



proud past, promising future

CLARK COUNTY
WASHINGTON

Quarterly Finance Report 2011 First Quarter

May 4, 2011
BOCC Work Session

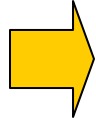
Contents

- **Leading Indicators**
 - Minimal Improvement
 - Housing and development continue to struggle
- **Retail Sales**
 - Quarter over Quarter Improvement 2.9%
 - Annual improvement 6.8%
 - Unincorporated receipts lagging significantly behind the rest of the County
- **General Fund**
 - Fund Balance on track for 2011
- **Other Major Funds**
 - Public Works Fund balance is high and projected to grow under current approved plans.
 - DCD ended the year with a positive fund balance, though development activity is lagging
 - Health Department is maintaining a minimal fund balance
- **Funds that might impact General Fund**
 - Community Development-Development Services
 - Fair Fund
 - Exhibit Hall
 - REET Funds
 - General Liability
- **Other Items**

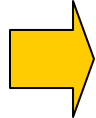
Leading Indicators



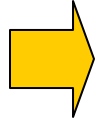
Retail Sales



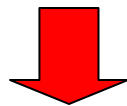
Building Permits



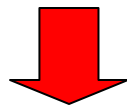
Construction % Retail Sales



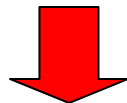
Unemployment



Median Home Sale Prices



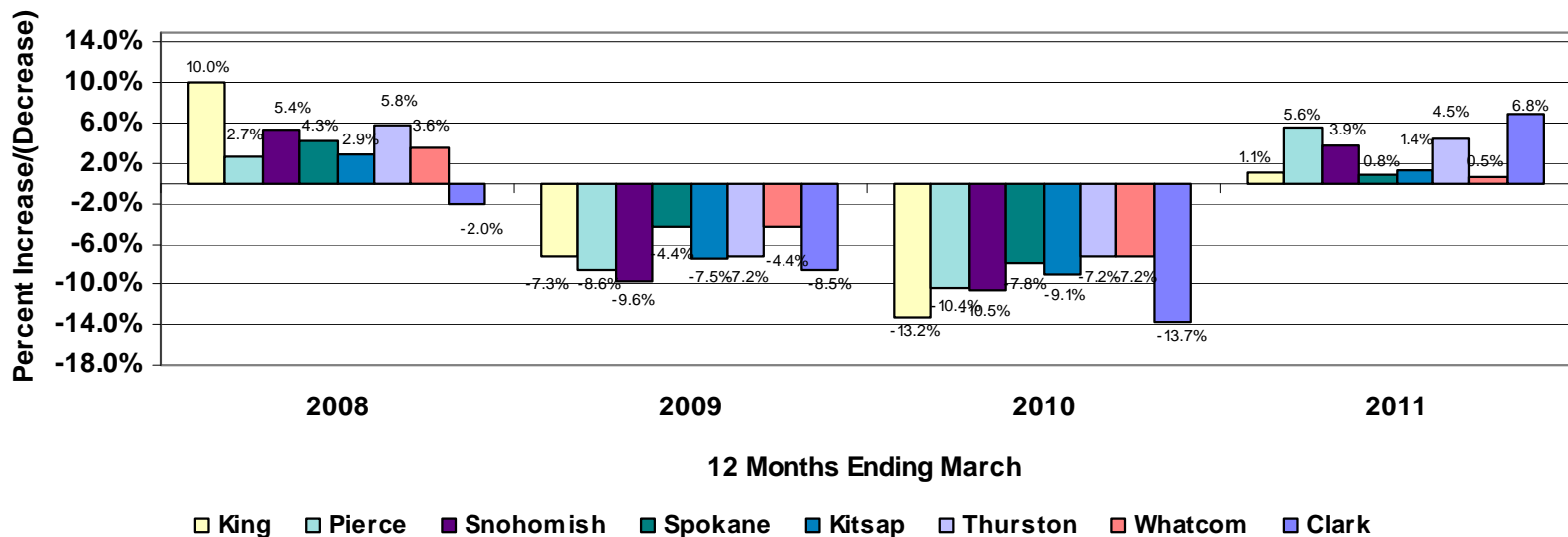
Home Sales



Developmental Services Permits

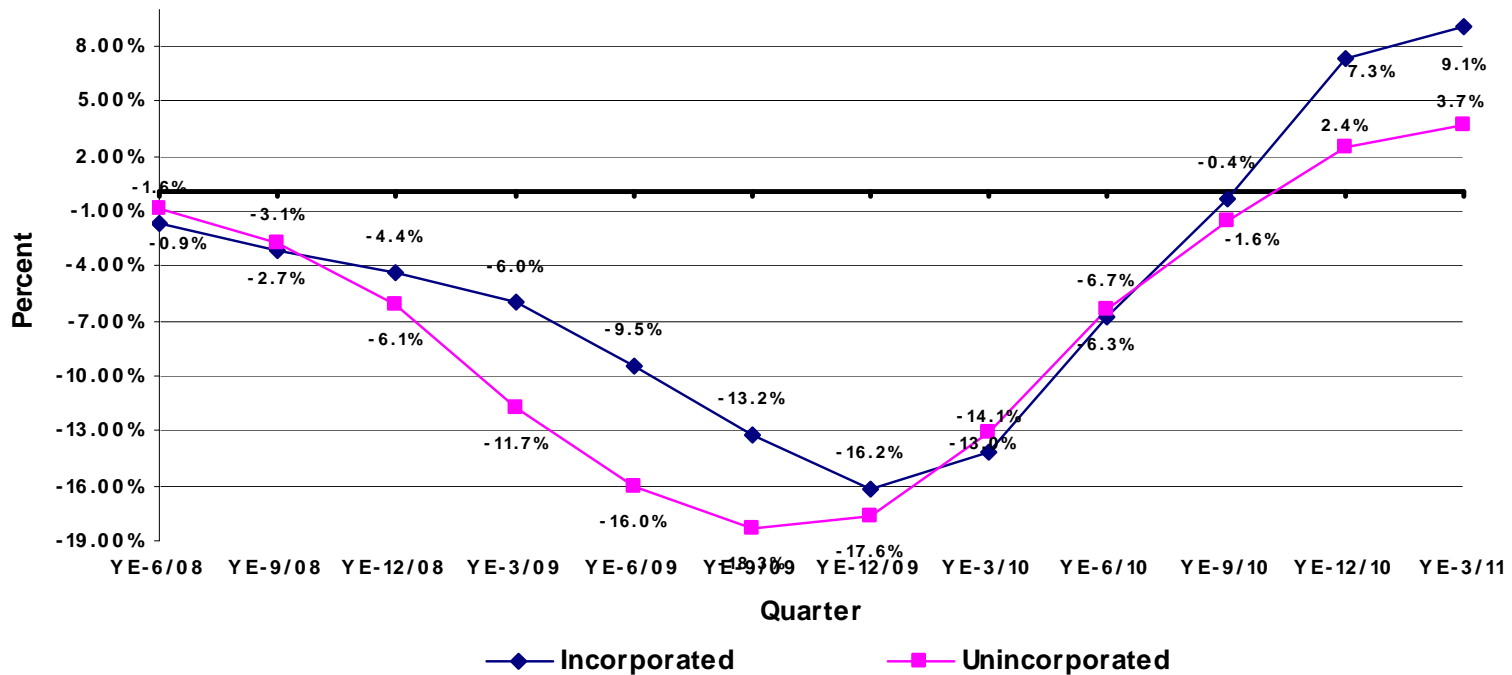
First Quarter Major County Annual Retail Sales Growth

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



Clark County 12 Months Ending Retail Sales Growth/Decline

Clark County 12 Months Ending Retail Sales Growth/Decline



General Fund

The 2010 ending fund balance improved significantly as a result of expense savings. So far for 2011, revenue and expense are tracking as expected compared to budget.

