



- Today's work session:
  - **General Fund overview of 2013 – 2014 budget**
  - **General Fund actual performance through September 2013**
  - **General Fund projections through 2014**
  - **National and regional economic outlook**

**2013 – 2014 spending plan**

▪ <b>Planned expenses</b>	<b>\$300.5 million</b>
▪ <b>Planned revenues</b>	
2013-2014 revenues	\$289.8 million
Reserves	\$10.7 million
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	<b>\$300.5 million</b>

**Actual experience (January – September 2013)**

▪ <b>Budget capacity not spent</b>	<b>+\$2.6 million</b>
(expense savings)	
▪ <b>Revenue not received</b>	<b>-\$0.1 million</b>
(below projections)	
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	<b>+\$2.5 million</b>

## General Fund 2013 – 2014

# Revenue detail

- Sales tax +0.6 million (3.6%) more than projected
- Property tax +0.3 million (0.9%) more than projected
- Other revenues less than projected (e.g. liquor excise tax, state jail reimbursements due to state cuts)

## Projected 2013 – 2014 revenues and expenses

■ <b>Budget capacity not spent</b>	<b>+\$4.3 million</b>
(expense savings)	
■ <b>Revenue</b>	<b>+\$0.1 million</b>
(above projections)	
	<hr/>
	<b>+\$4.4 million</b>

**Use of reserves**

▪ <b>Planned in Dec. 2012</b>	<b>\$10.7 million</b>
▪ <b>Projected savings 2013-14</b>	<b>-\$4.4 million</b>
	<hr/>
▪ <b>Projected reserves needed 2013-14</b>	<b>\$6.3 million</b>

## General Fund expenses

- Real Estate Excise Tax improved; reduced need for General Fund to pay debt
- Department requests for 2014
- BOCC to decide on “must haves” Dec. 2013



