



proud past, promising future

CLARK COUNTY
WASHINGTON

Quarterly Finance Report 2011 Second Quarter

July 13, 2011
BOCC Work Session

Contents

- **Leading Indicators**
 - Information on housing data unavailable, will be in final version of report
- **Retail Sales**
 - Quarter over Quarter Improvement 1.6%
 - Annual improvement 3.8%
 - Unincorporated receipts lagging behind the rest of the County but the gap is closing
- **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**

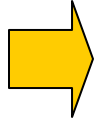
Leading Indicators



Retail Sales



Building Permits



Construction % Retail Sales



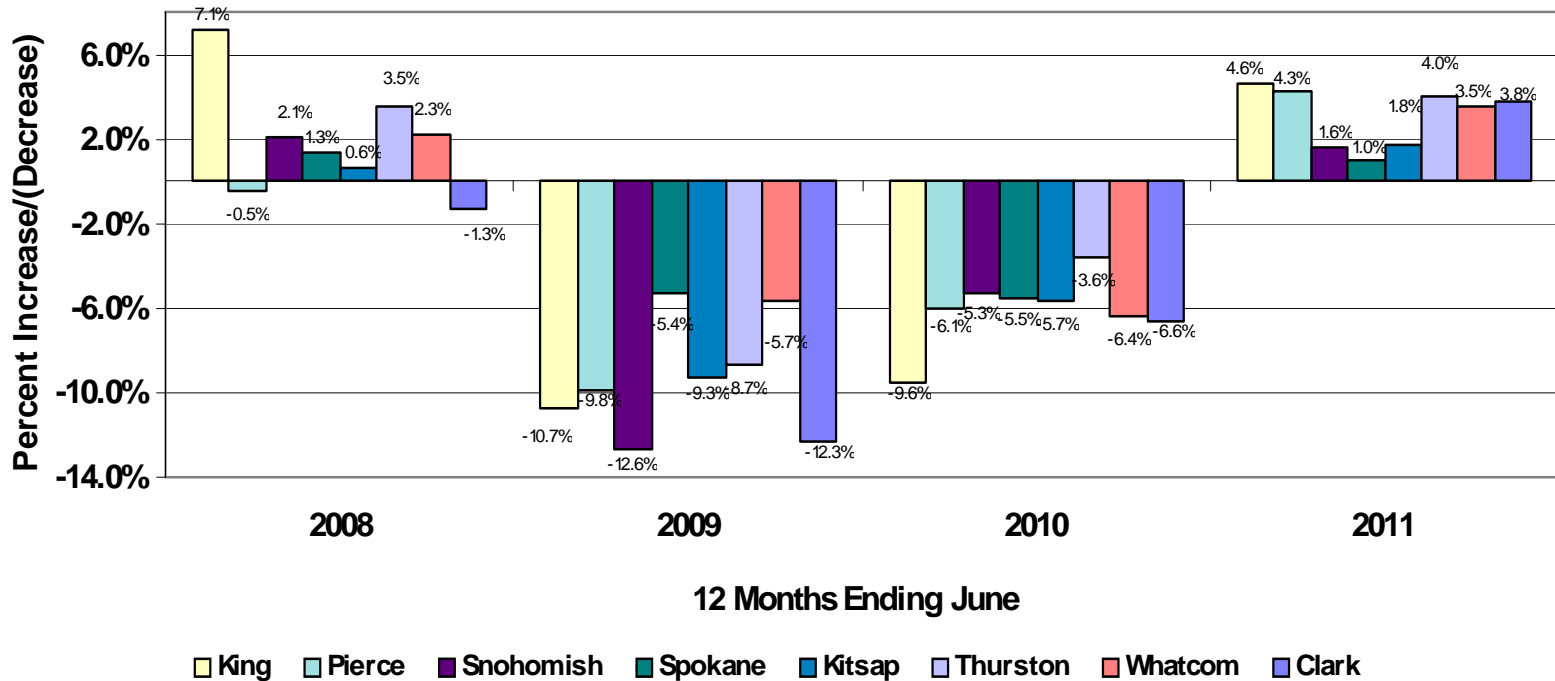
Unemployment



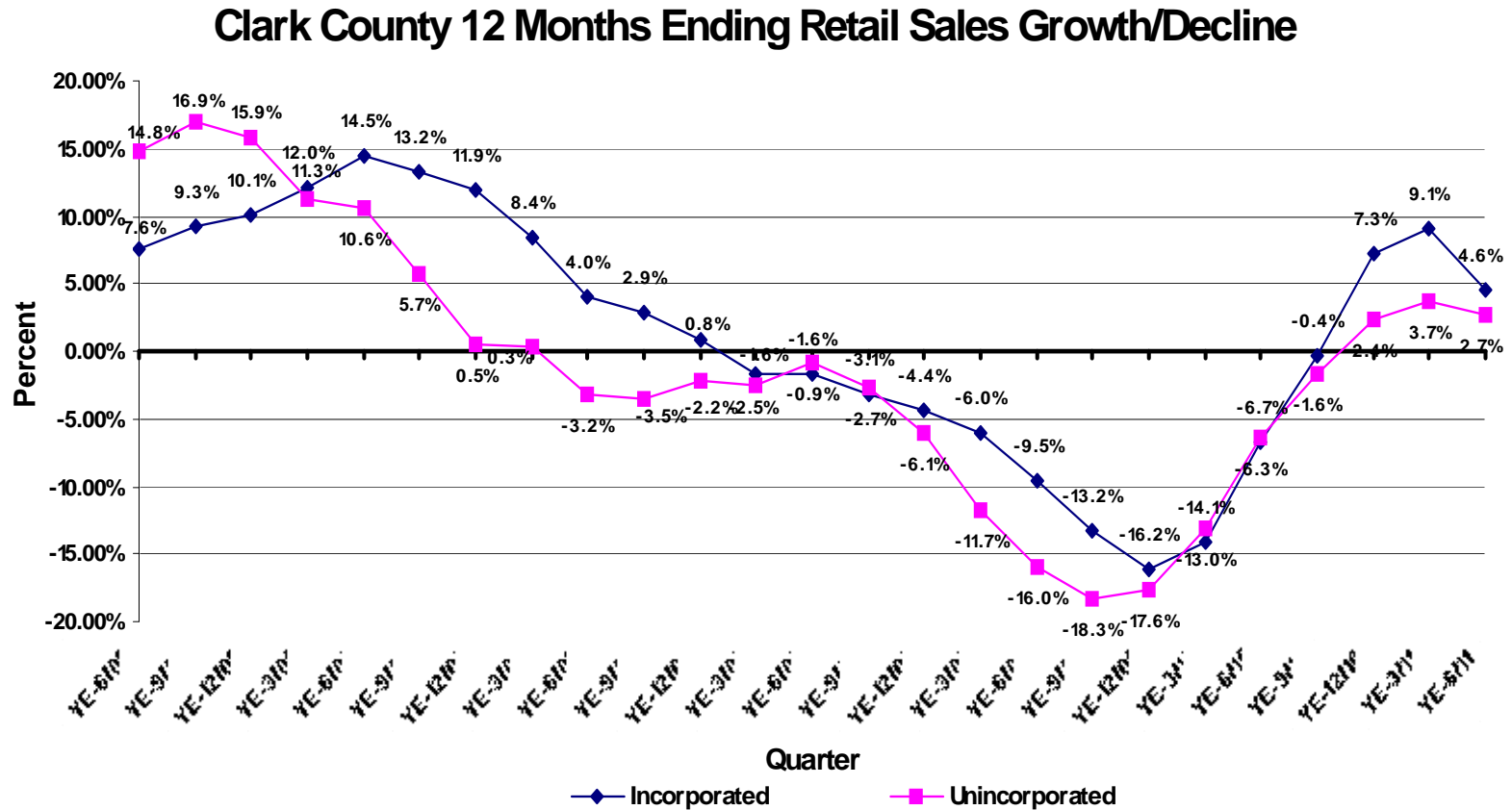
Developmental Services Permits

Second 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



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.

