



proud past, promising future

CLARK COUNTY
WASHINGTON

Quarterly Finance Report 2011 Fourth Quarter

February 1, 2012
BOCC Work Session

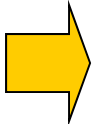
Contents

- **Leading Indicators**
 - Stable with minimal improvement
- **Retail Sales**
 - Quarter over Quarter Improvement 6.7%
 - Annual improvement 4.5%
 - Unincorporated receipts are closing the gap with the rest of Clark County
- **General Fund**
 - Fund Balance on track for 2011
- **Other Major Funds**
 - Public Works fund balance close to 2012-2017 TIP beginning balance
 - DCD ended the year with a positive fund balance. The fund balance is attributed to building activities as the development activity continues to lag.
 - Health Department is maintaining a minimal fund balance
- **Funds that might impact General Fund**
 - Community Development-Development Services
 - Fair Fund
 - Exhibit Hall
 - General Liability
- **Other Items**

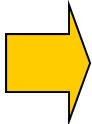
Leading Indicators



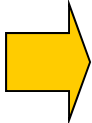
Retail Sales



Building Permits



Construction % Retail Sales



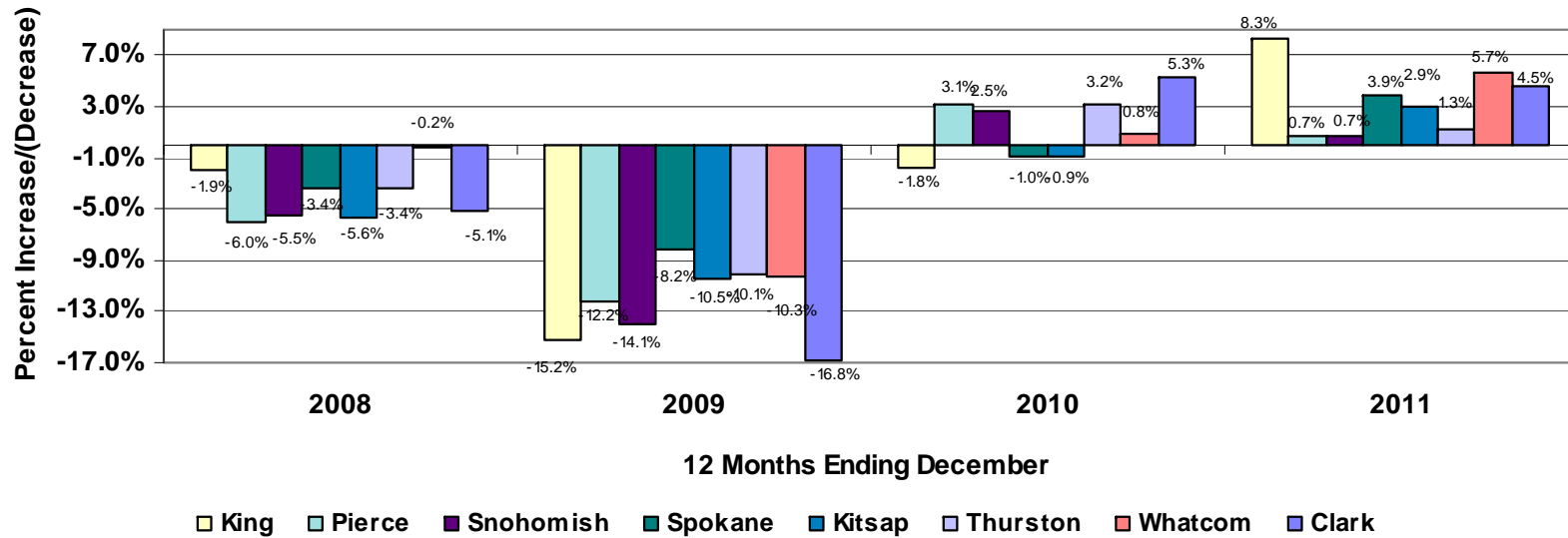
Unemployment



Developmental Services Permits

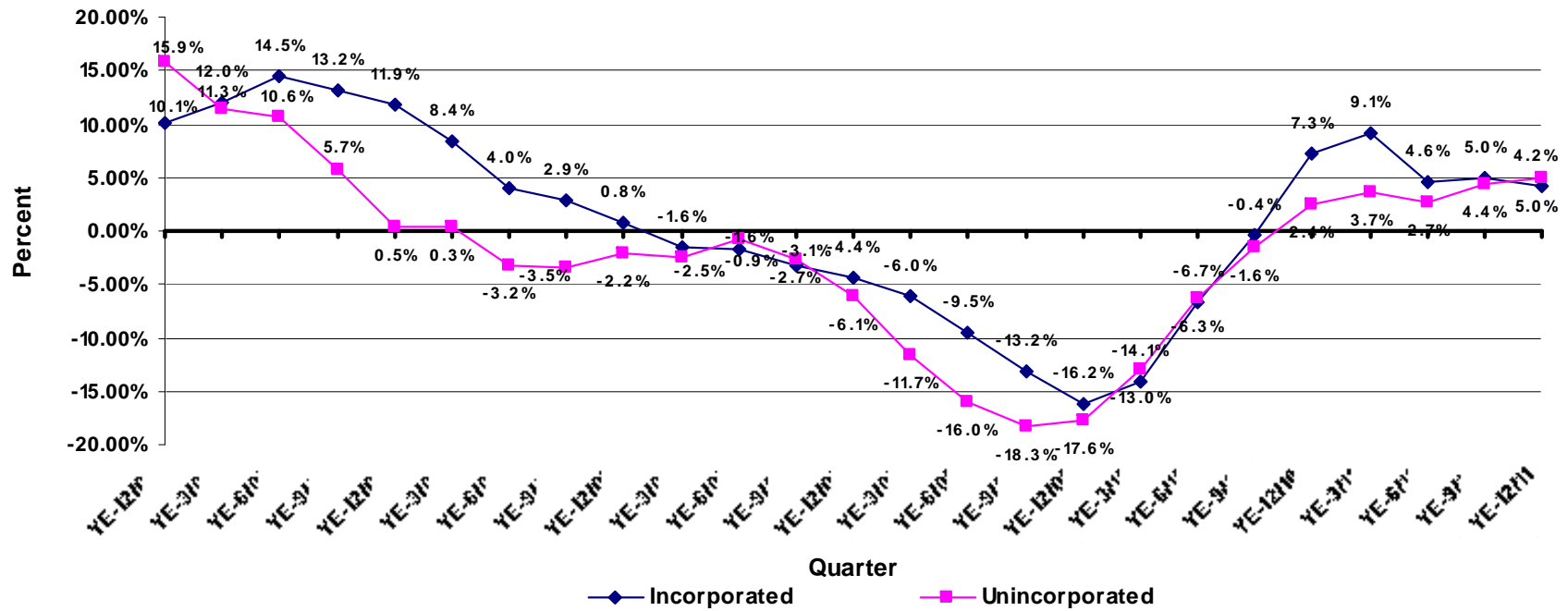
2011 Major County Annual Retail Sales Growth

