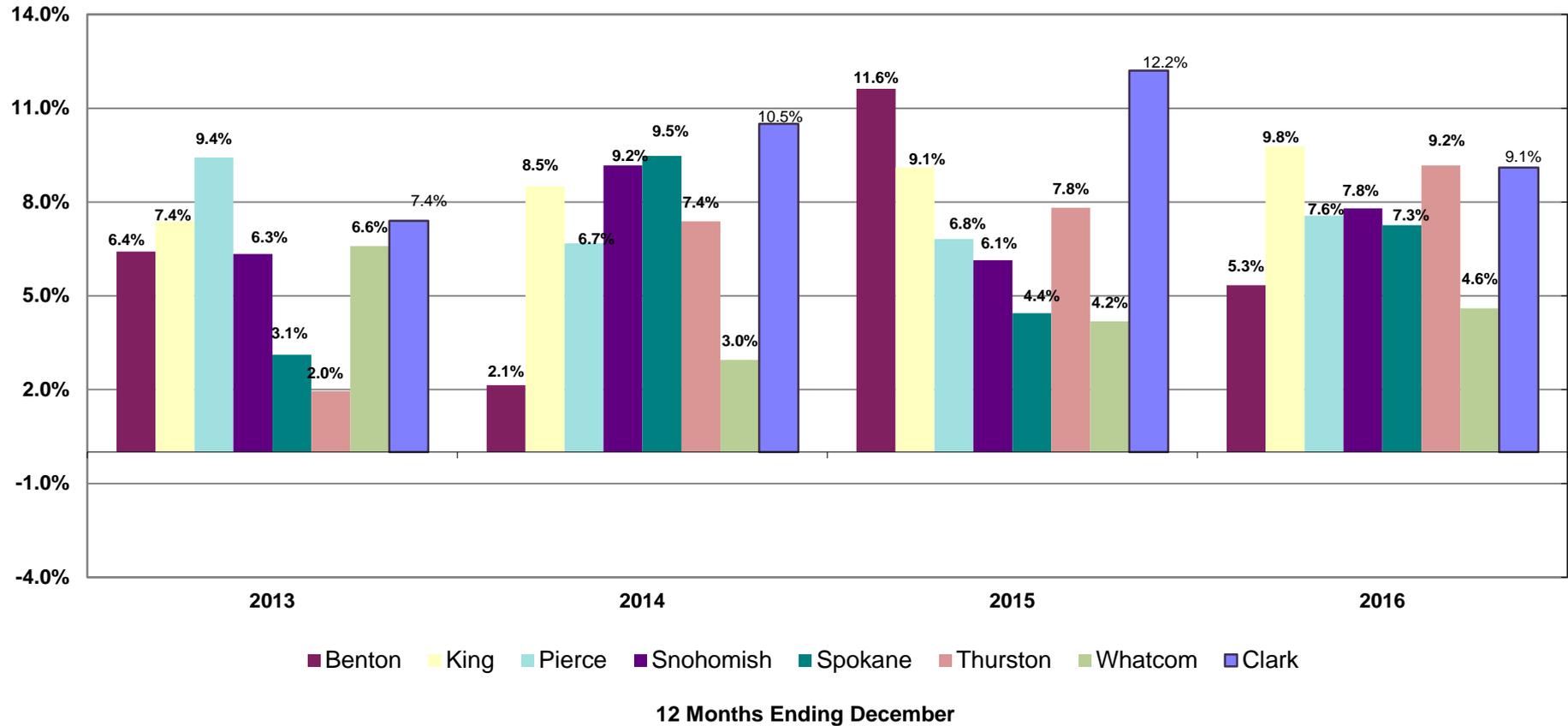
1. Building Permits (Higher)
2. Land Use Review Permits (Steady)
3. Median Home Sales Price (Higher)
4. Home Sales (Steady)
5. Employment (Steady)
6. Retail Sales (Slowing Growth)
7. Construction as a % of Retail Sales (Higher)