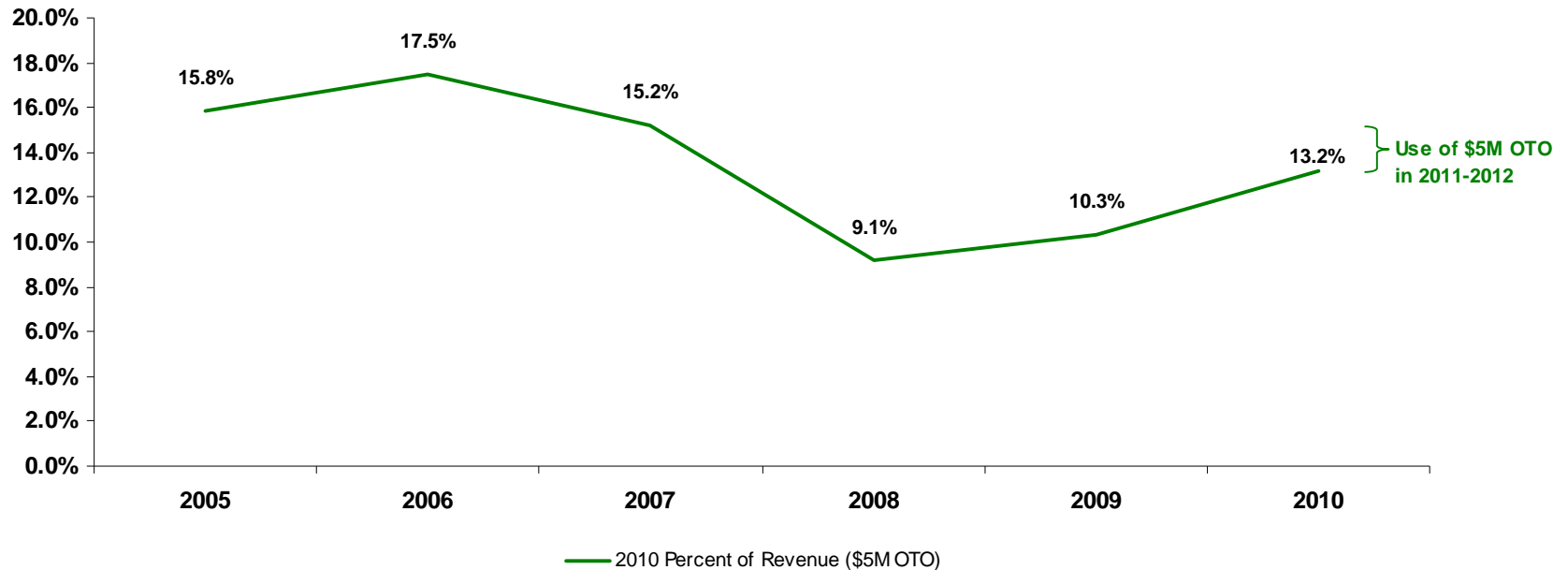
\$5M in 2010 ending fund balance was budgeted for 2011-2012 one-time expenditures including commitments for system improvements.

Lower than budgeted REET collections make the likelihood of a shortfall in this fund sooner than expected.

The looming shortfall in the Exhibit Hall Fund, the continued operating losses in the Fair Fund, and the large unfunded liability in the General Liability Fund are putting significant pressure on the General Fund.