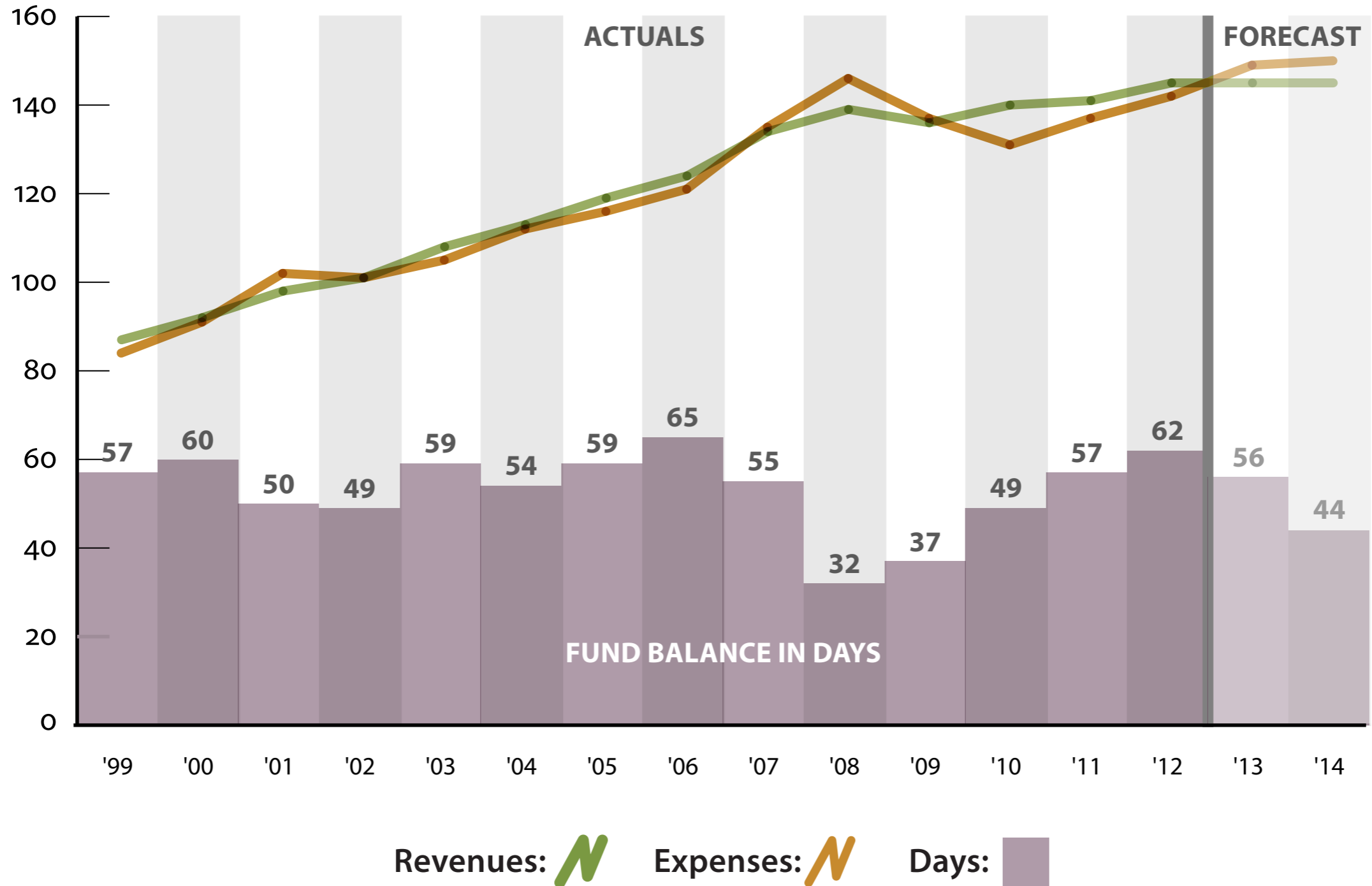
## General Fund 2013 – 2014

# Summary

- January 2013 fund balance = \$24.2 million = 62 days
- If trend holds, ending fund balance = \$18 million = 44 days
- BOCC to explore optimal fund balance policy

# General Fund 2013 – 2014

## Projected fund balance





## ECONOMIC INDICATORS

# Economic outlook

- Economic outlook
  - National and regional—moderate growth
  - Steady, moderate improvement in housing
- Downside
  - The federal sequester and 16-day government shutdown slowed growth and reduced consumer confidence
  - Risk of federal spending cuts/tax increases to address deficit/debt
  - Risk of higher interest rates in 2014
  - Risk of slowdown from Eurozone and Chinese economies

## ECONOMIC INDICATORS

### National indicators

- 2.5% growth first half 2013, may slow down in second half  
(3% = typical, 5-6% = strong growth)
- Job growth is still weak = 148k new jobs in September  
(growth = 200k/month; avg. last 12 months = 185k/month)
- Consumer confidence index = 71.2 as of October 2013  
(strong growth >100, healthy >90 )

## ECONOMIC INDICATORS

# Clark County indicators: jobs

- Jobs increased 2.4% within the last year
- Jobs in construction (+7.7%), business services (+5.5%), information services (+8.3%), manufacturing (+3.9%)
- Unemployment rate hovering around 10%

## ECONOMIC INDICATORS

# Clark County indicators: housing market

- September sales up 26%, median price of \$235,500 up 18.4% over last year (RMLS)
- September inventory at 4.7 months (healthy range = 4–7 months)
- August single-family permits up 31% from August 2012
- Real estate excise tax revenue is up 52% YTD through September
- Market may slow as:
  - Interest rates rise
  - Investors stop buying
  - Owners stop selling/defaulting as equity returns

