

# Clark County

Budget and Economic Outlook  
Board of Clark County Commissioners  
Work Session  
August 6, 2014

# Today's Roadmap

- Overview of General Fund 2013-2014 budget (includes summer 2014 updates)
- General Fund actual performance through June 2014
- General Fund projections through end of 2014
- National and local economic outlook

# Work Session Summary

- 2013-14 General Fund budget planned to use \$11 million from unassigned reserves.
- Current forecast expects to use \$3.8 million.
- Year-end reserves are projected at 49 days or more.
- National and local economies continue improvement, consistent with county budget forecast.

# 2013-2014 General Fund Spending Plan

(millions)

|                              |                |
|------------------------------|----------------|
| ➤ Planned expenses           | <u>\$314.3</u> |
| ➤ Planned revenues           | <u>\$314.3</u> |
| ➤ 2013-2014 revenues         | \$298.6        |
| ➤ Reserves – dedicated funds | \$4.7          |
| ➤ Reserves – unassigned      | \$11.0         |

# 2013-2014 General Fund projections

## ➤ Revenues

- Overall \$1.2 million above forecast
- Above forecast: sales tax, property tax, timber sales, motor vehicle fees
- Below forecast: Court fees and penalties, misc. revenues

## ➤ Expenses

- \$4.2 million actual savings by June 2014
- \$6.0 million total savings projected by December 2014

**2013-2014 General Fund**  
**Current status for unassigned reserves**  
**(millions)**

|                            |                   |
|----------------------------|-------------------|
| January 2013               | +\$24.5 (62 days) |
|                            | <hr/>             |
| Included in current budget | -\$11.0           |
| Projected savings          | +7.2              |
|                            | <hr/>             |
| December 2014              | +\$20.7 (49 days) |

*Savings could be greater, in which case the targeted fund balance could be achieved by end of 2014 (52 days).*

# Economy under recovery

- Global economy strengthened but remains uneven.
- US economy continues moderate growth, with positive indicators for consumer confidence, retail sales and jobs.
- GDP declined in the first quarter (likely due to bad weather), but rebounded in the second quarter.
- Housing market slowed down but is still up from 2013.

# Clark County Economy

➤ Clark County added 5,800 jobs in the past 12 months, with a strong annual growth rate of 4.2%.

(US = 1.8%, WA State = 2.8%, Portland Metro = 3.3%)

➤ May 2014 unemployment rate was 6.9%.

(US = 6.1%, WA State = 5.6%, Portland Metro = 6.1%)

➤ Jobs lost in the recession in construction and manufacturing were replaced by job gains in health care and social assistance.



# Clark County Economy

- Housing inventory was healthy at 3.9 months of supply in June 2014.
  
- Median home sale price was \$244,000 in June 2014, up 10.2% from June 2013.
  
- Countywide residential building permits issued year-to-date in June 2014, compared with the same months in 2013:
  - Single family were 835, compared with 834.
  - Multi-family were 290, compared with 632 (however still higher than the 10-year historical average).
  
- Countywide taxable retail sales rose 7.9% in the first quarter of 2014, compared with the first quarter of 2013.
  - 20% growth for construction related sales.

# Risks remain

- Although diminished, some risks remain:
  - Global recovery remains uneven among countries.
  - Growth in emerging markets is threatened by tight fiscal conditions and capital flow issues.
  - Reductions in Federal Reserve stimulus may slow growth.
  - Inflation may rise.
  - Geopolitical risks could drive oil price increases & weaken financial markets.