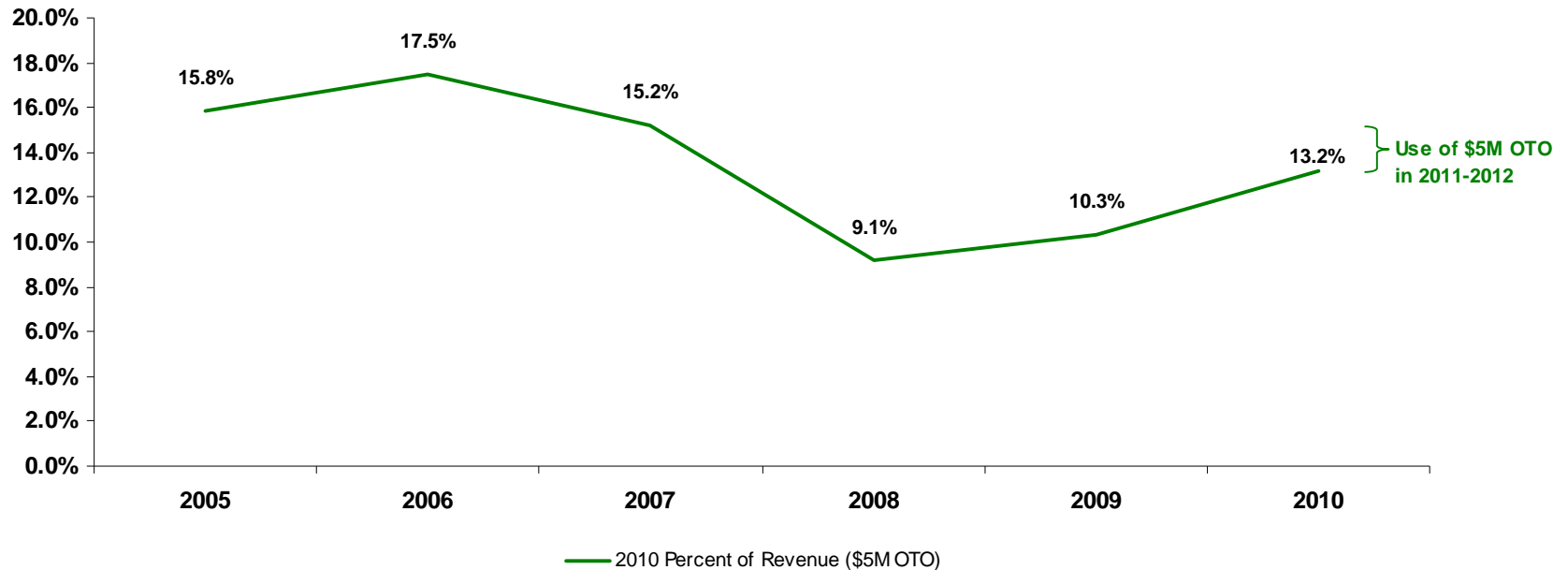
\$5M in 2010 ending fund balance was budgeted for 2011-2012 one-time expenditures including commitments for system improvements. Approximately \$1M in committed transfers to DCD and the Health Department have not yet been made.