Fund 0001 General Fund and Permanent Reserve Undesignated Fund Balance 2005-2010

GENERAL FUND UNDESIGNATED FUND BALANCE AS A PERCENT OF REVENUE



2010 includes the benefit of 2009 actions including:

- Road Fund Diversion
- Debt transfer to REET

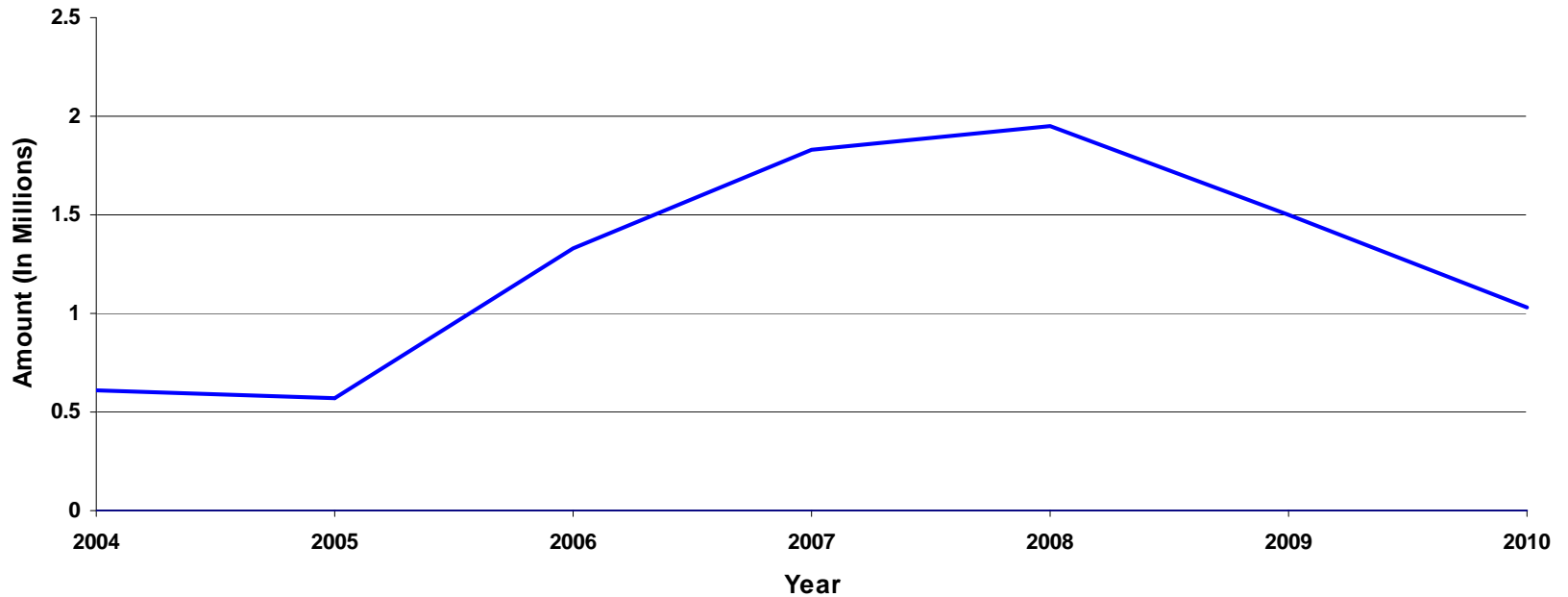
As well as one-time only revenue from property sale and DNR Timber Sales

Funds That May Impact General Fund

- Department of Community Development
 - Development Service permits are 1/3 of 2007 levels.
 - General Fund will be required to fund the 2011 Fee Holiday. (Approximately \$100K to date.)
- Fair Fund
 - Fair Fund operations for 2011 first quarter lost \$316K
 - **The Fund currently has a \$681K negative fund balance.**
- Exhibit Hall
 - Major funding source (amphitheater rent) reduced to \$350K.
 - Hotel/Motel Tax Receipts coming in under budget.
 - Fund balance projected to be exhausted by 2013.
 - Funding plan included \$1M support from economic development REET if necessary.
- REET Funds
 - Budgeted transfers exceed revenues and are not sustainable.
 - REET funds are coming in below 2011 forecast.
 - REET Funds are part of the County Comprehensive Capital Plan.
- General Liability Fund
 - **Fund has a \$1.9M unfunded liability at the end of 2010.**