# County Unemployment Compared to State (p.5 )

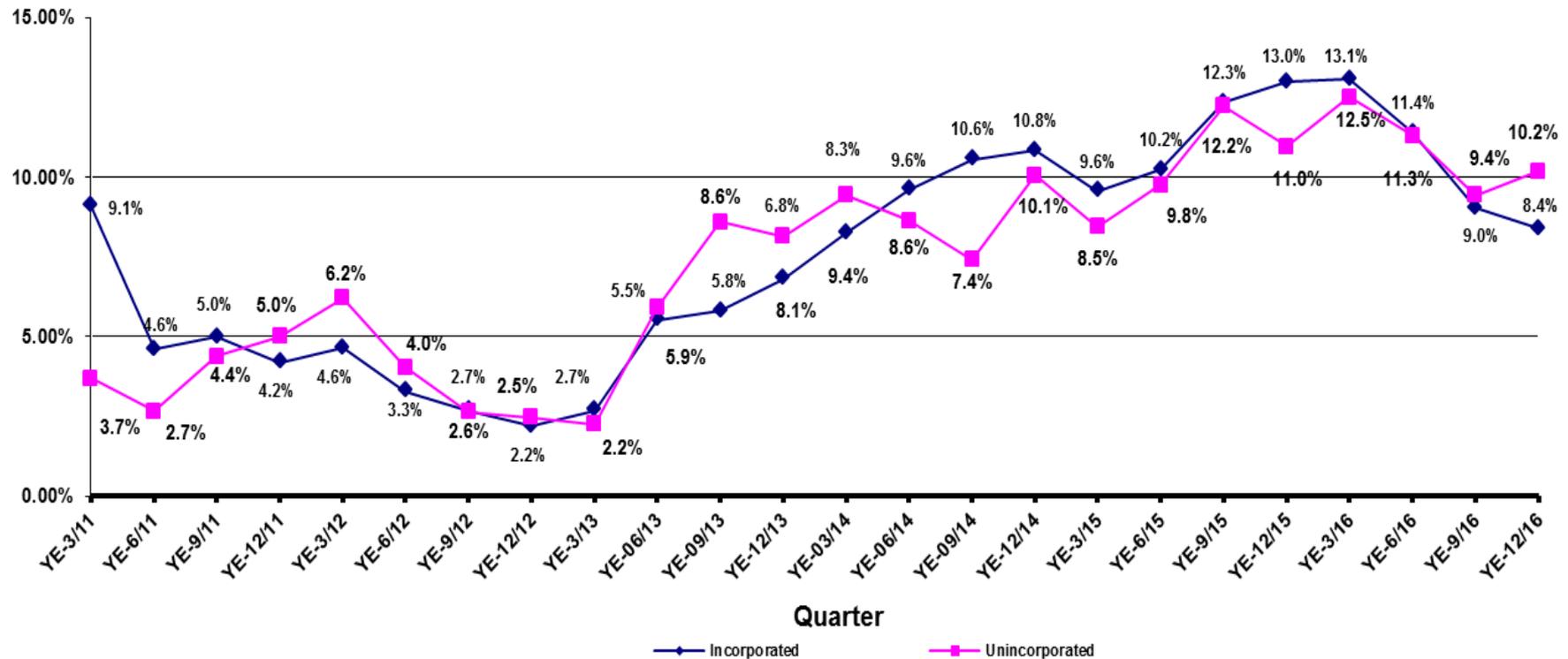


Source: Employment Security Department/LMEA; U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics

# Major County Retail Sales Growth (p.7)



# Clark County 12 Months Ending Retail Sales Growth/Decline (p.7 & 44)





# General Fund

- In 2016, total ongoing General Fund revenues were approximately the same as 2015, despite a 10.2% increase in sales tax and 1.9% increase in property tax. Increasing revenues offset decreases in courts, criminal justice, and other revenues.
- Revenues did come in slightly higher than the most recent forecast (11/16) by \$1.9M or 0.6%. Notable revenues exceeding forecast include property tax penalties and interest, timber sales, and environmental service fees.
- GF biennium-to-date expenses were approximately 98.3 percent of budget, generating approximately \$4.8M in expense savings for the biennium.



