




---

## BUDGET & FINANCE

---

### MEMORANDUM

**To:** Scott Somers, County Manager,  
Clatsop County Board of Commissioners, and  
Citizens of Clatsop County

**From:** Aaron BeMiller, Budget and Finance Director 

**CC:** County Department Director's and Staff

**Date:** November 13, 2013

**Subject:** 1<sup>st</sup> Quarter Financial Report for Fiscal Year 2013 / 2014

---

Board of County Commission and citizens of Clatsop County,

Submitted herein is the 1<sup>st</sup> Quarter Financial Report for the 2013 / 2014 fiscal year. The quarterly financial report is an important new initiative for the County and is another demonstration of the County's commitment toward transparency in government. The quarterly report presents to the Board of Commissioners high level information regarding the fiscal standing of the County and informs on any conditions where the County's Budget and Finance Department is particularly mindful.

This quarterly report also includes a financial overview of the County's General Fund. As you are aware, the General Fund is made up of mostly discretionary revenue which can be used for any governmental purpose. Because of this the General Fund usually garners the most attention during the budget process. Furthermore, the General Fund is typically the fund which is looked upon by rating agencies and banks to determine the overall financial health of the County.

The quarterly reporting initiative is a significant step in the continuing maturity of the overall County reporting structure. The information contained in these reports will help guide County leadership on decision making processes both in the current year and in future budgeting processes.

I look forward to any feedback you would like to offer on the initiative itself or the information presented.

# CLATSOP COUNTY 1<sup>st</sup> QUARTER REPORT



**FISCAL YEAR 2013 / 2014**

**PRESENTED TO THE  
BOARD OF COMMISSIONERS ON  
NOVEMBER 13, 2013**

# 1<sup>st</sup> Quarter Overall Rating: 6 out of 10



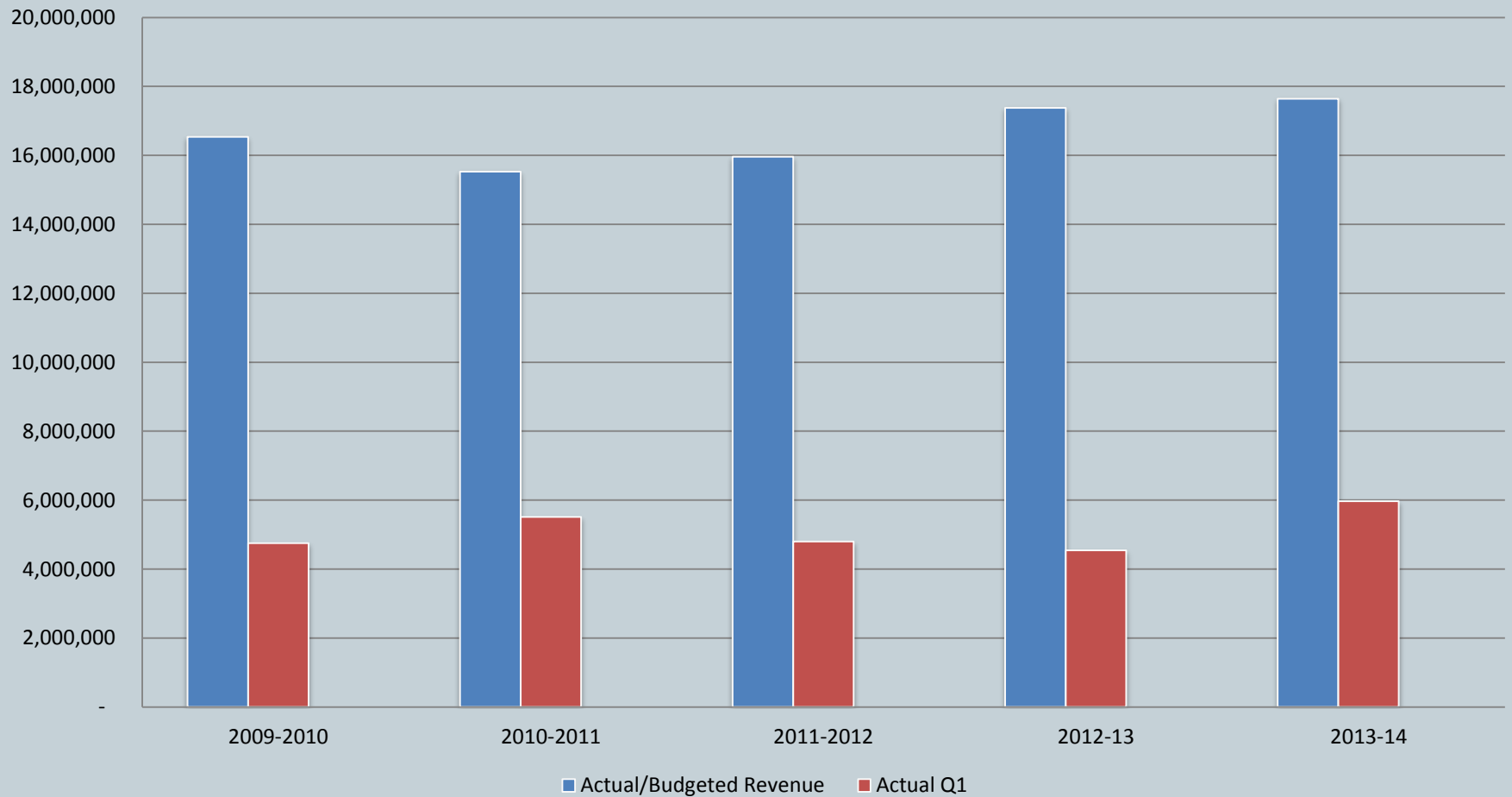
## Positives:

- General Fund expenditures and revenues are *generally* in line with expectations.
- All other funds expenditure and revenue patterns in line with expectations.
- No reasons for “excitement” from either a positive or negative point of view in any fund, *at this time*.

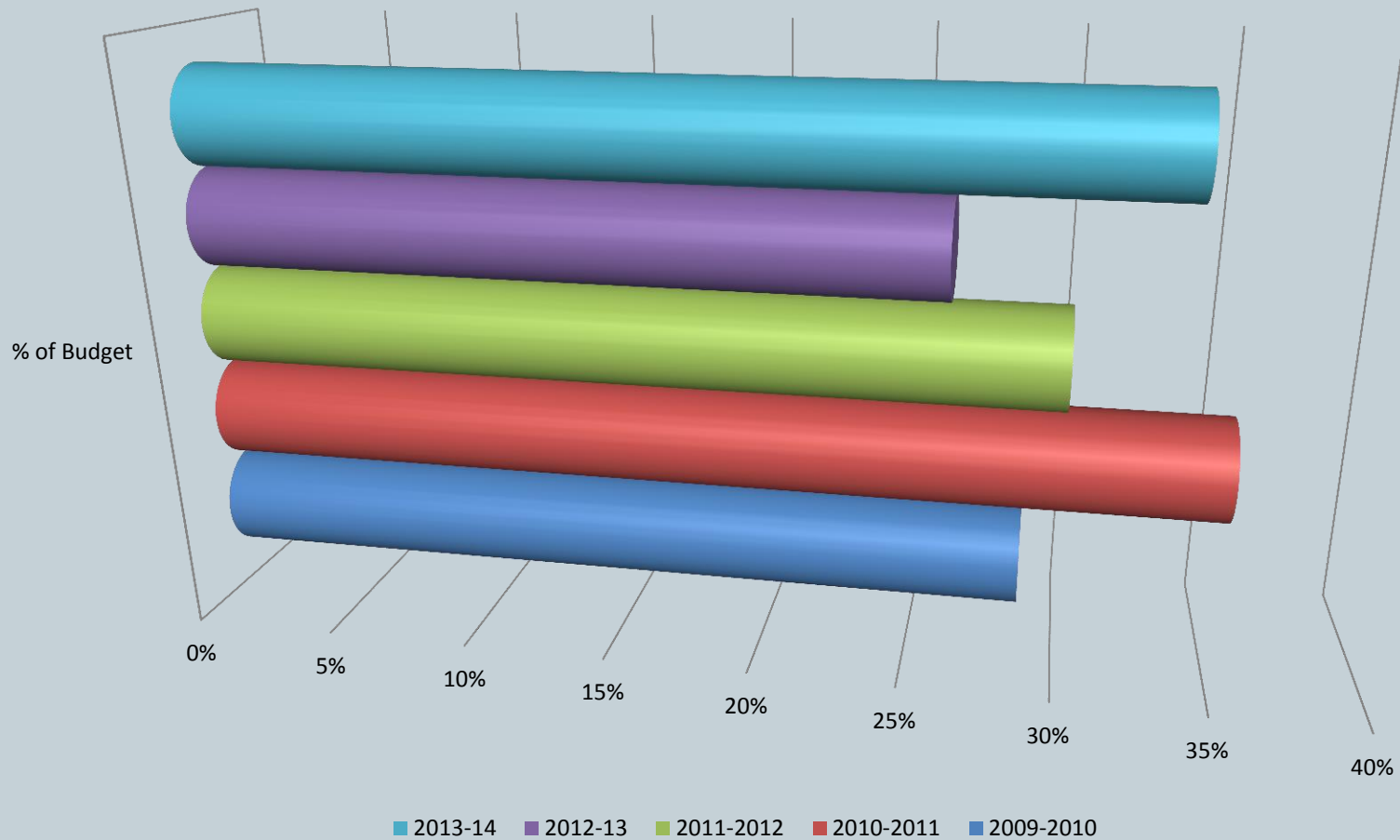
## Concerns:

- Medical costs county-wide are projected to be higher than budgeted.
- Overall General Fund balance and budgeted use of fund balance reserves this year.
- Mindful watch of resources and expenses in 2<sup>nd</sup> half of fiscal year.

