Quarterly Finance Report
2012 Second Quarter

July 25, 2012
BOCC Work Session
Contents

• **Leading Indicators**
  – Stable with substantial slowing

• **Retail Sales**
  – Quarter over Quarter decrease 4.9%
  – Annual improvement 3.6%
  – Unincorporated sales growth is slightly better than incorporated sales growth

• **General Fund**
  – Fund Balance on track for 2012

• **Other Major Funds**
  – Public Works fund balance a little better than the 2012-2017 TIP beginning balance
  – DCD ended the year with a positive fund balance. The fund balance is attributed to building activities. Development activity has dropped to minimal levels and the General Fund subsidy is nearing 50 percent of the activity’s revenue.
  – Health Department is maintaining a minimal fund balance

• **Funds that might impact General Fund**
  – Community Development-Development Services
  – Fair Fund
  – Clean Water
  – Exhibit Hall
  – Center for Community Health
  – DCS RSN reorganization

• **Other Items**
Leading Indicators

- Retail Sales
- Building Permits
- Construction % Retail Sales
- Unemployment
- Developmental Services Permits
2012 Major County Annual Retail Sales Growth

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

12 Months Ending June

- Benton  King  Pierce  Snohomish  Spokane  Thurston  Whatcom  Clark
Clark County 12 Months Ending Retail Sales Growth/Decline

Clark County 12 Months Ending Retail Sales Growth/Decline

Quarter

Incorporated  Unincorporated

General Fund

2012 revenues are slightly below the biennial benchmark of 75 percent. This is primarily due to the lag in billing some revenues, which is caught up at year end. Expense spending is 3.7 percent below budget for a biennial-to-date surplus of $6M.

Net revenues through the first half of 2012 of $1.5M is behind the 2011 amount of $2.0M, but well within expectations.

Pressure on the General Fund from some funds is easing, (Workers’ Compensation, General Liability, and debt service), while others continue to require attention (Fair, Events Center Debt Reserve, and the Community Health Building). In addition, the reorganization of the DCS Regional Support Network will require support from the General Fund.
Fund 0001 General Fund and Permanent Reserve

Total Unassigned Second Quarter Fund Balance General Fund and Permanent Reserve

Year

- 2006: $19.5
- 2007: $21.5
- 2008: $14.2
- 2009: $6.7
- 2010: $14.3
- 2011: $18.8
- 2012: $22.6

Dollars in Millions
Funds That May Impact General Fund

- Department of Community Development
  - Development Service permits are 1/3 of 2007 levels.
  - General Fund subsidy is budgeted to be approximately $1M in 2012.

- Fair Fund
  - Fair Fund operations have a loss of $50K in 2012 year-to-date.
  - The Fund currently has a $616K 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 the end of 2012.

- Department of Community Service
  - The RSN reorganization has the potential to negatively impact the General Fund.
Fund 1026 Exhibit Hall Reserve Fund

Fund 1026 Exhibit Hall Dedicated Revenue Fund

[Graph showing Fund Balance from 2005 to 2013 with dollar amounts for each year.]

- 2005: $572
- 2006: $1,328
- 2007: $1,833
- 2008: $1,950
- 2009: $1,504
- 2010: $1,926
- 2011: $590
- 2012: $178
- 2013: ($234)
Funds That May Impact General Fund

• Clean Water
  – Maintenance costs for the growing and aging number of facilities is consuming all available resources. Meeting current Capital requirements will require new funding.

• CRESA Capital Replacement Fund
  – The Public Radio Group is progressing towards issuing a Request for Proposal. The impact on the General Fund for the Radio System replacement will be better assessed in the 2012 third or fourth quarters.
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 2012 impact of Fee Holiday has been only $50k year-to-date.

- Road Fund
  - Second quarter fund balance is $35M up $8M from 2011, excluding revenue from PWTFL’s.
  - Fund Balance is slightly ahead of pace to fund the 2012-2017 $173M TIP that includes $43M for the Salmon Creek Interchange, $23M for 119th Avenue, $20M for 10th Avenue, and $54M for Road Preservation.

- Health Department
  - Expenses are extremely tight, especially salaries and benefits
  - The Fund Balance is low but stable with General Fund transfers.
Summary

• General Fund fund balance has recovered from the 2008 low and is now within recommended levels. 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 focusing on Clean Water funding requirements, CRESA capital funding, and long term debt service requirements.

• Need to keep an eye on other funds that impact the General Fund when in financial difficulty.
  – Community Development-Development Services
  – Fair Fund
  – Clean Water
  – Exhibit Hall
  – Center for Community Health
  – DCS RSN reorganization
A copy of the complete second quarter financial report may be obtained at:

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