



**proud past, promising future**

**CLARK COUNTY**  
WASHINGTON

# Quarterly Finance Report 2011 Third Quarter

October 19, 2011  
BOCC Work Session

# Contents

- **Leading Indicators**
  - Information on inflation and unemployment unavailable, will be in final version of report
- **Retail Sales**
  - Quarter over Quarter Improvement 1.7%
  - Annual improvement 4.7%
  - 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 grew \$4.1M from prior year third quarter, after considering PWTFL's.
  - DCD ended the quarter 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
  - REET Funds
  - General Liability
- **Other Items**

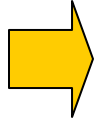
# Leading Indicators



Retail Sales



Building Permits



Construction % Retail Sales



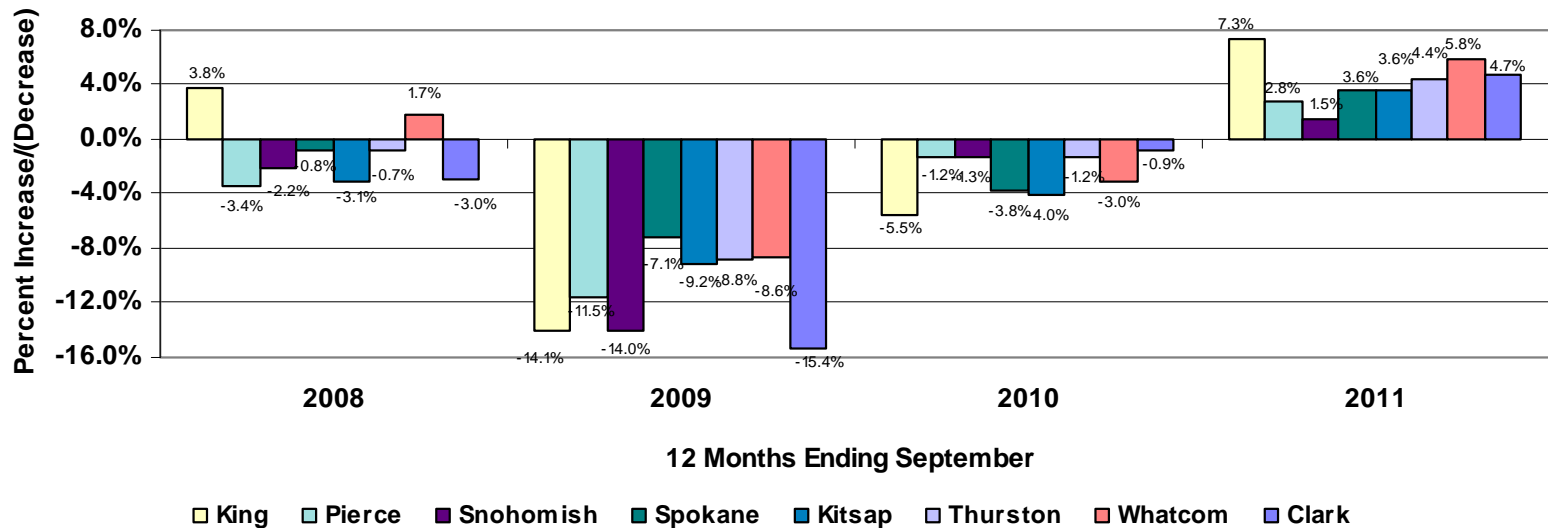
Unemployment



Developmental Services Permits

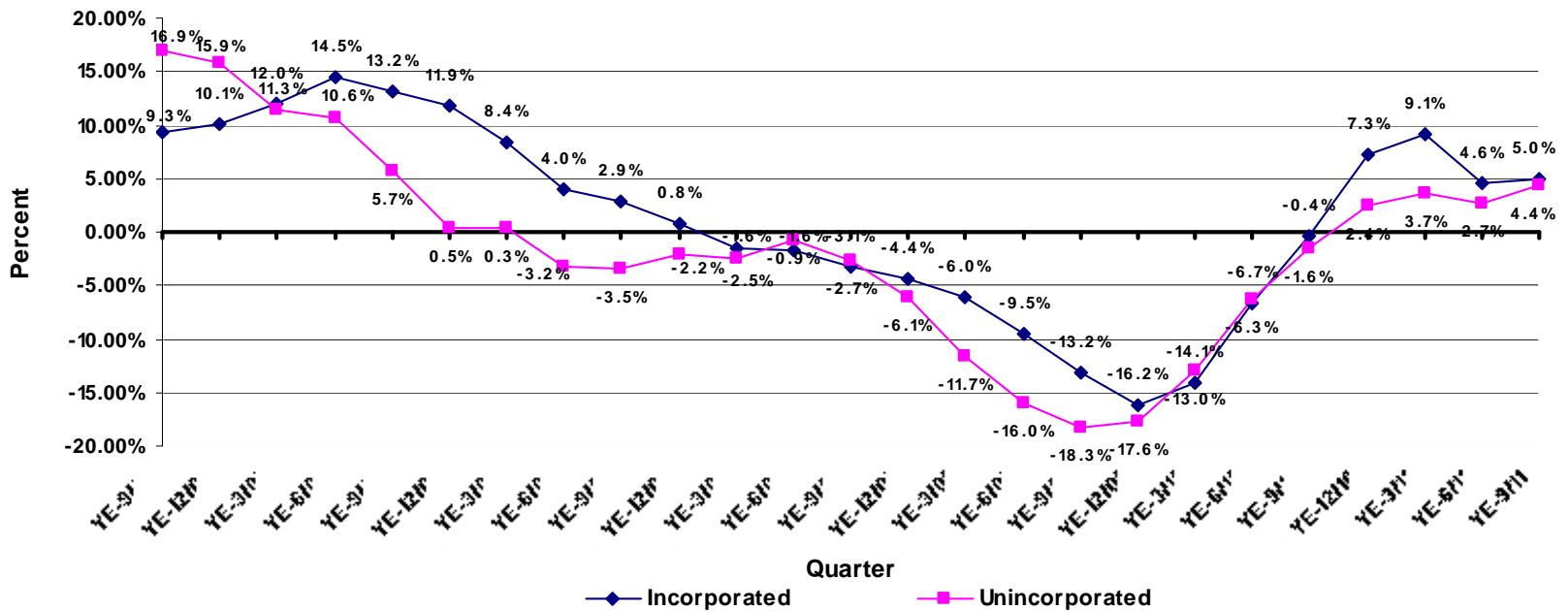
# Second Quarter Major County Annual Retail Sales Growth

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



# Clark County 12 Months Ending Retail Sales Growth/Decline

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.