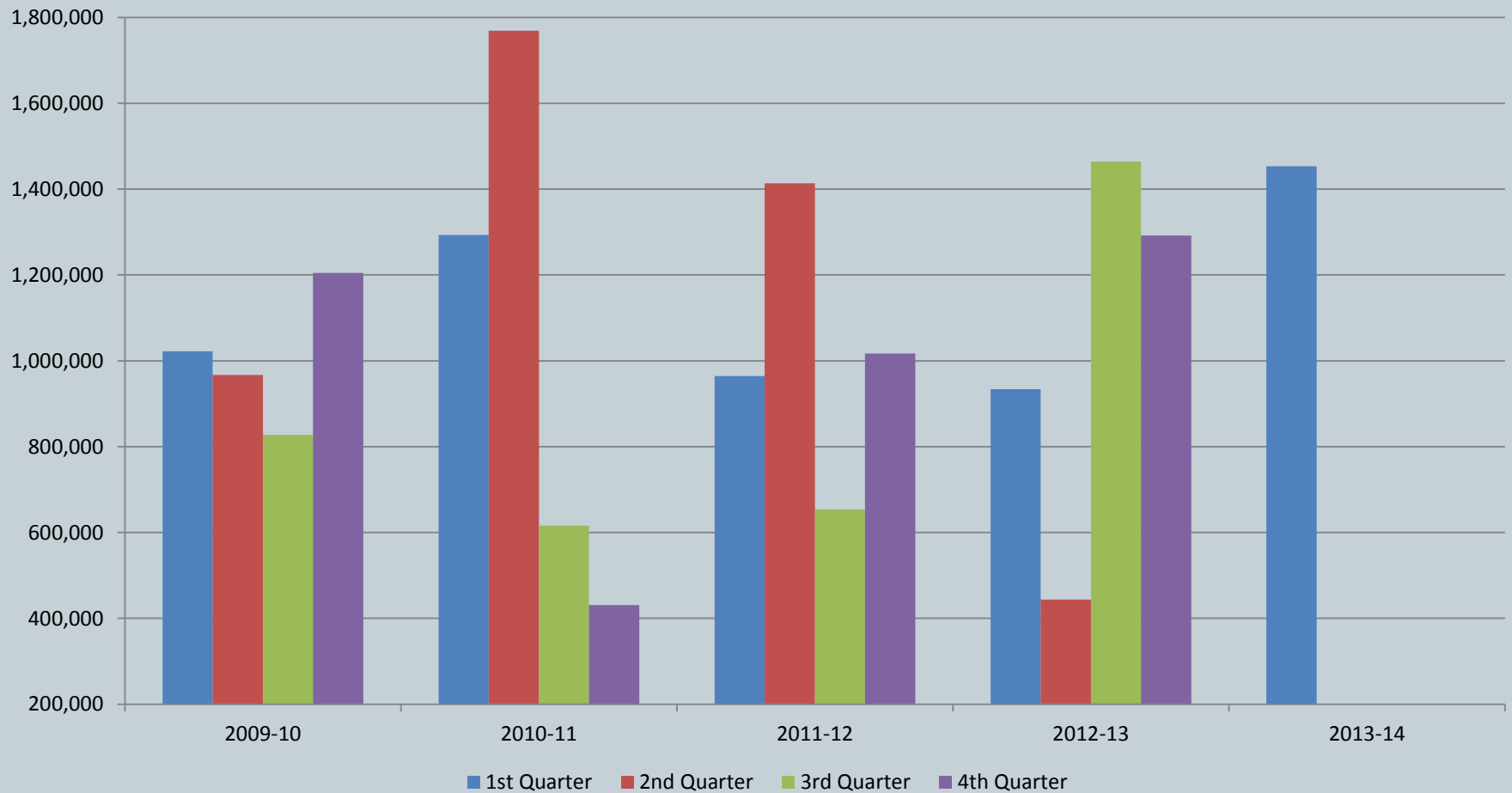
# 1st Quarter: General Fund Revenue Collections



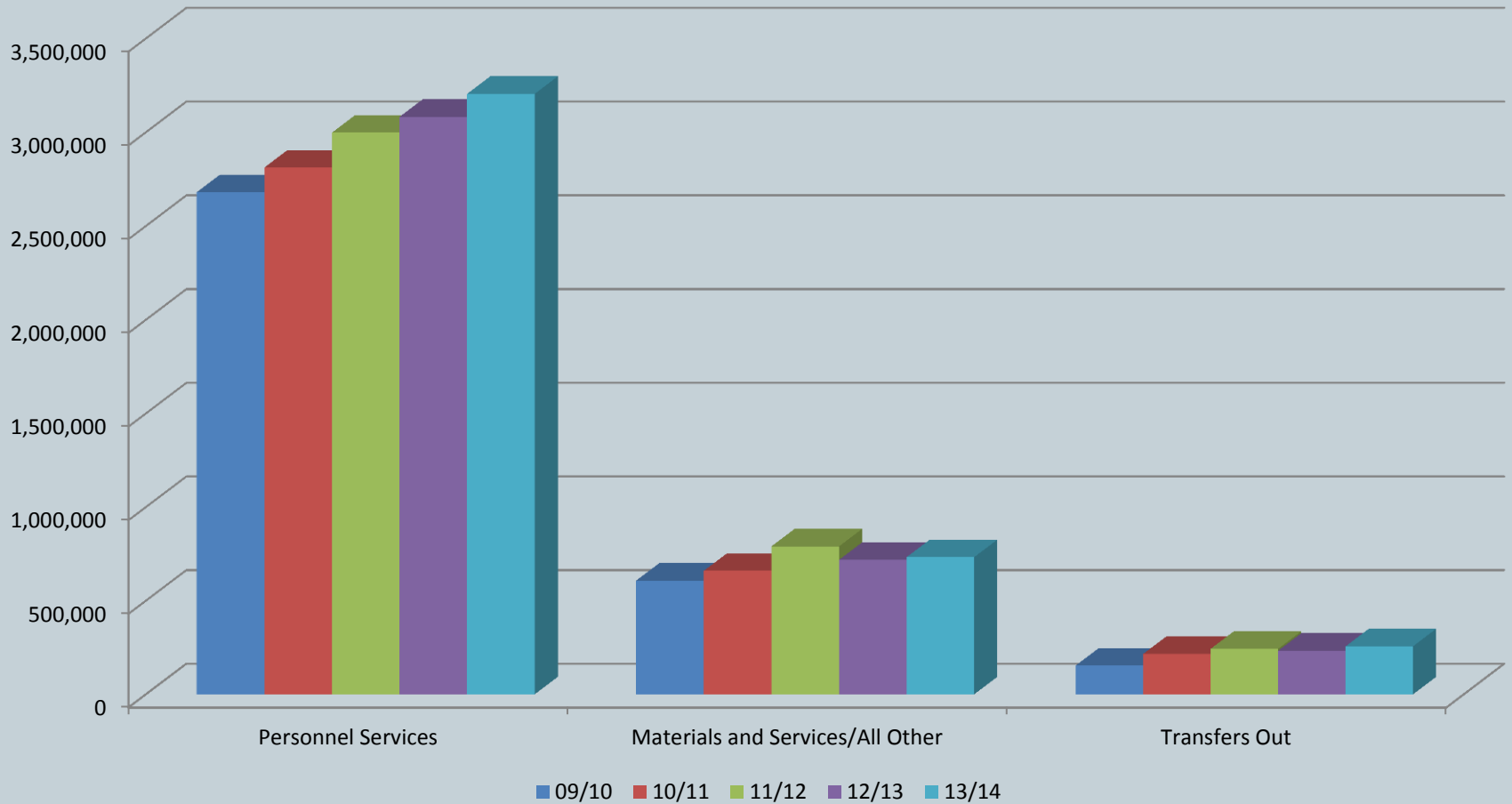
# 1<sup>st</sup> Quarter: GF Revenue Collected as a Percent of Budget