# General Fund Projected Fund Balance

Reconciliation from forecast fund balance to projected actual fund balance

General Fund Fund Balance Forecast (11/15)	\$25.3M
Revenue above forecast	\$1.9M 0.6% Biennial Revenue
Expense savings above forecast	
Salaries and benefits	\$1.0M 0.3% Biennial Expense
Supplies	\$2.0M 0.6% Biennial Expense
Services	\$1.0M 0.3% Biennial Expense
Reclass, Transfers	<u>\$0.8M 0.3% Biennial Expense</u>
Projected Ending Fund Balance (2/16)	\$32.0M

# Real Estate Excise Tax (REET)

- 2016 REET revenue \$10.9M
- Annual commitments (2017-2018):
  - debt \$6.7M
  - facilities \$1.0M
  - capital projects \$2.0M
- 2016 ending Fund Balance \$9.4M
- 2017 ending Fund Balance \$10.9M (forecast)
- Propose (draft) fund balance policy requiring minimum balance equal to 1 year's debt payments (currently \$6.5M)
- Budget proposal to use \$2.4M in REET to fund the telephone replacement project (in place of financing)



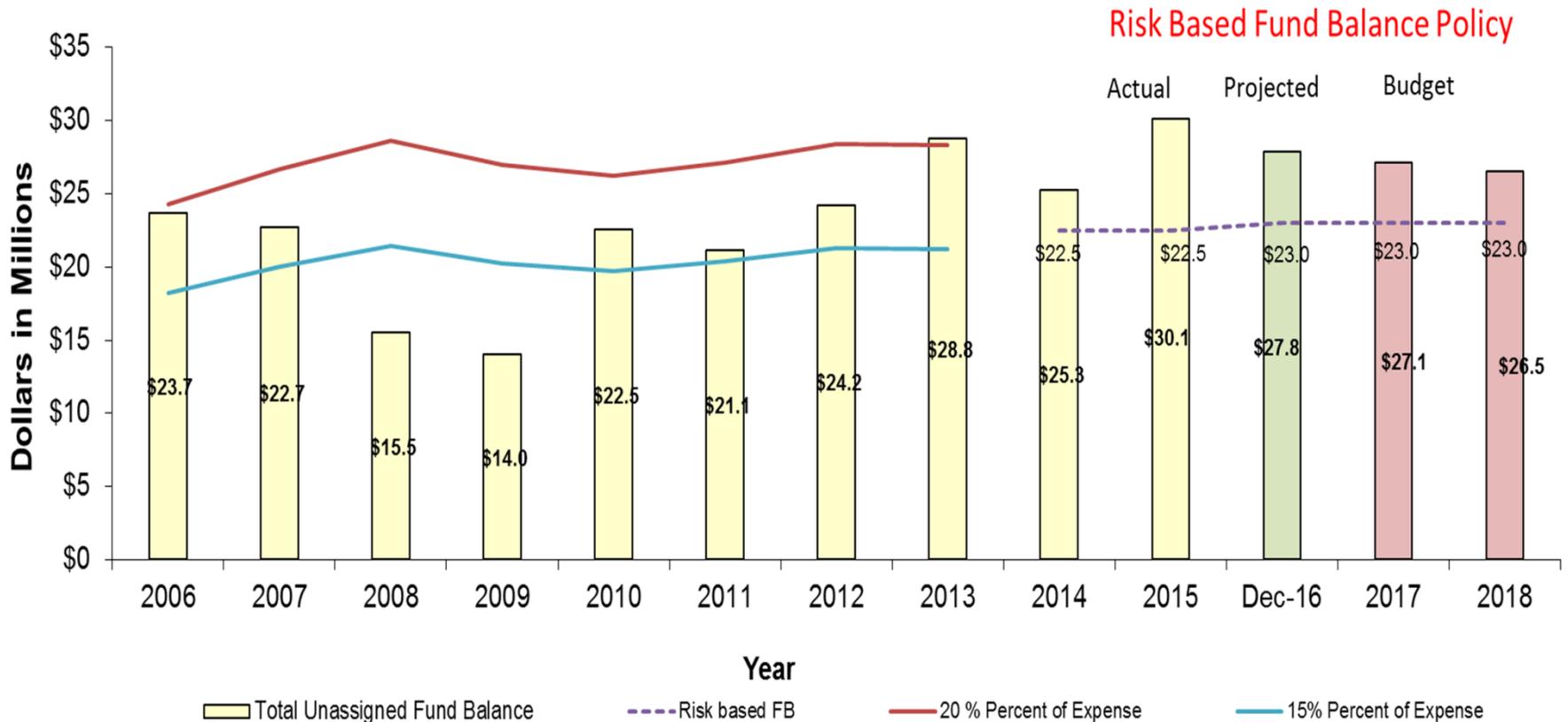
# Use of Projected Fund Balances

Opportunities due to REET and General Fund fund balances

- Combining the use of available REET and General Fund fund balance will allow the County to pay for its budgeted 2017-2018 one-time capital projects without financing.
- Request using \$2.4M of REET to fund the telephone replacement project. The General Fund share would have been \$1.7M.
- Request Council approval to assignment \$4.2M of General Fund fund balance for 2017-2018 budgeted one-time capital projects. (The share for General Fund and funds that receive significant General Fund subsidies.)
- The use of REET and fund balance to pay for 2017-2018 one-time capital projects will help improve subsequent budgets by eliminating related future debt payments.
- Of the remaining fund balance, \$1.3M is budgeted to be used in 2017-2018.

# General Fund (p.9-10 & 45)

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