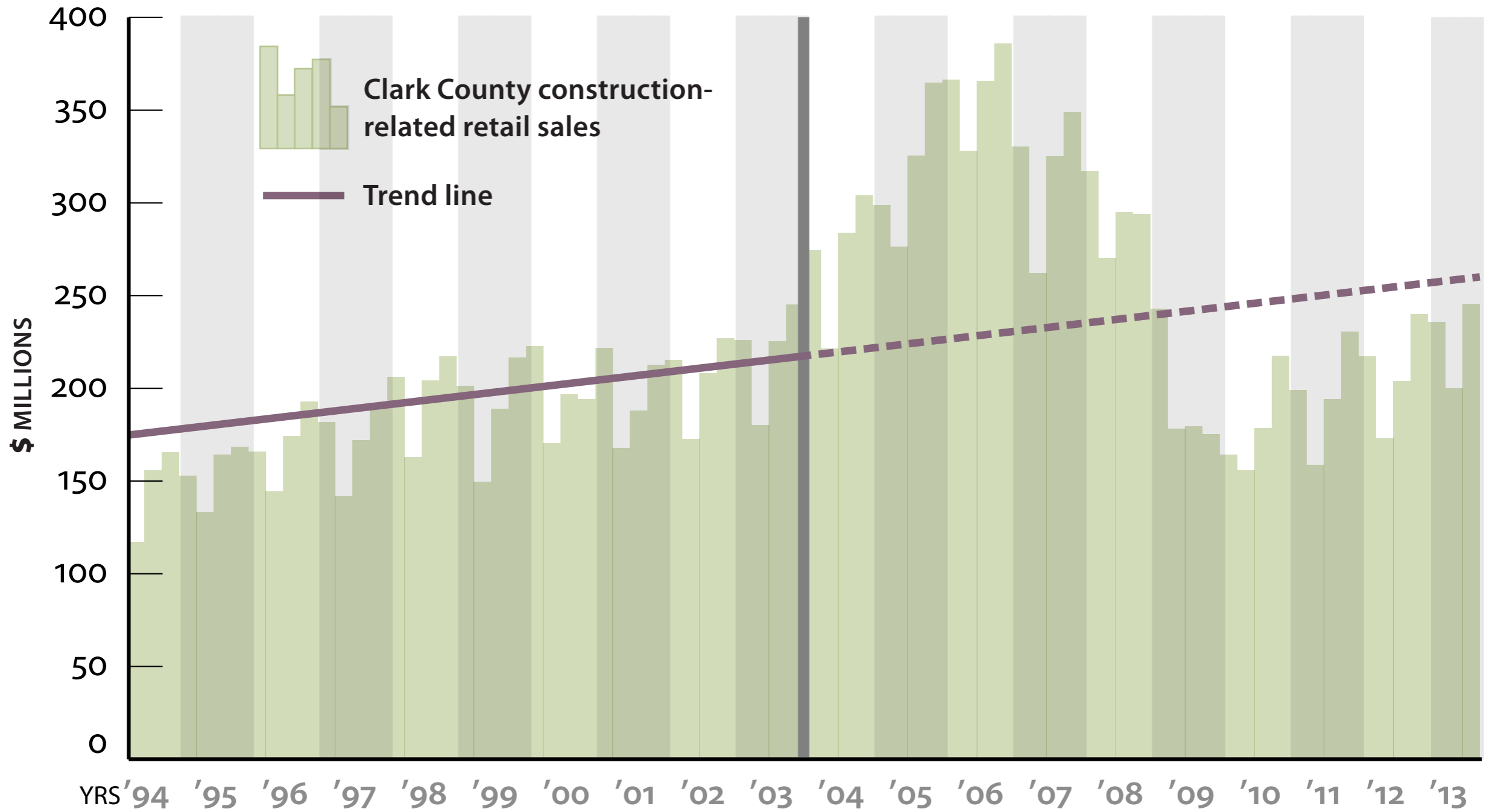
## ECONOMIC INDICATORS

# Clark County indicators: taxable retail sales

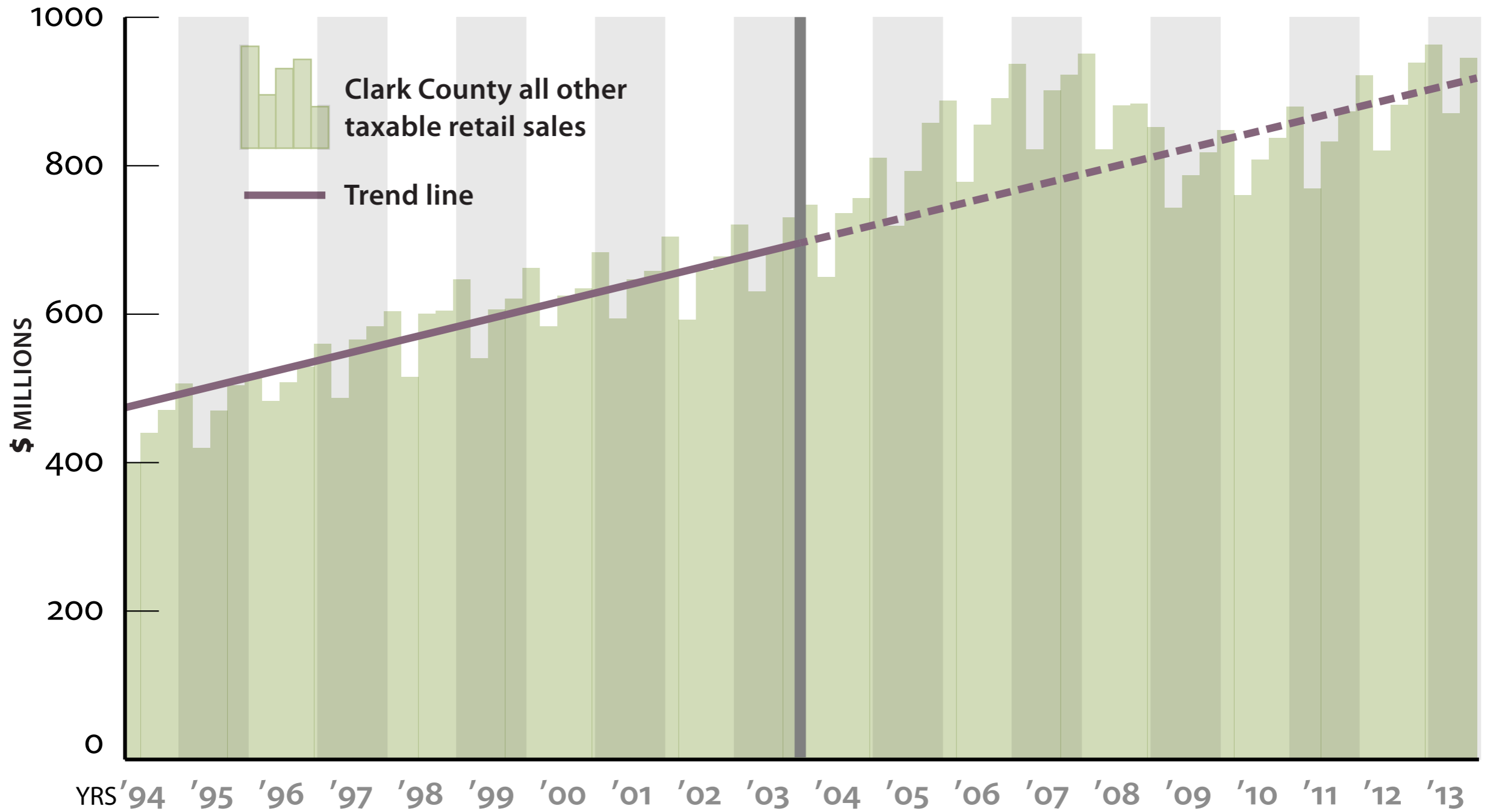
- Second quarter up 9.7% from previous year
- Motor vehicles up 13%, construction up 20%
- Current forecast 8% growth for 2013, followed by 3-4% growth in later years



# Construction-related taxable retail sales



# All other taxable retail sales in Clark County



# ECONOMIC INDICATORS

## Summary

- General Fund reserves declining
- Revenue right on target
- New expenses pose risk
- Underspending helps reduce risk