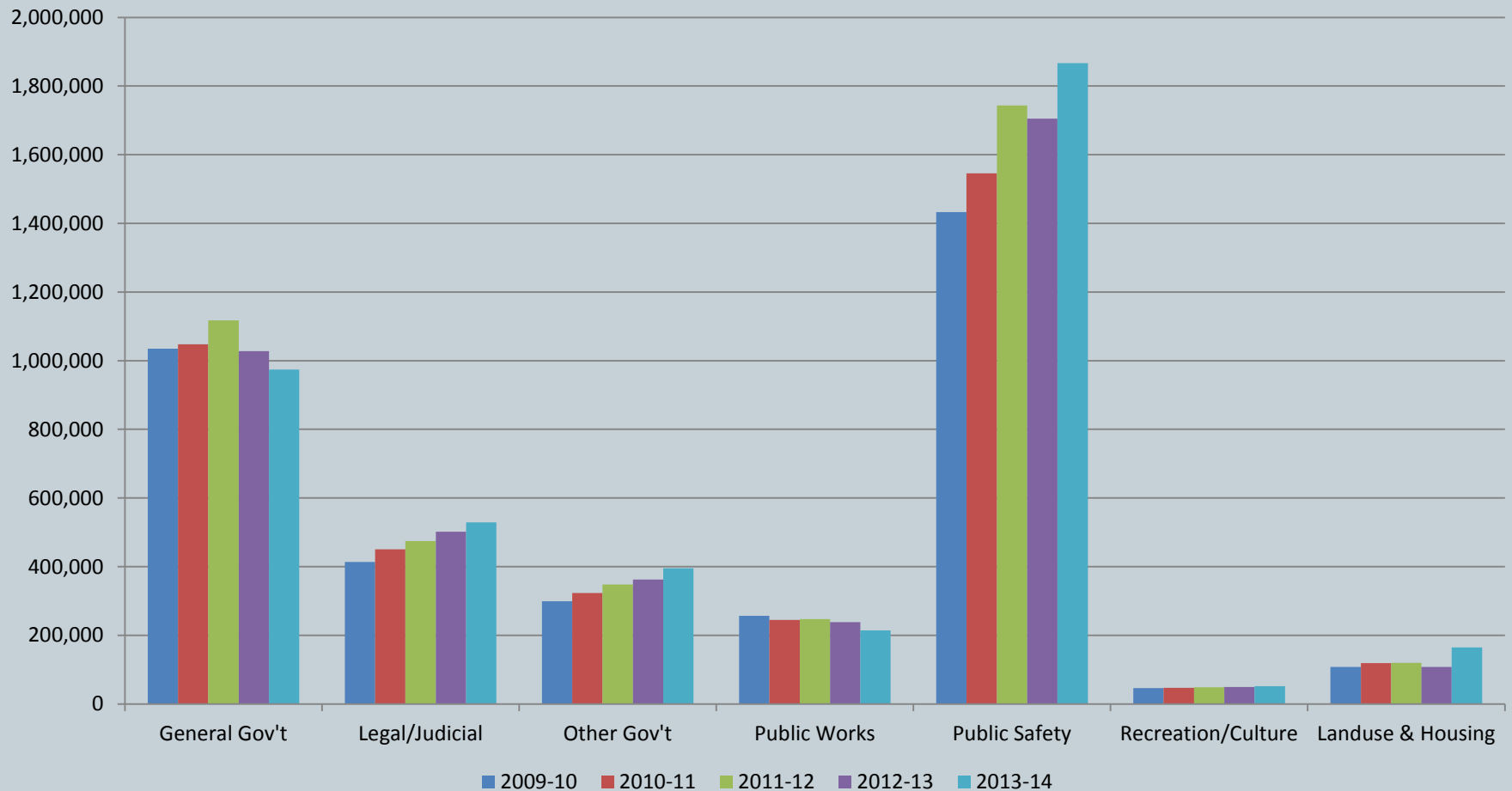
# 1<sup>st</sup> Quarter: Quarterly Timber Revenue Comparison