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

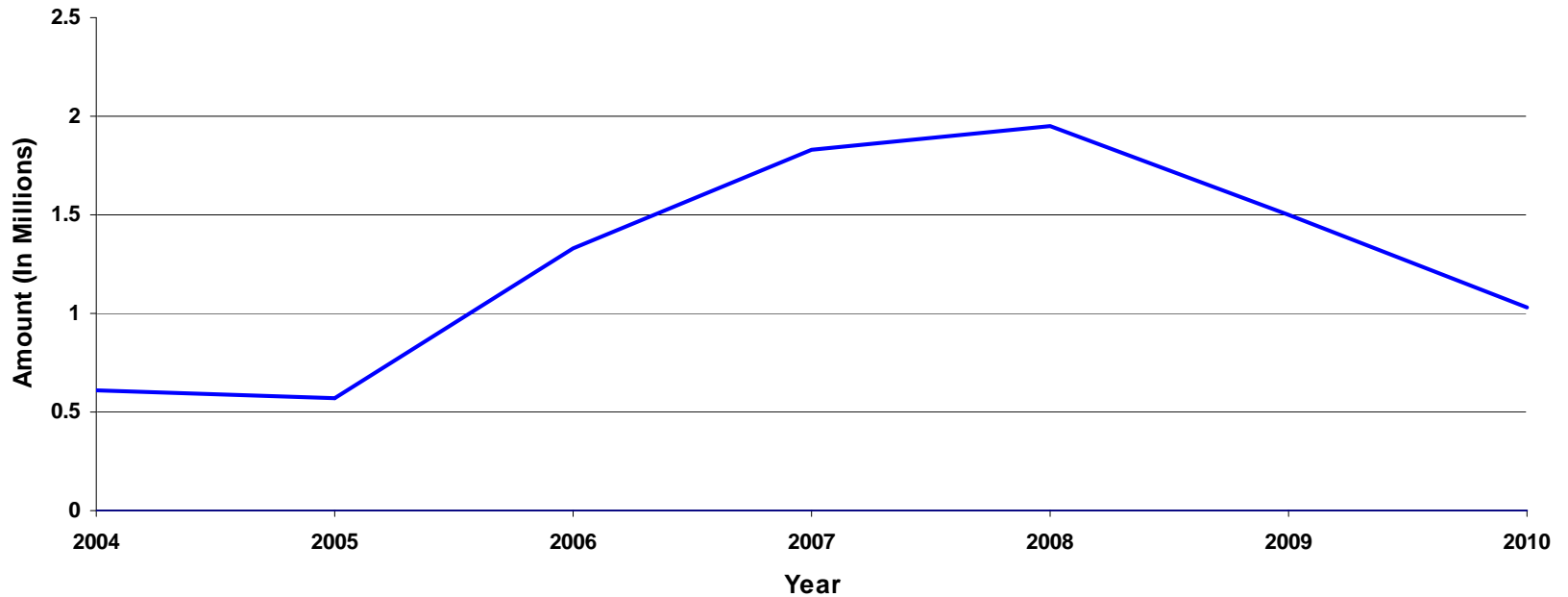
As well as one-time only revenue from property sale and DNR Timber Sales

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 \$200K to date.)
- Fair Fund
 - Fair Fund operations have a first half loss of \$102K
 - The Fund currently has a \$467K 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