Fund 1026 Exhibit Hall Reserve Fund

Exhibit Hall Reserve Fund Fund Balance

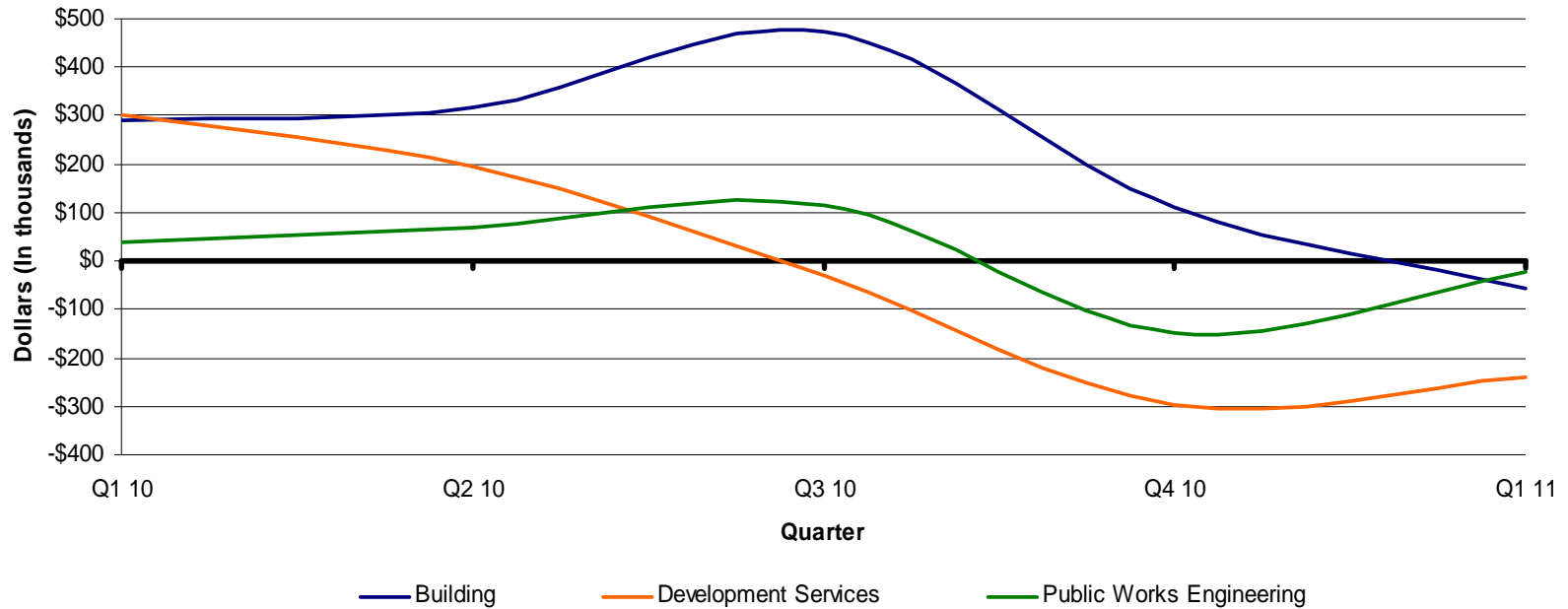


Other Major Funds

- **Department of Community Development**
 - Fund balance is currently positive for both activities
 - Assumes no General Fund support is directed to Building
 - Building: after improvement in 2010, permit activity has dropped sharply
 - Development Services: permits dropped to an all-time low and this area could impact the General Fund in the way of additional subsidies.
 - Uncertain impact of Fee Holiday will require some level of funding in 2011.
- **Road Fund**
 - First Quarter Fund Balance is \$21.2M up \$10.3M from 2010
 - Approved plans project a growing fund balance over the next six years
- **Health Department**
 - Expenses are extremely tight, especially salaries and benefits
 - The Fund Balance is slowly diminishing