# 1<sup>st</sup> Quarter: GF Expenses by Category

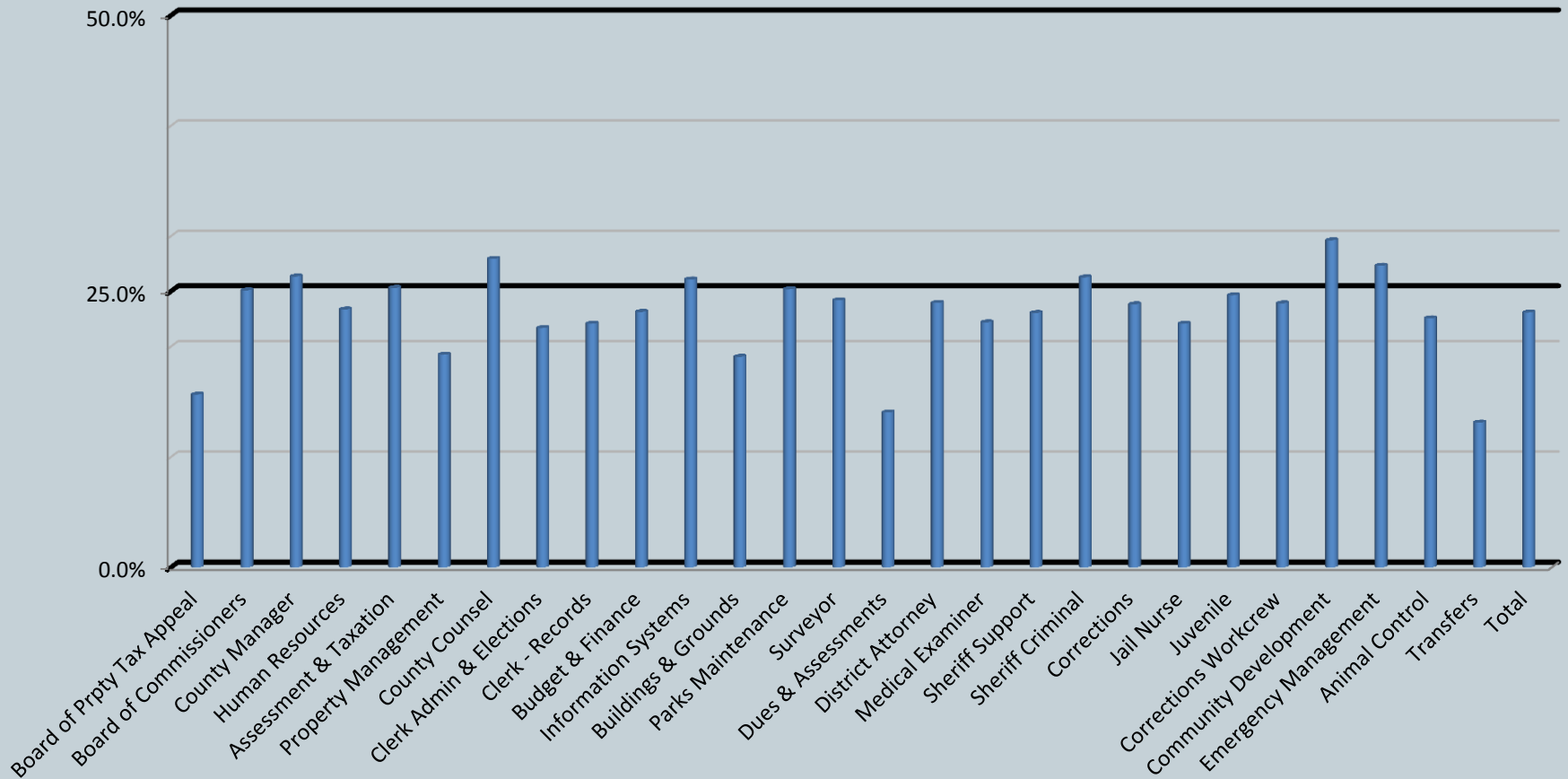


# 1<sup>st</sup> Quarter: GF Expense by Functional Area

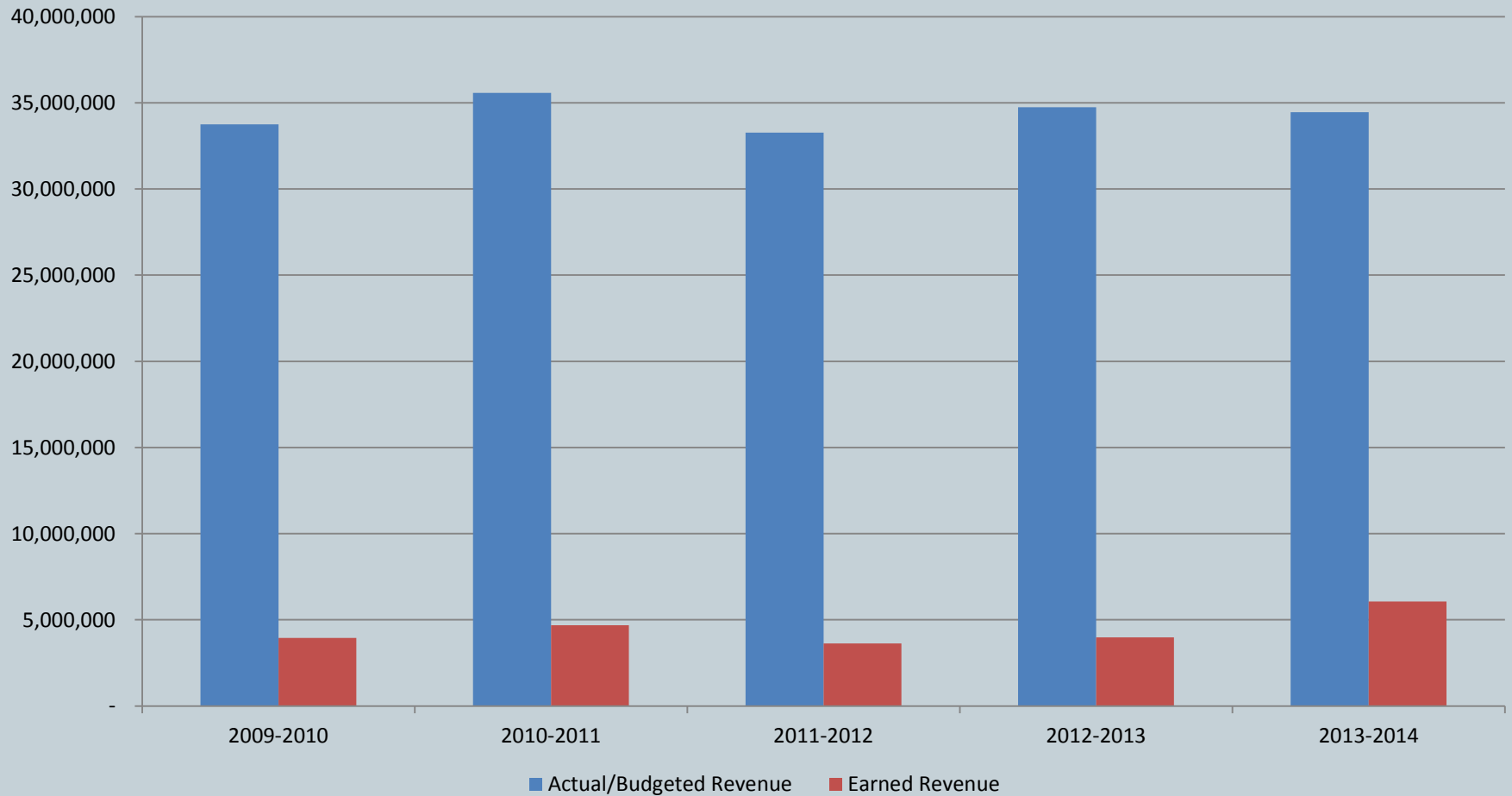




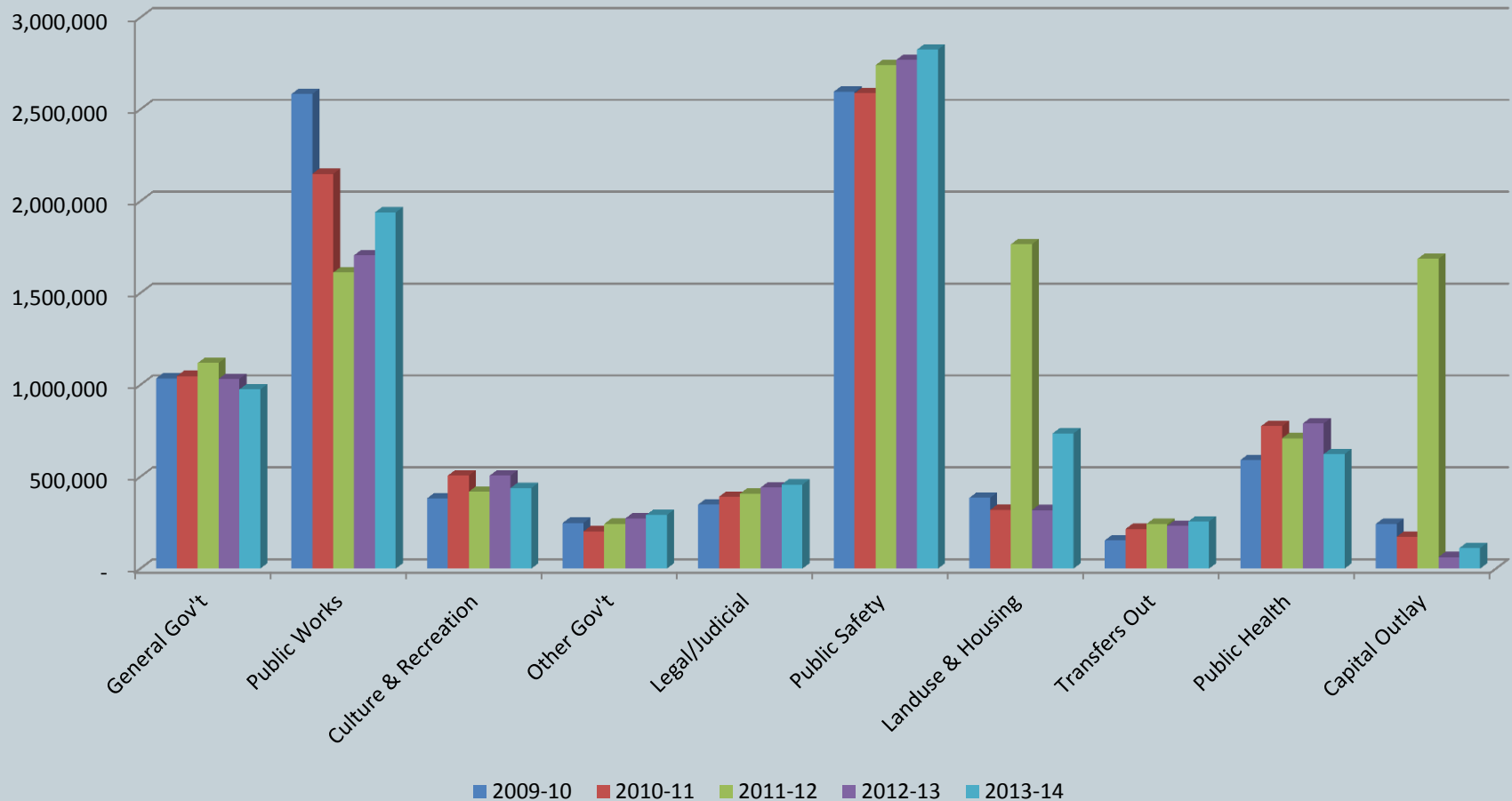
# 1<sup>st</sup> Quarter: GF Org Units Percent Expense



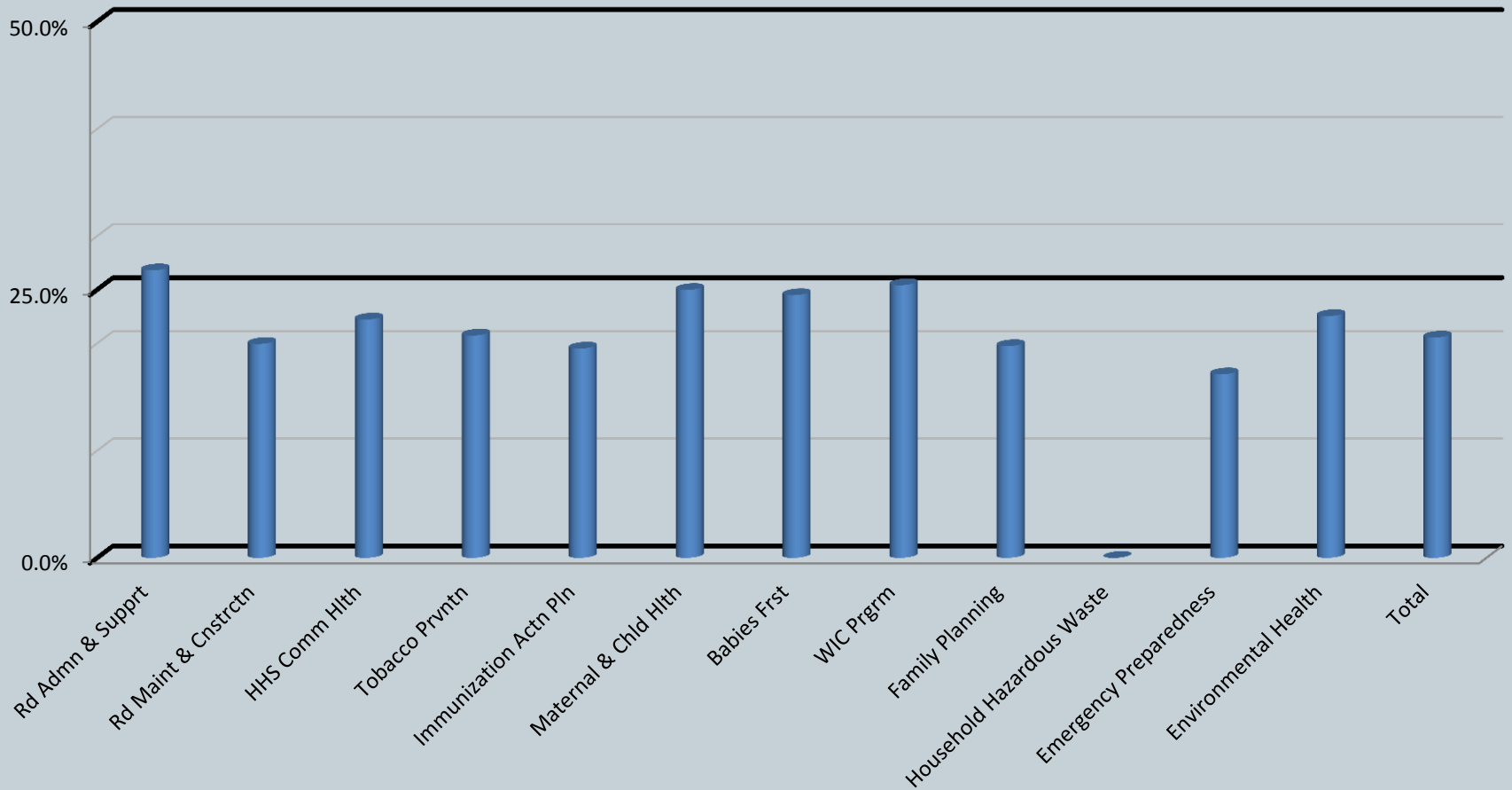
# 1<sup>st</sup> Quarter: All Funds Revenue Collections (Does not include transfers from GF)