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



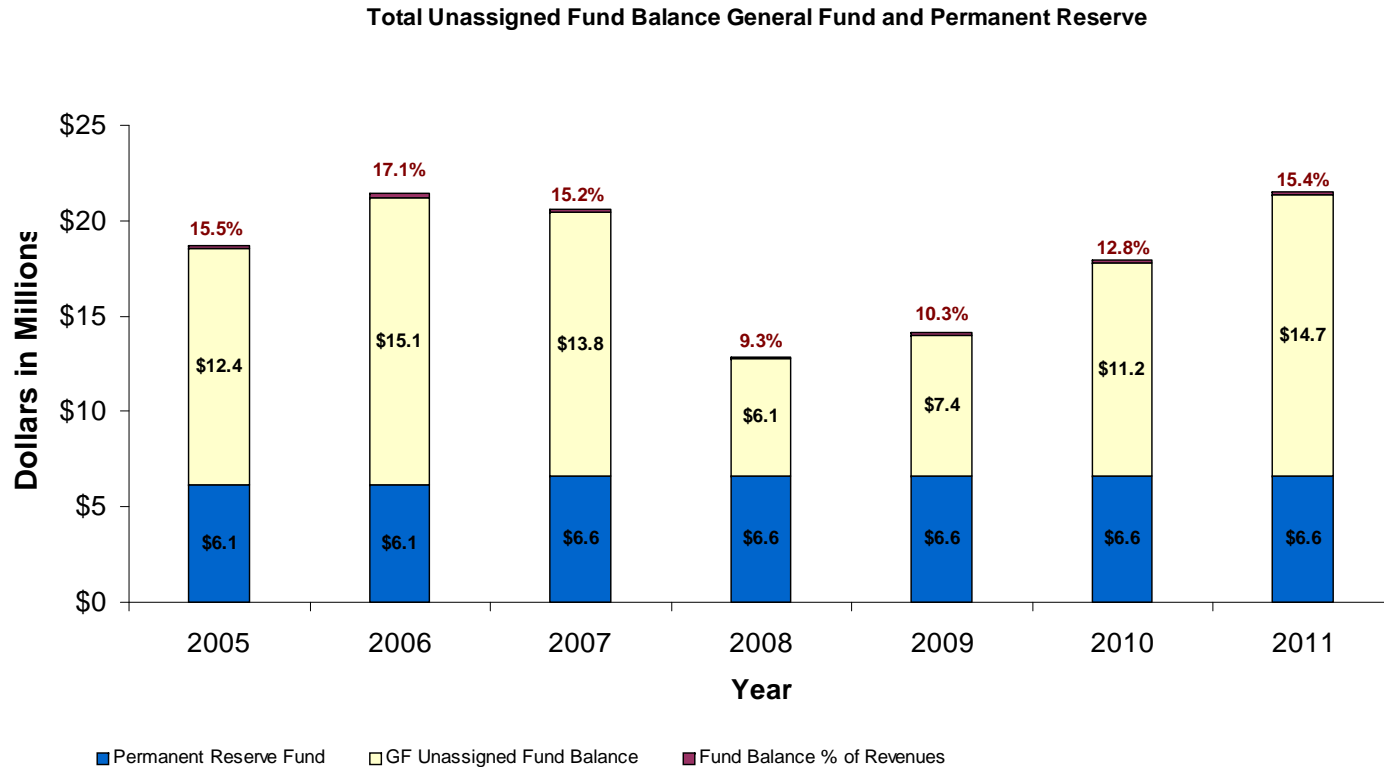
General Fund

2011 revenues exceed budget, while expenses are less than budget. Combined, the results increases fund balance by \$3.5M. The revenue surplus is caused by one-time only items: \$0.6M from building, \$0.3M from a statewide sales tax audit settlement.