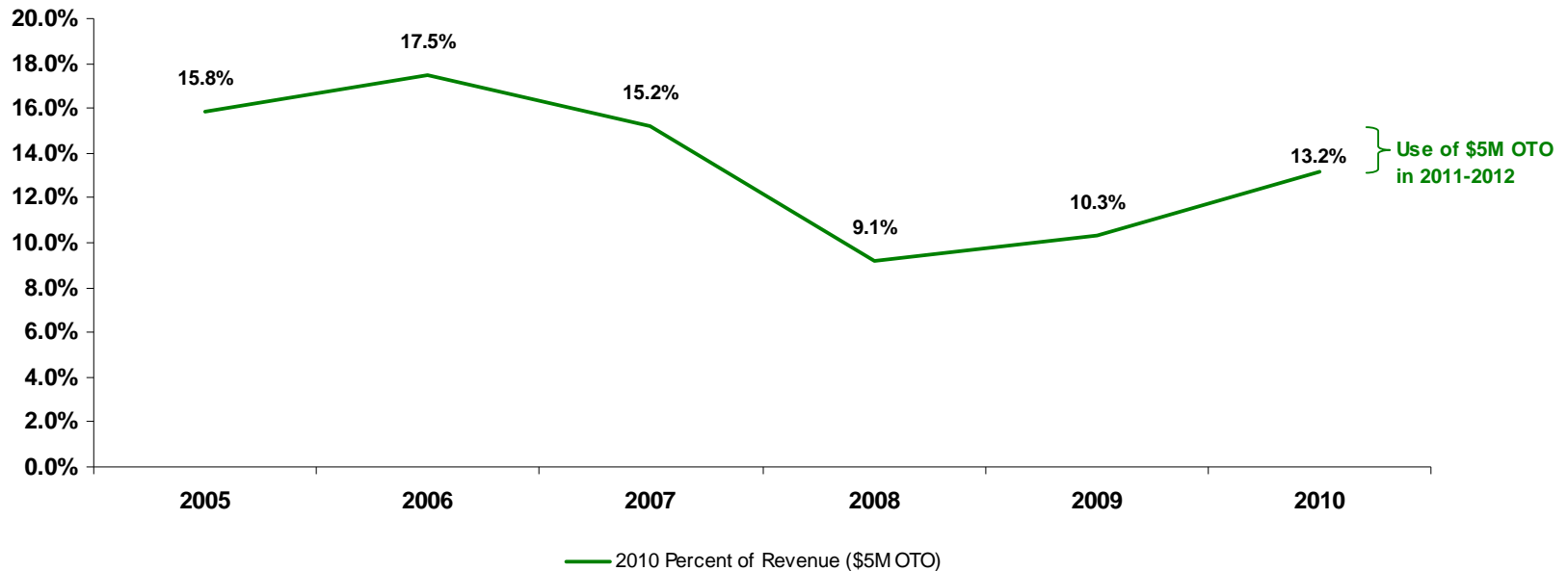
\$5M in 2010 ending fund balance was budgeted for 2011-2012 one-time expenditures including commitments for system improvements. Approximately \$1M in committed transfers to DCD have yet to be made.

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

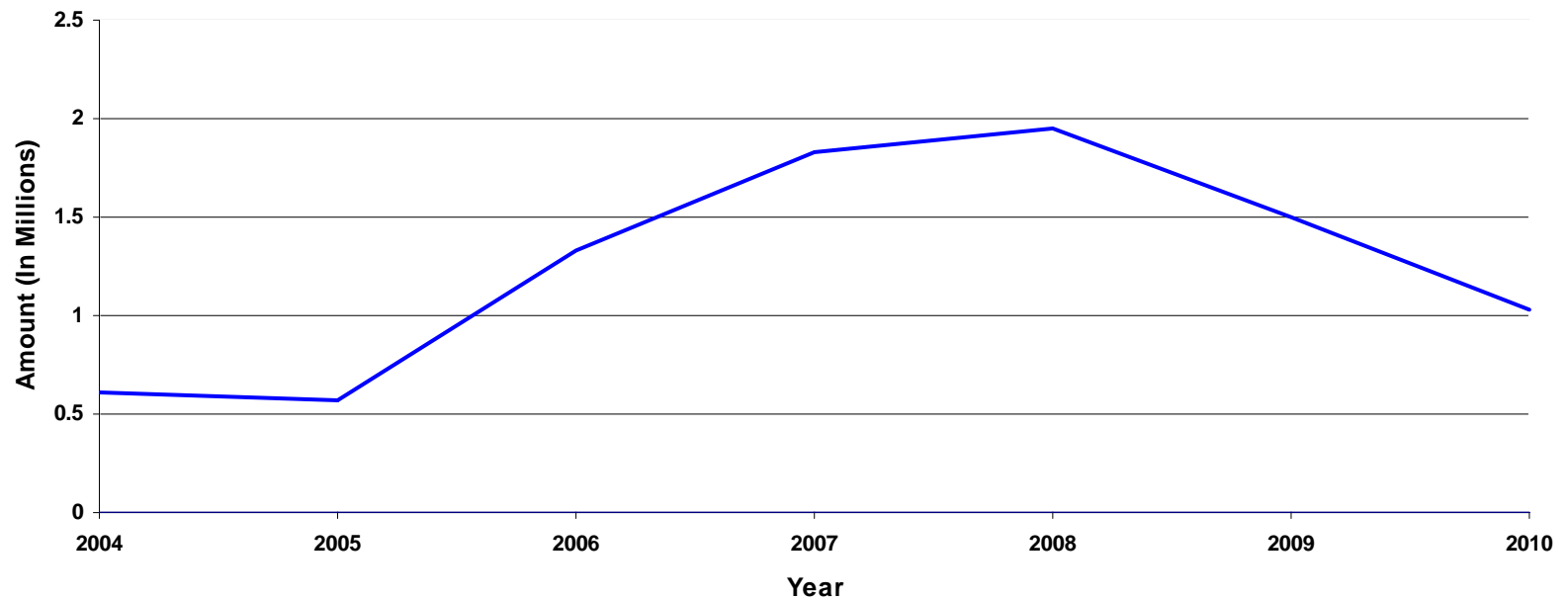
As well as one-time only revenue from property sale and DNR Timber Sales