# Other Major Funds (p. 11-17)

- Department of Community Development
  - Community Development fund balance increased by \$1.9M from 2015 and remains solid at \$6.7M
  - YTD DCD revenue, not including transfer, was \$10.3M, \$2.1M more than in the same period of 2015:
    - \$8.2M of revenue was from Building activities and
    - \$821.7K in revenue was attributed to Land Use Revenue
  - The GF obligation to DCD is \$73.5K , after transfer of \$190.0K was made in 3<sup>rd</sup> quarter
- Road Fund
  - Road Fund BTD operating revenues were 94.6% of budget while expenses was at 87.7%.
  - Road Fund fund balance decreased by \$16.3M during 2015-2016 biennium.
  - Based on the six year Transportation Improvement Plan (TIP), Road Fund fund balance is committed to a variety of projects and an increase in road preservation and maintenance.
  - The current TIP relies on impact fees. There have been approximately \$5.2M in impact fee waivers granted.
- Event Center
  - The Event Center fund balance increased and reached \$550.0K at the end of 2016 .
  - BTD revenue was at 99.5% of budget, expenditures was below budget at 90.6%
  - The Fair contributed \$504.0K to fund balance in 2015 and \$724.0K in 2016

# Summary

- Economic indicators are steady or continue to show incremental improvement. The retail sale taxes growth rate is beginning to decline. There has been minimal overall growth in General Fund revenues.
- General Fund and REET fund balances are sufficient to pay for one-time capital projects without financing. Request is to use REET funds accordingly, and assign \$4.2M in General Fund fund balance for this purpose.
- Projected ending General Fund fund balance will comply with the County fund balance policy.

A copy of the complete fourth quarter financial report may be obtained at:

<http://www.clark.wa.gov/auditor/financial/finreports.html>