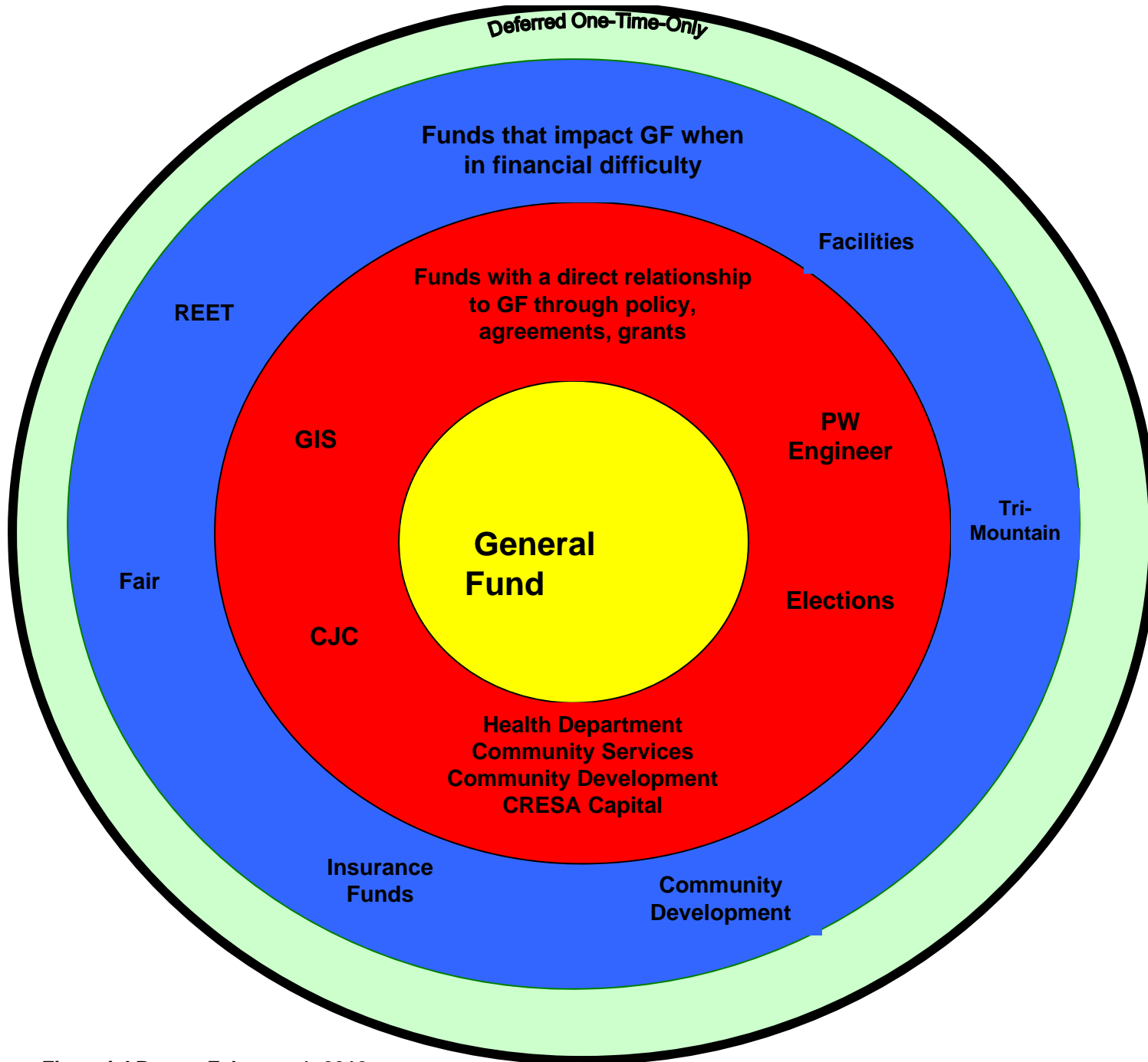
At the end of 2010, \$5.0M of fund balance was set aside for technology projects. Little of this has been expended and a similar amount is set aside at December 2011.

Pressure on the General Fund from some funds is easing, (Workers' Compensation, debt service), while others continue to require attention (Fair). Others require further observations (General Liability). In addition, State funding shortfalls may target the Health Department and DCS with possible consequences to the General Fund.

Fund 0001 General Fund and Permanent Reserve Unassigned Fund Balance 2005-2011



2011 General Fund fund balance is adjusted for \$0.8M transfer to DCD for the fee holiday and Development Services public share.