# 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 \$300K to date.)
- Fair Fund
  - Fair Fund operations have a loss of \$100K through three quarters.
  - **The Fund currently has a \$465K 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

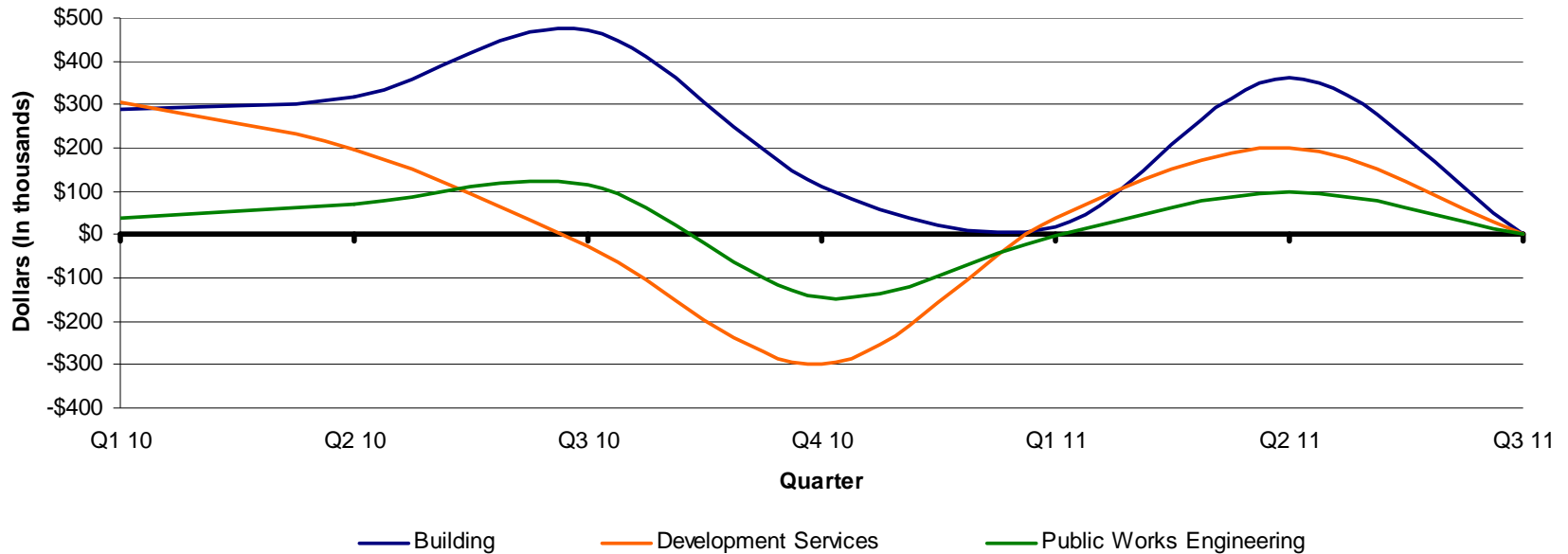


# Other Major Funds

- **Department of Community Development**
  - Fund balance is currently positive for both activities if General Fund transfers are made to Development Services.
  - 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 will require at least \$300K in funding from the General Fund.
- **Road Fund**
  - Third Quarter Fund Balance is \$15.2M up \$4.1M from 2010, excluding revenue from PWTFL's.
  - 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 low but stable with General Fund transfers.