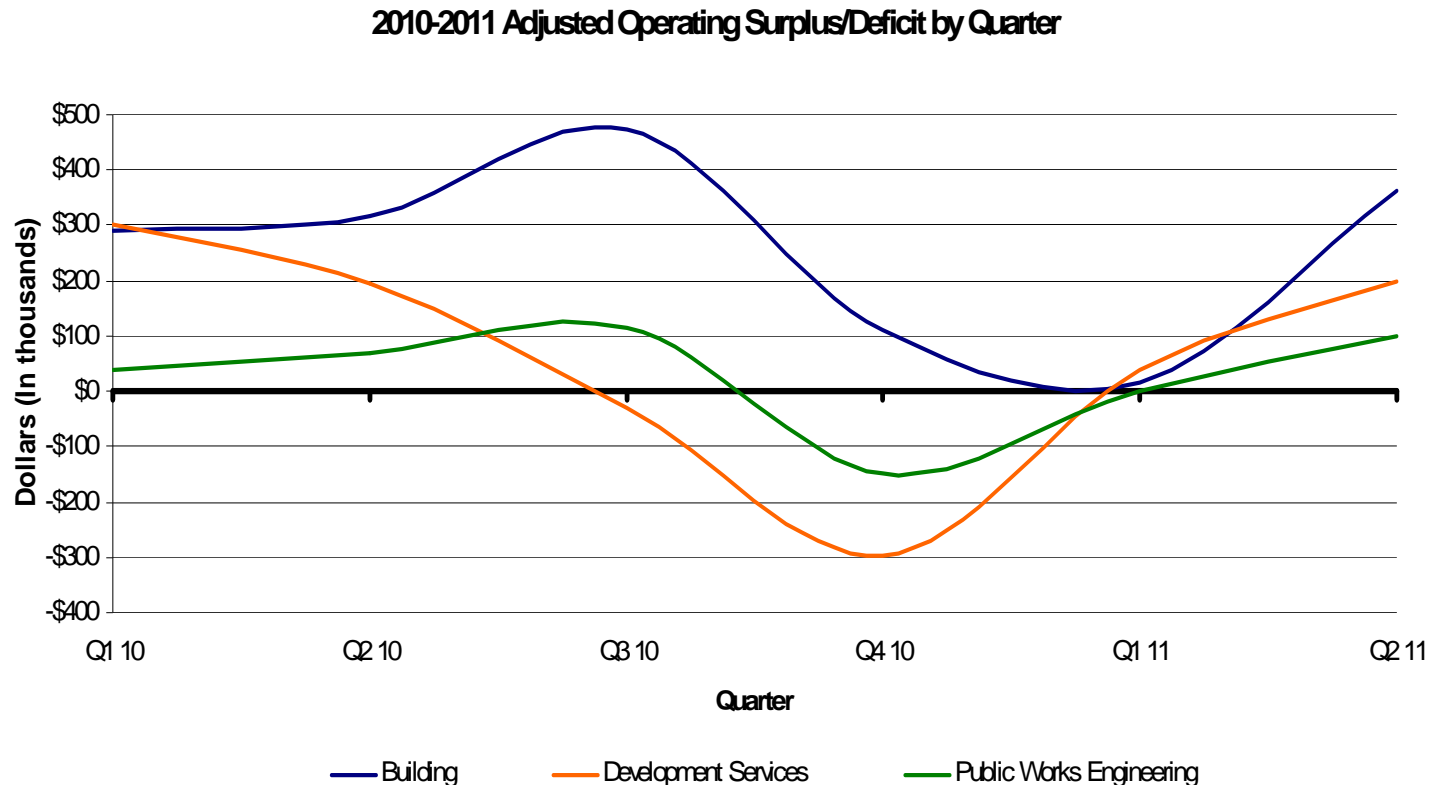
Exhibit Hall Reserve Fund Fund Balance



Other Major Funds

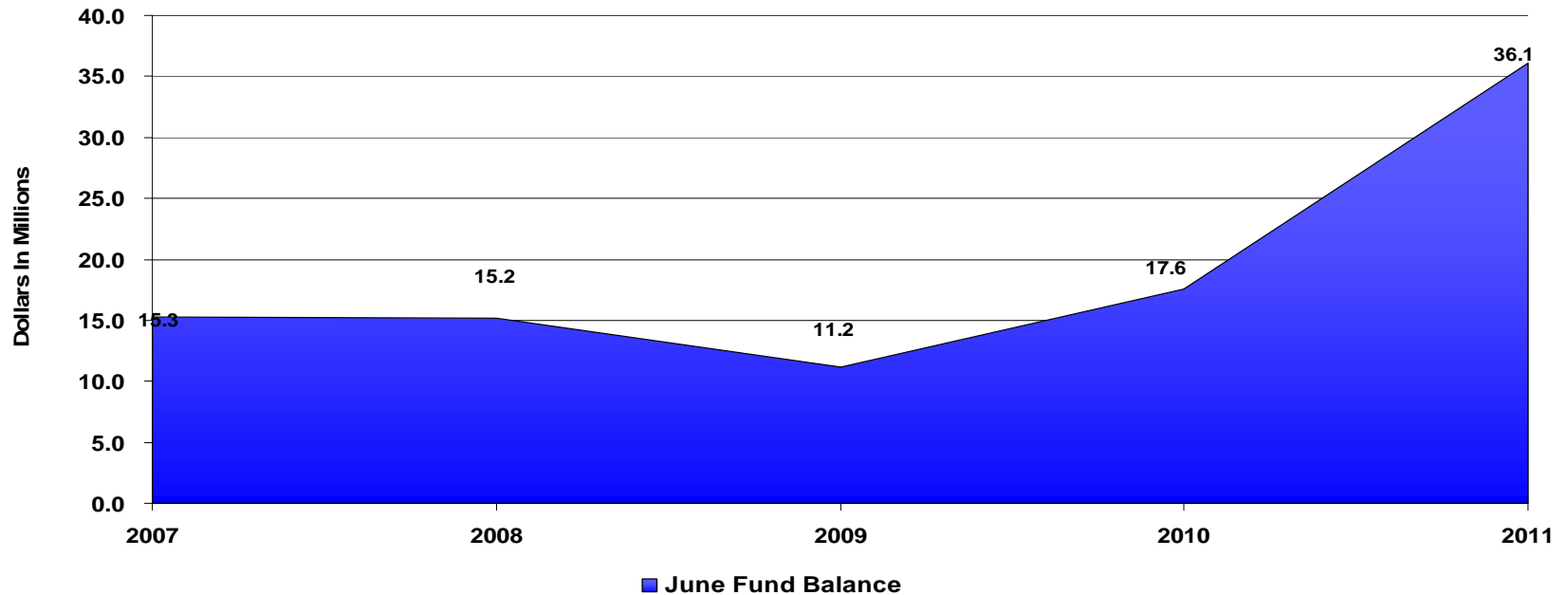
- **Department of Community Development**
 - Fund balance is currently positive for both activities
 - Assumes no General Fund support is directed to Building
 - Development Services: permits dropped to an all-time low and this area could impact the General Fund in the way of additional subsidies.
 - Uncertain impact of Fee Holiday will require some level of funding in 2011.
- **Road Fund**
 - Second Quarter Fund Balance is \$36.1M up \$18.5M 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



Fund 0001 Road Fund Undesignated Fund Balance 2005-2010

Road Fund Ending June Fund Balance



- Full Road Fund Diversion

COMPREHENSIVE CAPITAL PLAN SUMMARY

	Current Balance	Revenues						Expenses						Available Funds					
		2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016