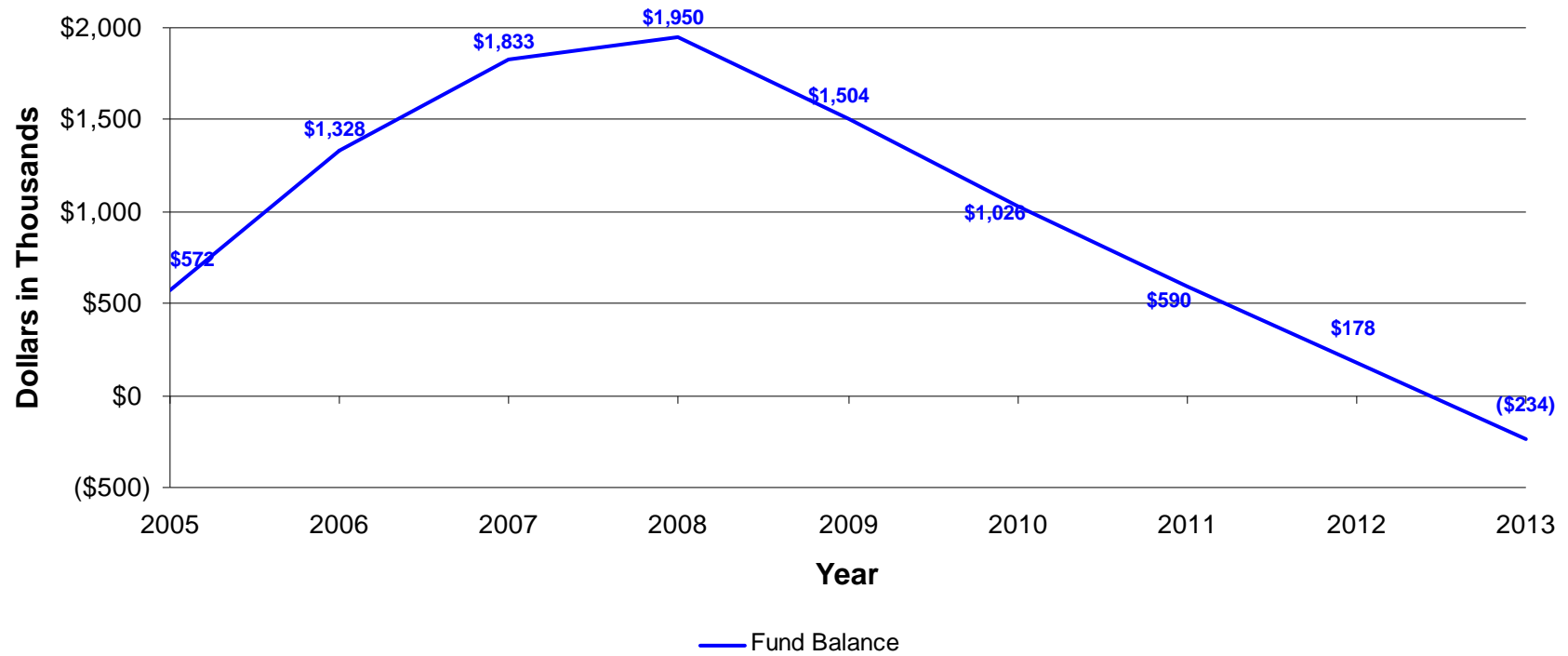


Funds That May Impact General Fund

- 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 \$380K to date.)
- Fair Fund
 - Fair Fund operations have a loss of \$534K for the year.
 - The Fund currently has a \$599K negative fund balance.
- Events Center
 - Major funding source (amphitheater rent) reduced to \$350K.
 - Hotel/Motel Tax Receipts coming in under budget.
 - Fund balance projected to be exhausted by 2013.
- General Liability Fund
 - Fund has a \$1.9M unfunded liability at the end of 2011.