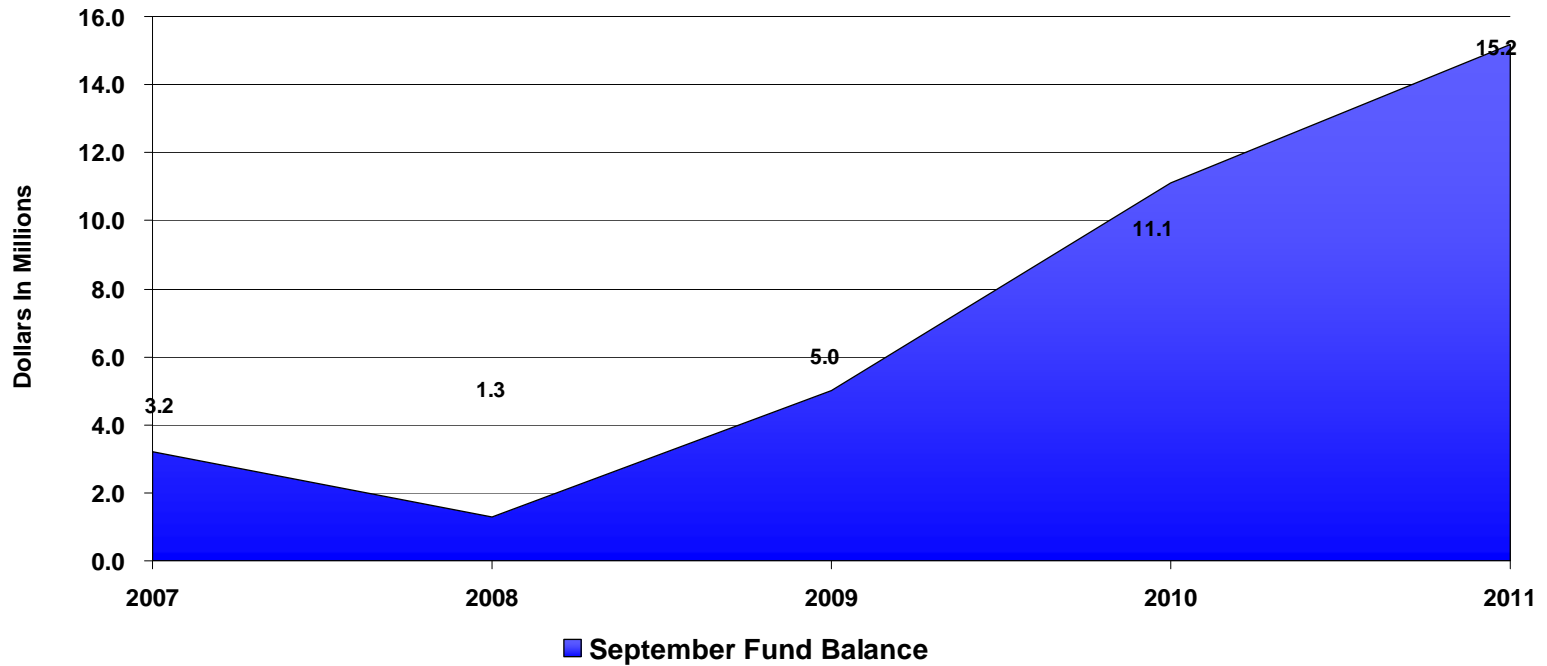
# Fund 1011 Development Services and Public Works Engineering

2010-2011 Adjusted Operating Surplus/Deficit by Quarter



# Fund 0001 Road Fund Undesignated Fund Balance 2005-2011

Road Fund Ending September Fund Balance Net of Public Works Trust Fund Loans



- 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 third quarter financial report may be obtained at:

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



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