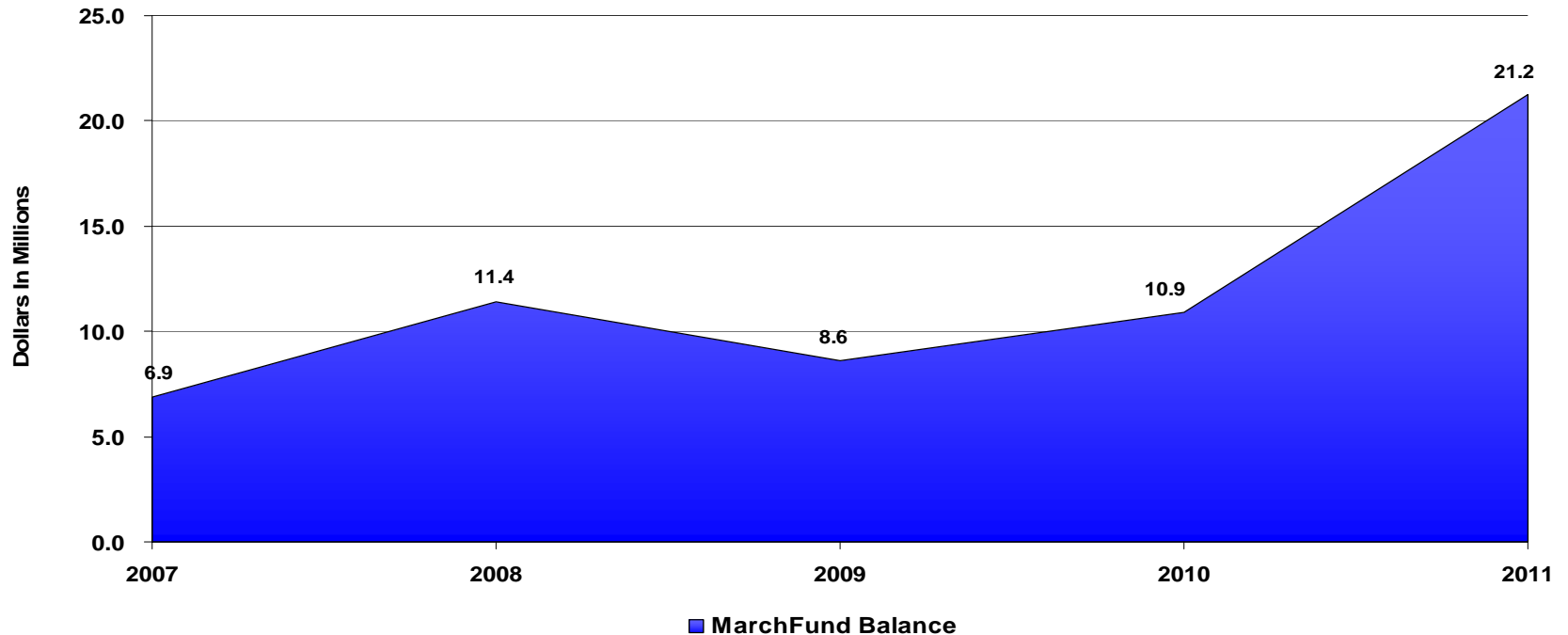
Fund 1011 Development Services and Public Works Engineering

2010-2011 Operating Surplus/Deficit by Quarter



Fund 0001 Road Fund Undesignated Fund Balance 2005-2010

Road Fund Ending March Fund Balance



- Full Road Fund Diversion

Summary

- General Fund fund balance has recovered from the 2008 low and is now at the lower end of recommended levels after designating \$5M for one-time projects. Expenses are now better aligned with revenues.
- \$5M of the General Fund fund balance has been budgeted for one-time-only projects in 2011-2012, with an additional amount committed to technology improvements.
- More clarification is needed on how REET is spent. REET is an integral part of the County Comprehensive Capital Model.
- Need to keep an eye on other funds that impact the General Fund when in financial difficulty.
 - DCD Development Services
 - Fair
 - Exhibit Hall
 - General Liability

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

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



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