Fund 1026 Exhibit Hall Reserve Fund

Fund 1026 Exhibit Hall Dedicated Revenue Fund

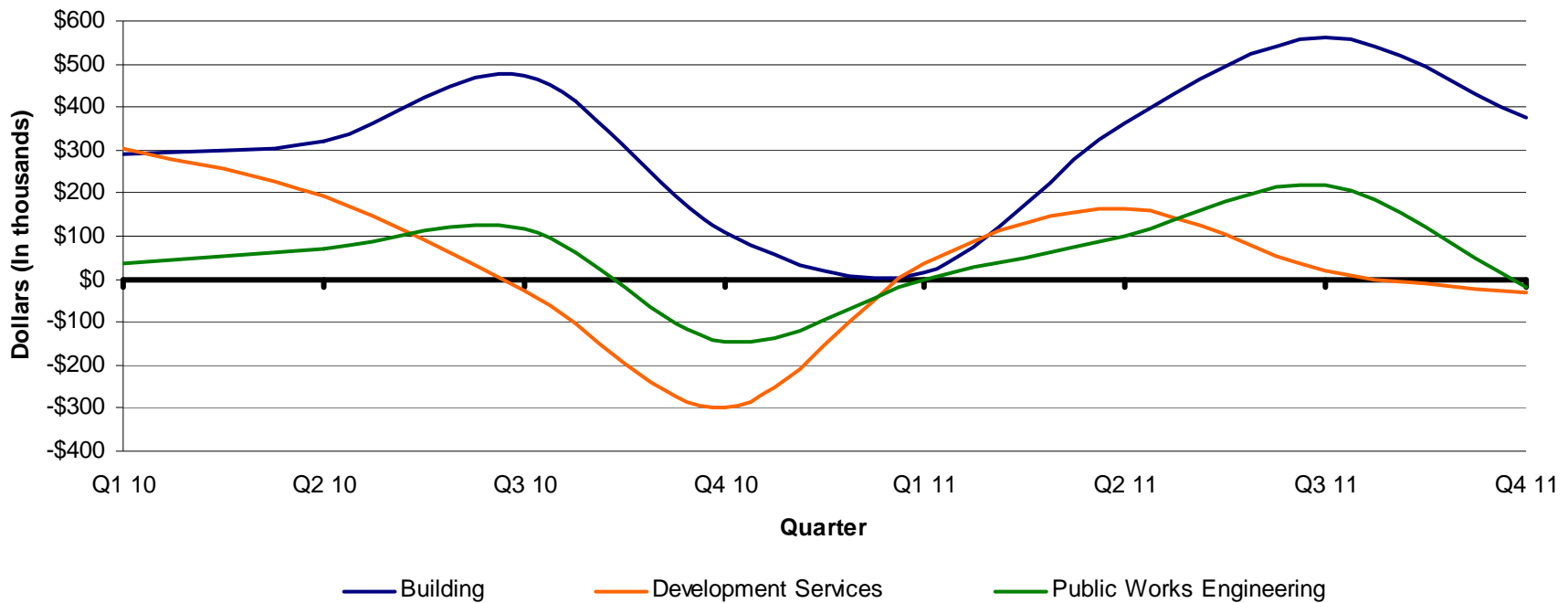


Other Major Funds

- **Department of Community Development**
 - General Fund transfers to Development Services to pay public share.
 - Assumes no General Fund support is directed to Building
 - Development Services: permits dropped to an all-time low and this area could impact the General Fund in the way of additional subsidies.
 - The 2011 impact of Fee Holiday is approximately \$380K in funding from the General Fund.
- **Road Fund**
 - Fourth quarter fund balance is \$29M up \$11M from 2010, excluding revenue from PWTFLL's.
 - Fund Balance is close to projected beginning 2012-2017 TIP.
- **Health Department**
 - Expenses are extremely tight, especially salaries and benefits
 - The Fund Balance is low but stable with General Fund transfers.

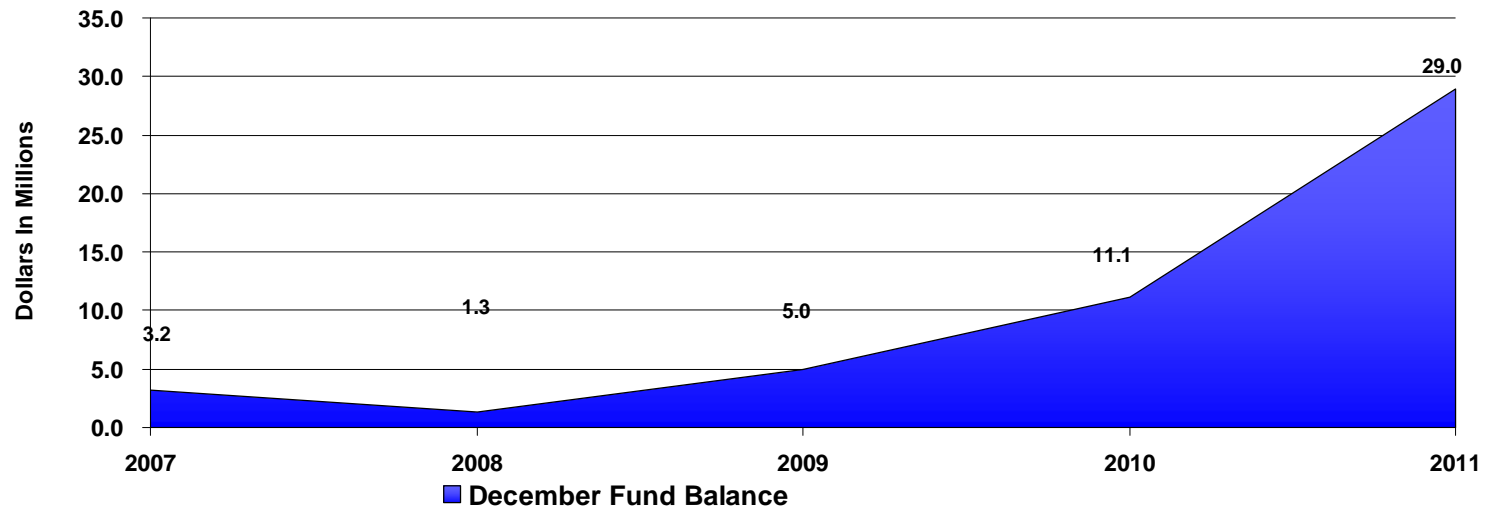
Fund 1011 Development Services and Public Works Engineering