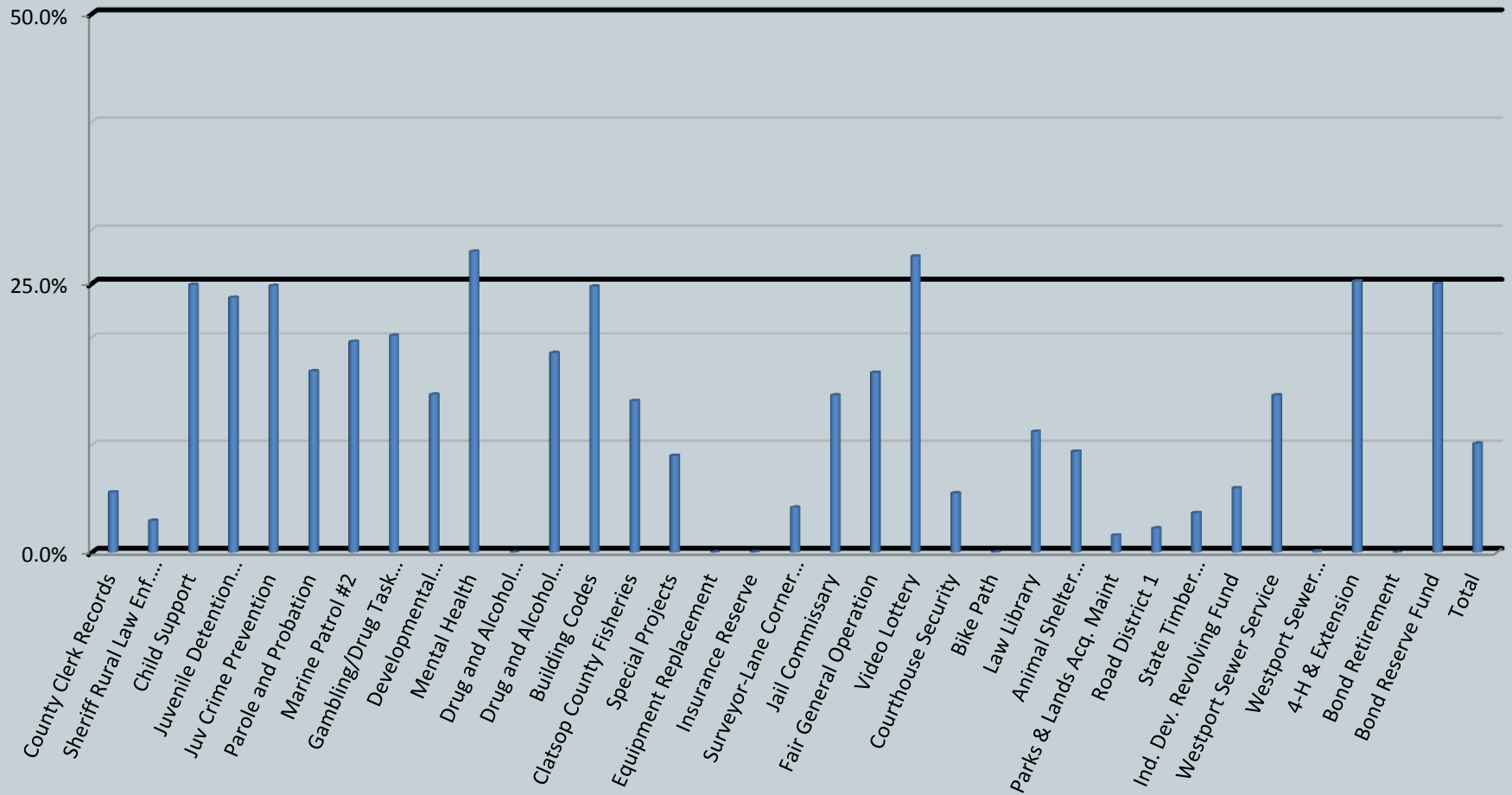
# 1<sup>st</sup> Quarter: All Funds Expense by Functional Area



# 1<sup>st</sup> Quarter: Roads and Public Health Percent Expense



# 1<sup>st</sup> Quarter: All Other Funds Percent Expense



# 1<sup>st</sup> Quarter: Conclusion/Take Away



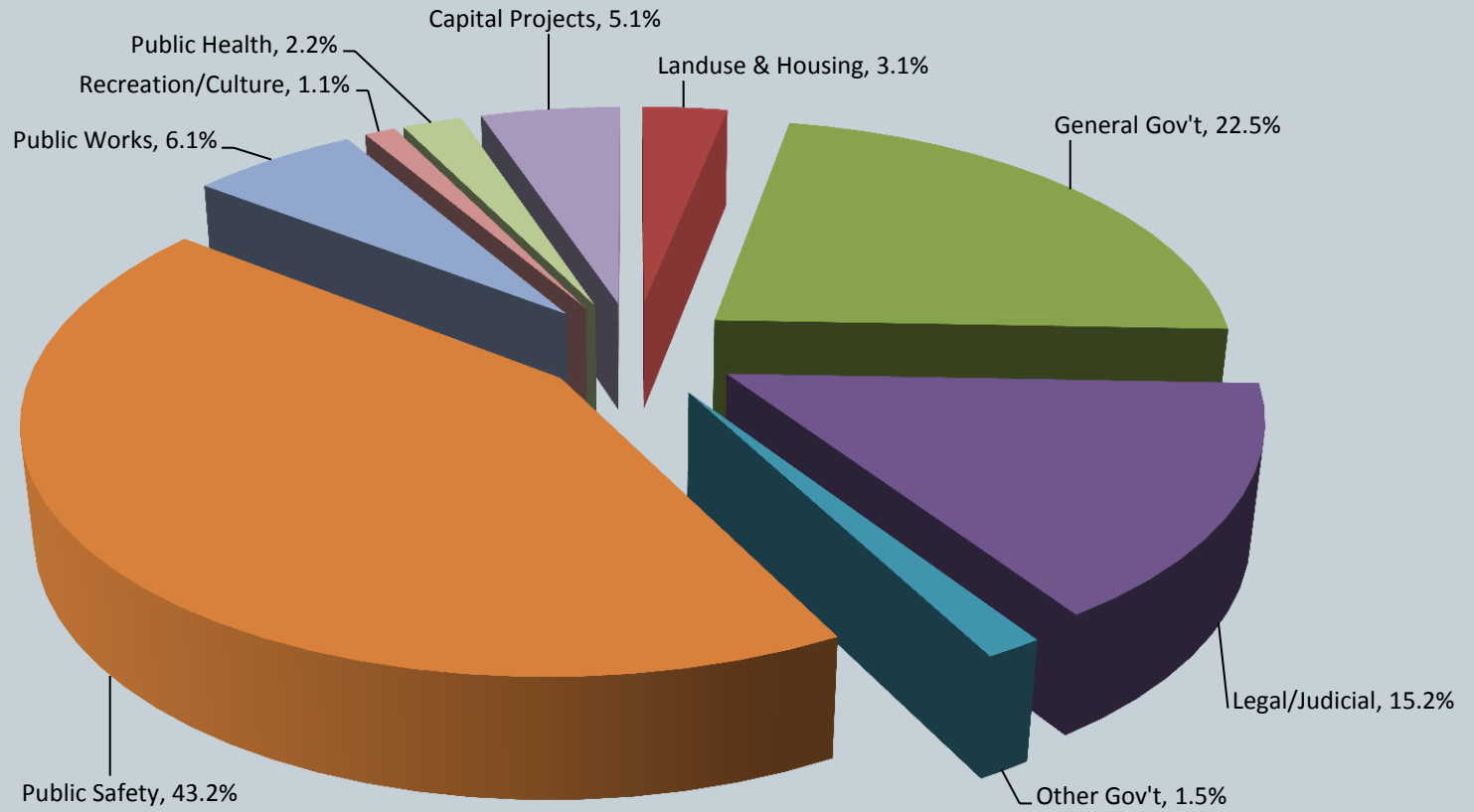
- Overall, 1<sup>st</sup> quarter county expenses and revenues are in line with expectations.
- Budget and Finance will continue to monitor expenditure patterns and revenue receipts.
- Continue to analyze potential cost savings, especially in the General Fund to mitigate reliance of GF fund balance in this fiscal year.