Flexible Capital Funds																			
Total REET	22.5	3.5	3.6	3.4	3.5	3.7	3.9	17.7	8.1	6.4	6.4	6.4	6.4	8.4	4.0	1.0	(1.9)	(4.6)	(7.1)
Dedicated Funding																			
Total Dedicated Funding	10.6	9.2	8.2	7.6	7.7	7.9	7.9	13.7	11.2	9.2	9.4	11.1	11.0	7.3	5.5	5.2	4.7	2.6	0.8
Road Program																			
Total Road Fund Approved BOCC	24.7	62.0	59.0	64.8	55.8	48.9	45.7	61.3	61.6	61.4	50.9	44.1	41.4	25.4	22.9	26.3	31.2	36.0	40.3
Parks Program																			
Total Parks	0.0	11.1	3.3	(0.2)	(0.2)	1.3	1.3	10.4	2.9	0.3	0.2	0.2	0.2	0.8	1.2	0.7	0.3	1.3	2.4
CRESA (8)	3.3	2.6	3.6	3.6	3.6	3.6	3.6	2.2	1.6	9.3	7.9	7.7	7.8	3.7	5.7	0.0	(4.3)	(8.4)	(12.6)
Clark County Share (30%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1.3)	(2.5)	(3.8)

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 second quarter financial report
may be obtained at:

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



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