2010-2011 Adjusted Operating Surplus/Deficit by Quarter



Fund 0001 Road Fund Non-PWTFL Fund Balance 2007-2011

Road Fund Ending December 2011 Fund Balance Net of Public Works Trust Fund Loans



Summary

- General Fund fund balance has recovered from the 2008 low and is now at the lower end of recommended levels after assigning \$5.4M for one-time projects and leave liability. Expense savings are difficult to determine based on the biennial nature of the budget.
- Now that REET has been dedicated to paying debt the Capital Committee will be looking at long term debt service requirements.
- 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 fourth quarter financial report may be obtained at:

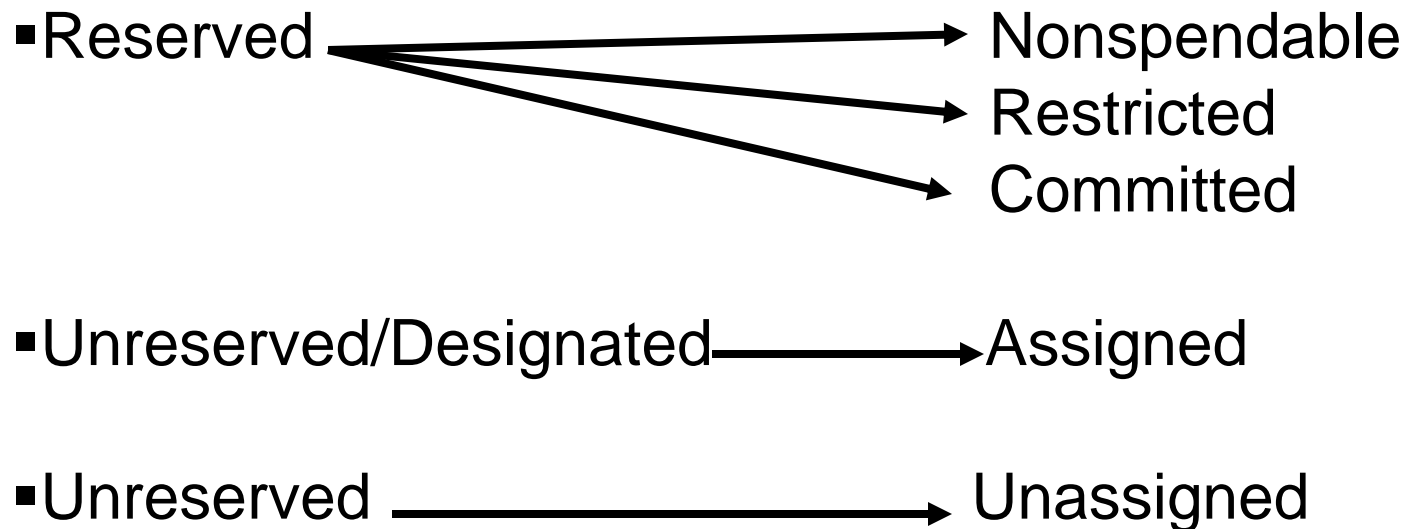
<http://www.clark.wa.gov/auditor/financial/finreports.html>

GASB Statement 54

The New Fund Balance

Old Categories

New Classifications



Shifts focus from fund purpose to revenue constraints



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