# FINANCIAL OVERVIEW



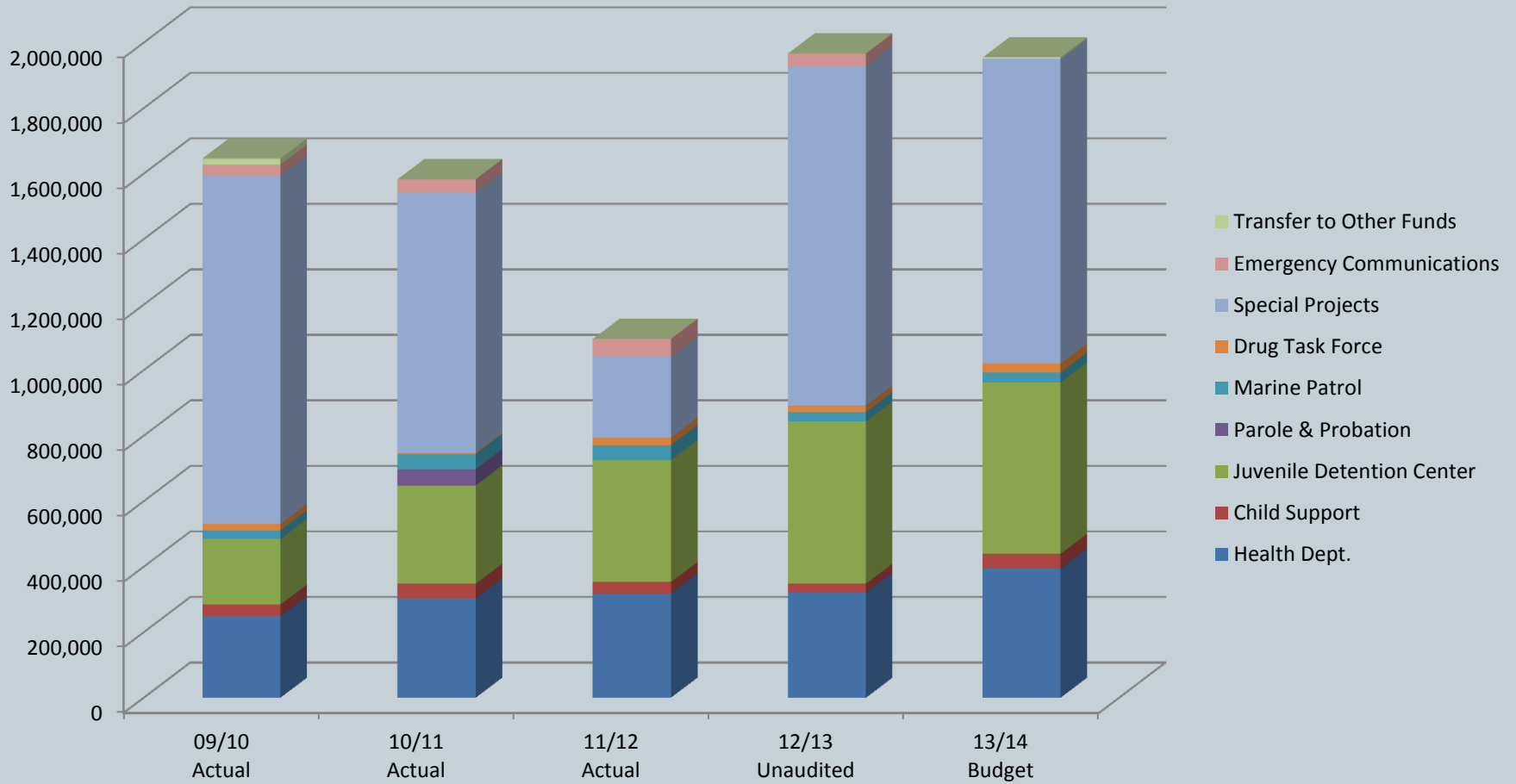
**GENERAL FUND**

# 13/14 Budgeted General Fund Expense by Function

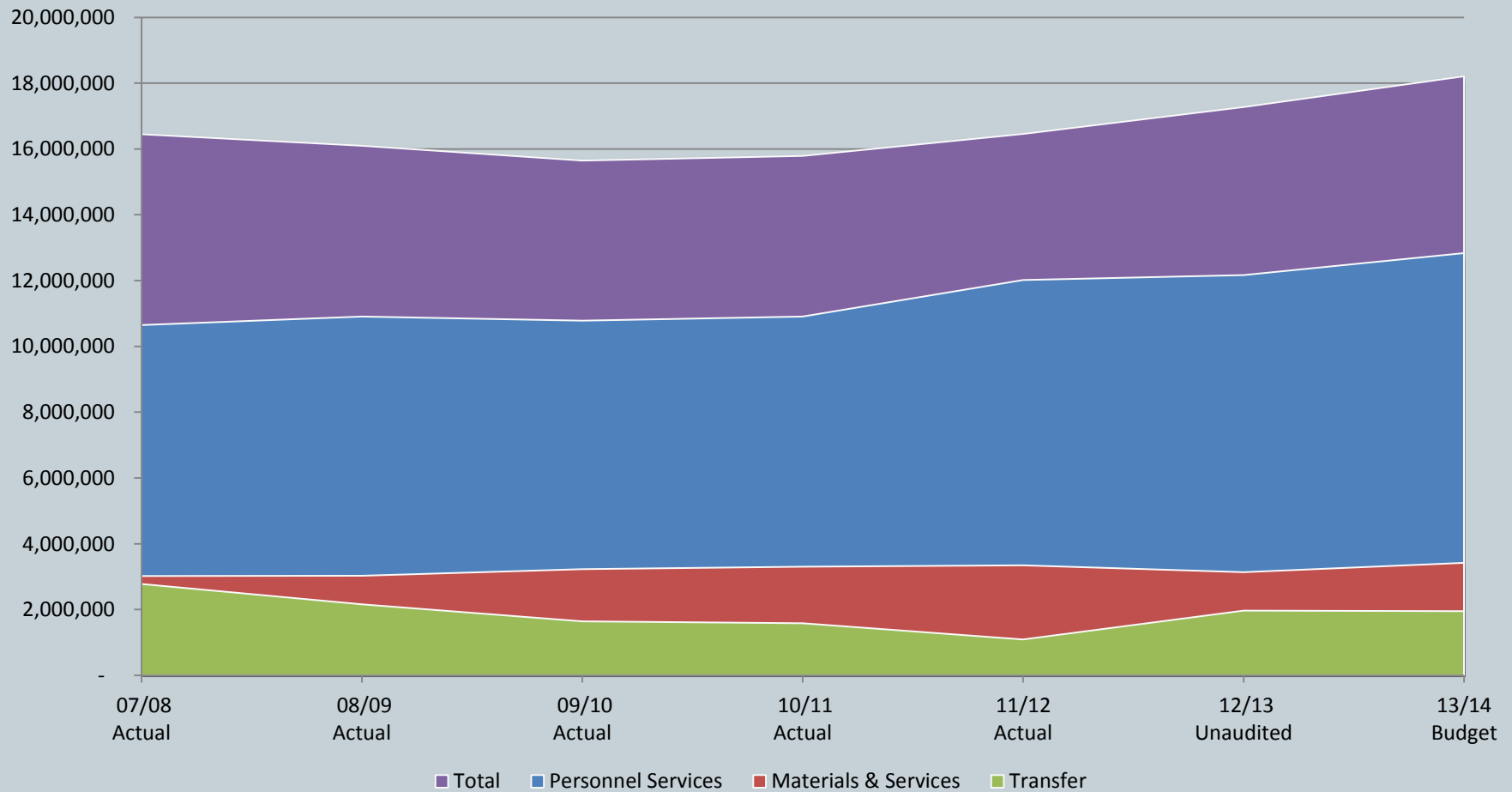




# General Fund Annual Transfer-Out



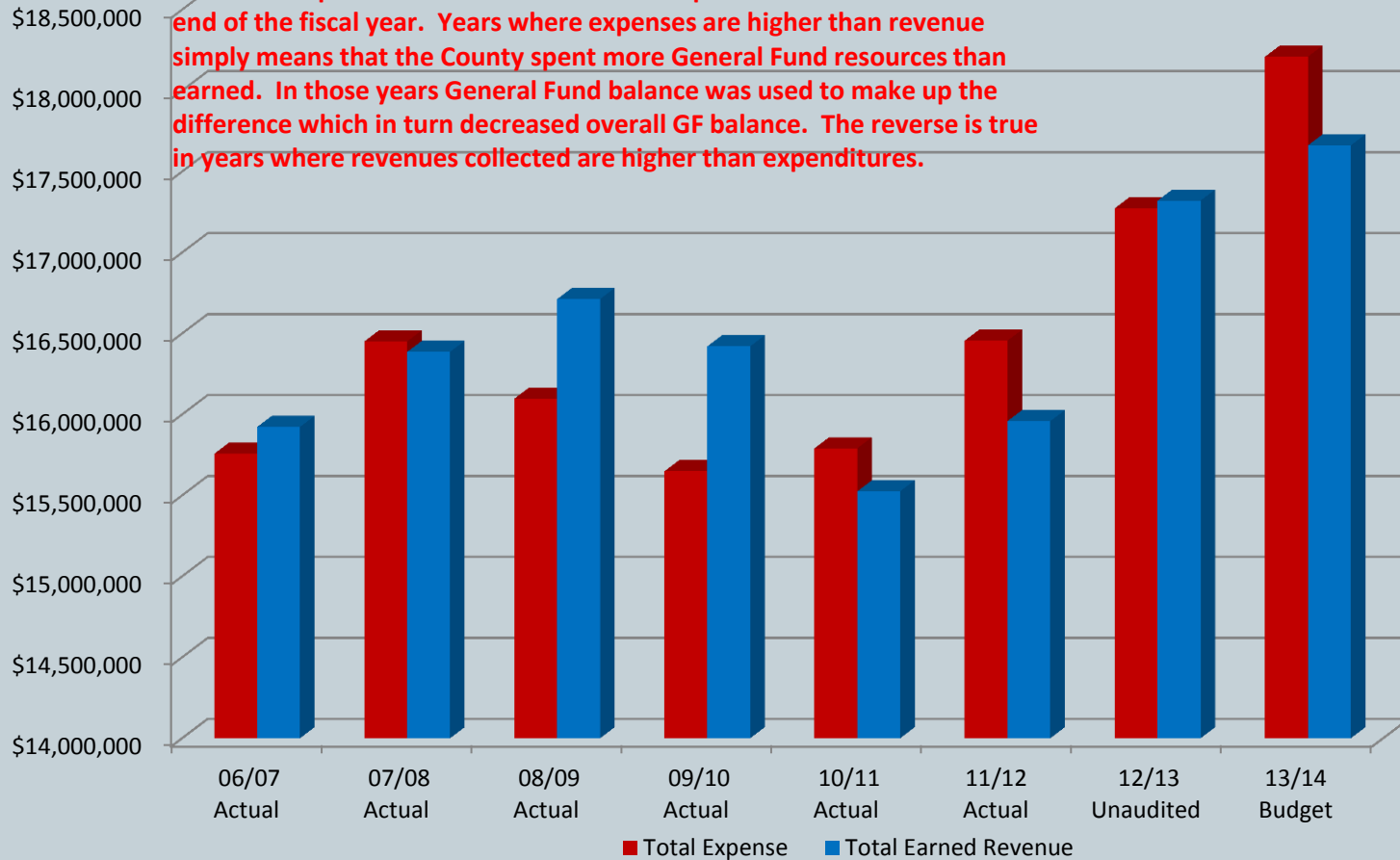
# GF: Total Expense by Category



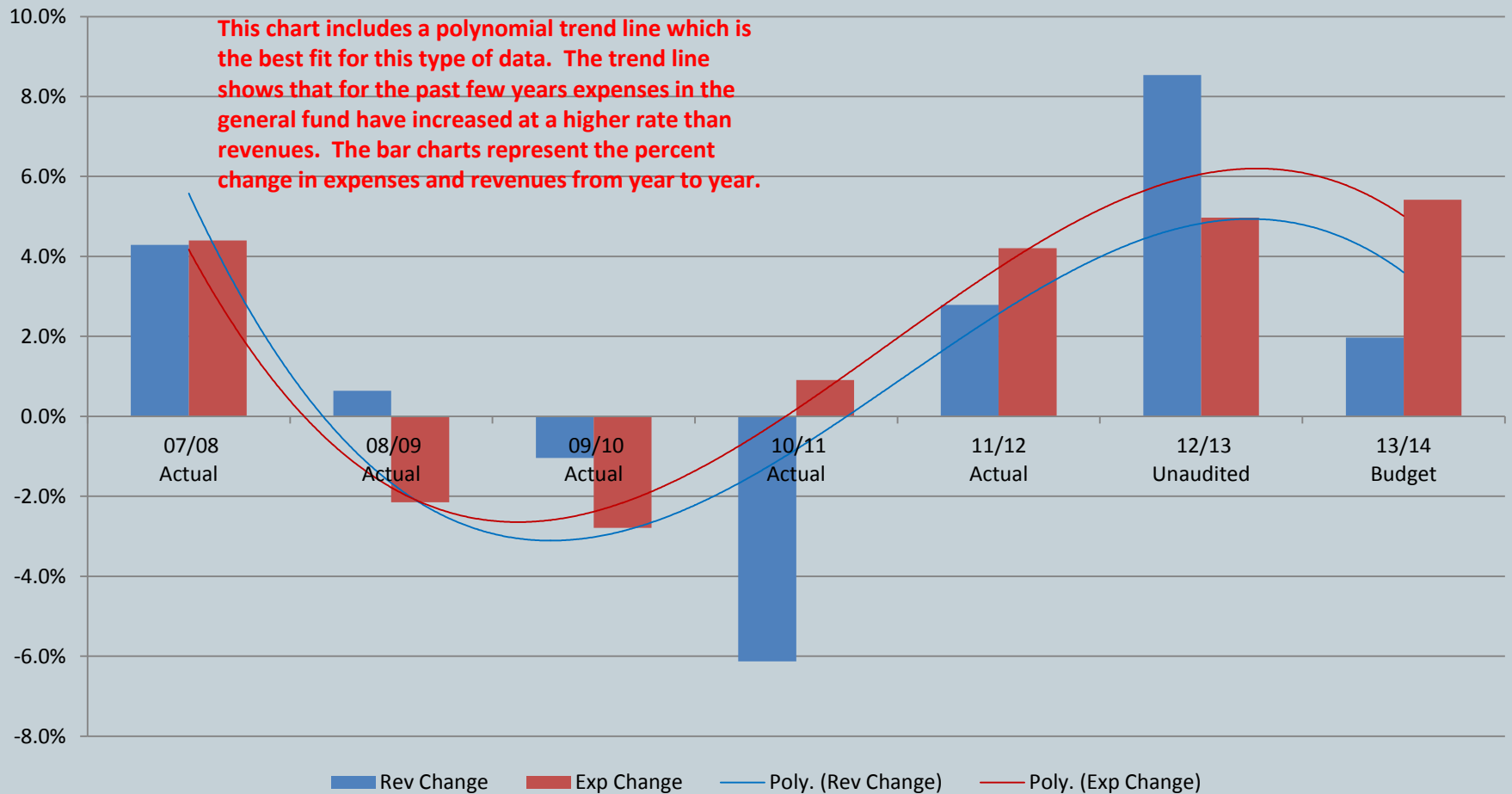
# GF: Annual Expense and Earned Revenue



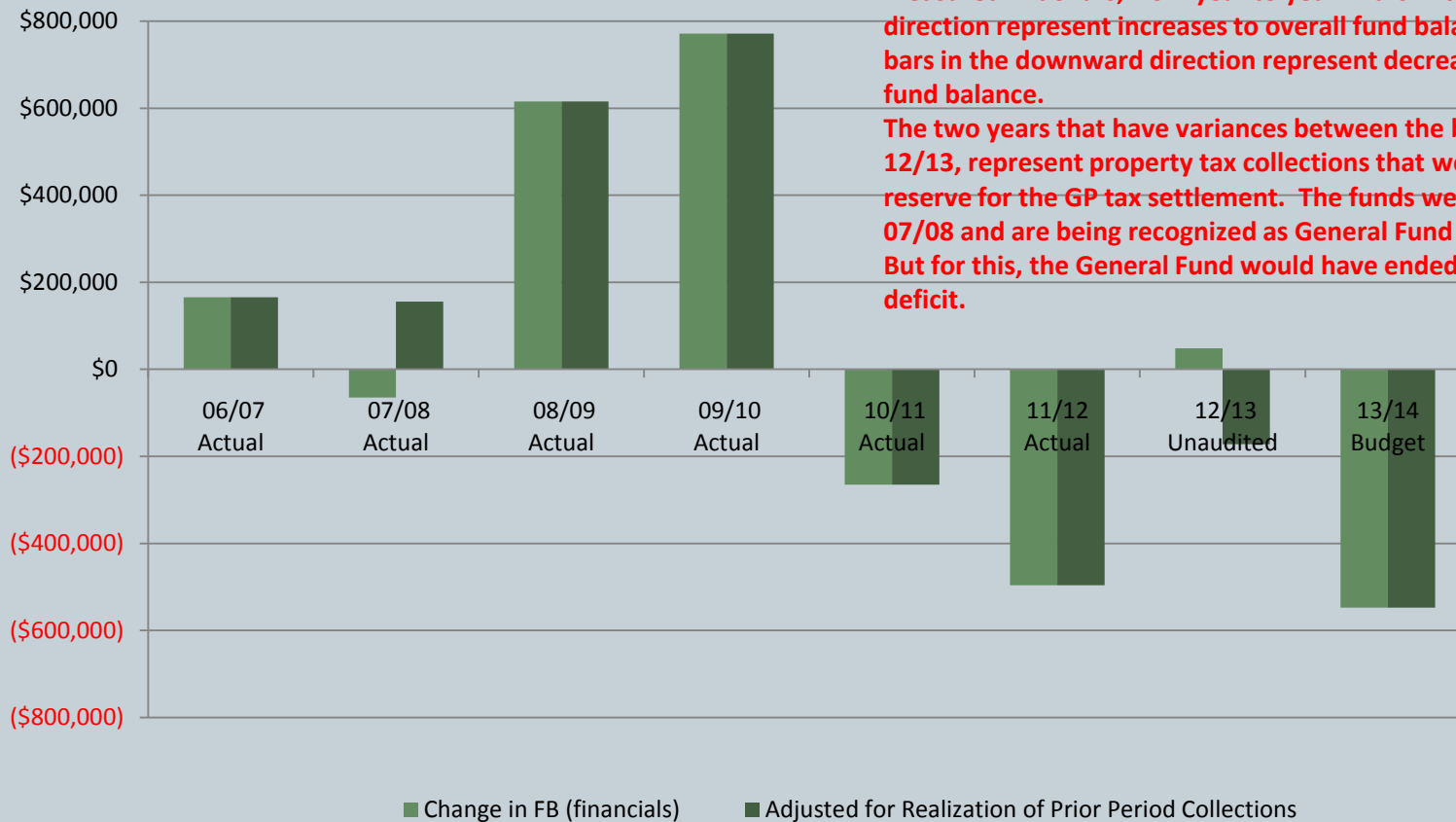
This chart represents actual General Fund expenses and revenues as of the end of the fiscal year. Years where expenses are higher than revenue simply means that the County spent more General Fund resources than earned. In those years General Fund balance was used to make up the difference which in turn decreased overall GF balance. The reverse is true in years where revenues collected are higher than expenditures.



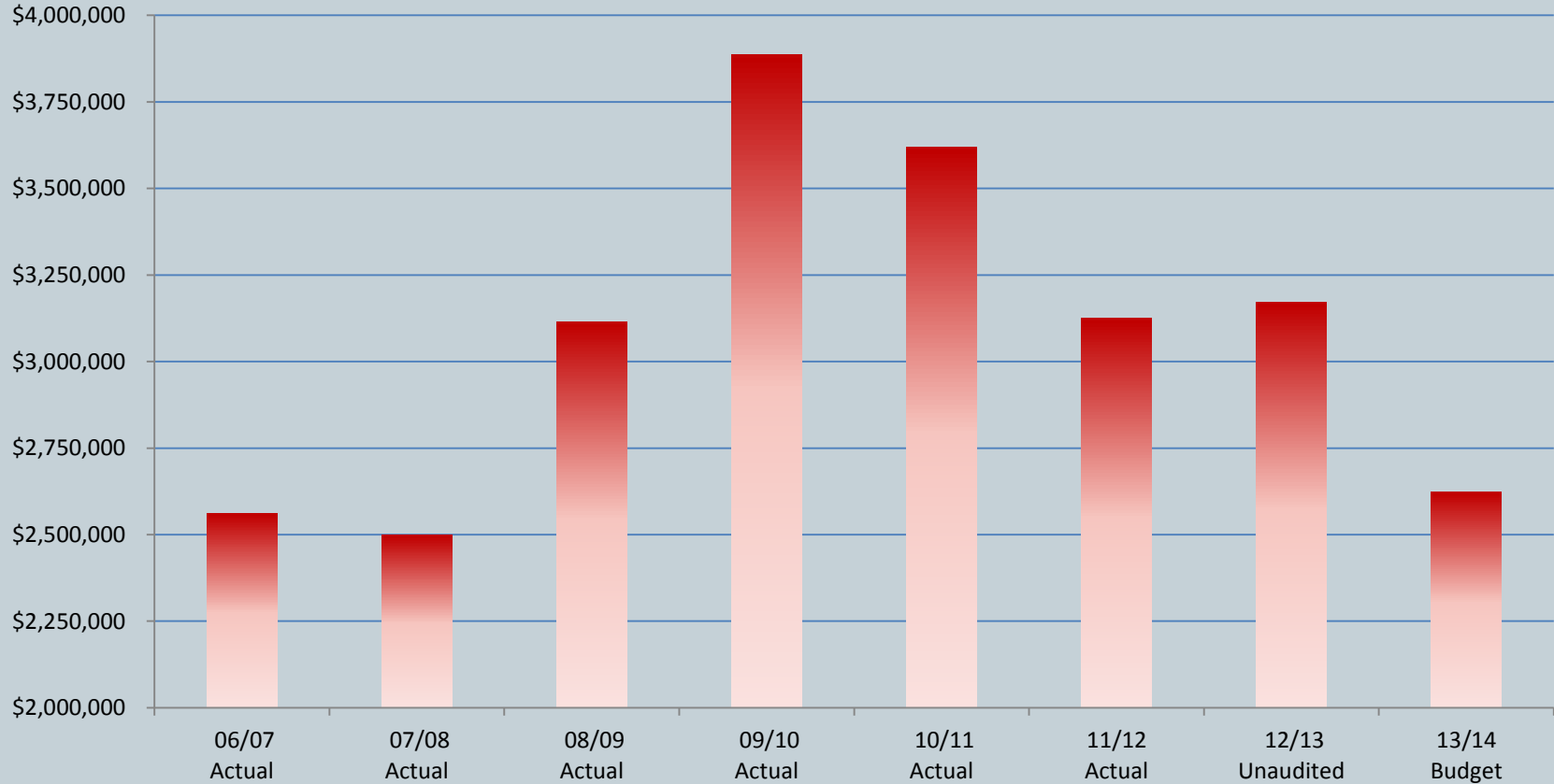
# GF: Percent Change from Previous Year



# GF: Change in Fund Balance



# General Fund Ending Fund Balance



# General Fund Balance



- The Government Finance Officers Association (GFOA) recommends establishment of a formal policy on the level of unrestricted fund balance for the general fund.
- GFOA recommends, at a minimum, that general purpose governments maintain an unrestricted fund balance of no less than two months operating expenditures.
- Based on the volatility of timber sales revenue, B&F will recommend a fund balance policy where the equivalent of 20% of current year budgeted general fund expenses be held as unrestricted fund balance, with a longer term goal of 25%.

# General Fund Balance

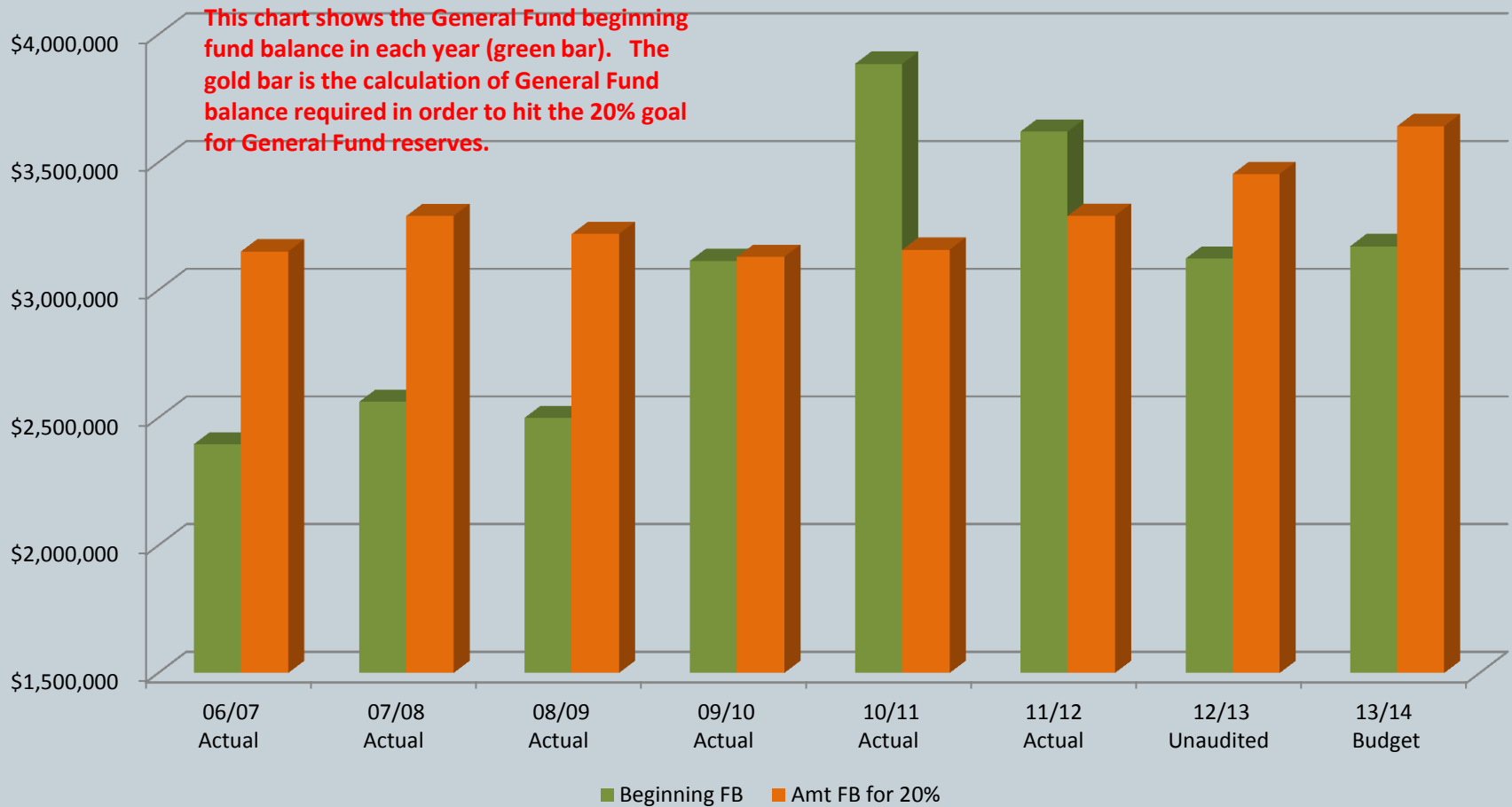


## Reasons for maintaining a sufficient reserve:

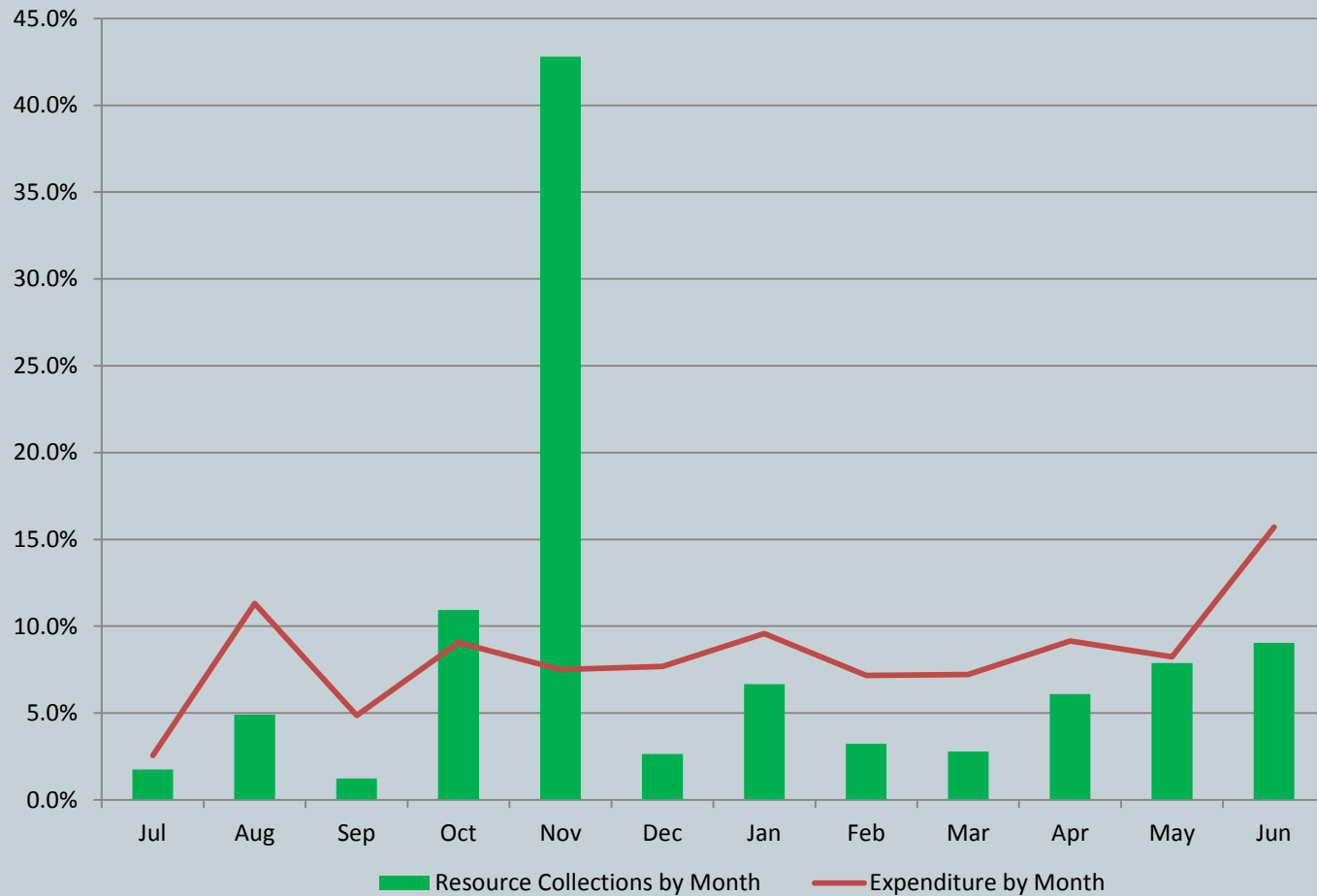
- Plan for contingencies.
- Maintain credit worthiness with banks and rating agencies.
- Ability to fund smaller capital projects without incurring interest expense.
- Generate investment income.
- Ensure cash availability and liquidity.
- Fiscally responsible.



# Unrestricted Beginning Fund Balance Compared to 20% Best Practice



# GF: Revenue and Expense Monthly Pattern



# GF: Conclusion/Take Away



- Over the past several years County General Fund expenditures have increased at a higher rate than revenues.
- The County's reliance on GF reserves to “fill the gap” between expenses and revenue is not sustainable.
- The County should look to find ways to reduce GF costs or increase GF revenues, or both, to find a balance between the two.