



proud past, promising future

CLARK COUNTY
WASHINGTON

Quarterly Finance Report 2010 Fourth Quarter

March 2, 2011
BOCC Work Session

Contents

- **Leading Indicators**
 - Minimal Improvement
 - Housing and development continue to struggle
- **Retail Sales**
 - Quarter over Quarter Improvement 7.7%
 - Annual improvement 5.3%
 - Unincorporated receipts lagging significantly behind the rest of the County
- **General Fund**
 - Fund Balance exceeded biennial goal
 - Fund Balance set aside for 2011-2012 one-time only
 - Since 2008, expenditures are down 9.4%
- **Other Major Funds**
 - Public Works Fund balance is higher, held in anticipation of 2010-2015 TIP.
 - 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**

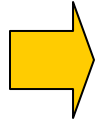
Leading Indicators



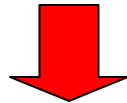
Building Permits



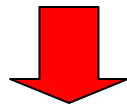
Retail Sales



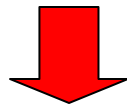
Construction % Retail Sales



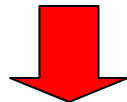
Home Sales



Median Home Sale Prices



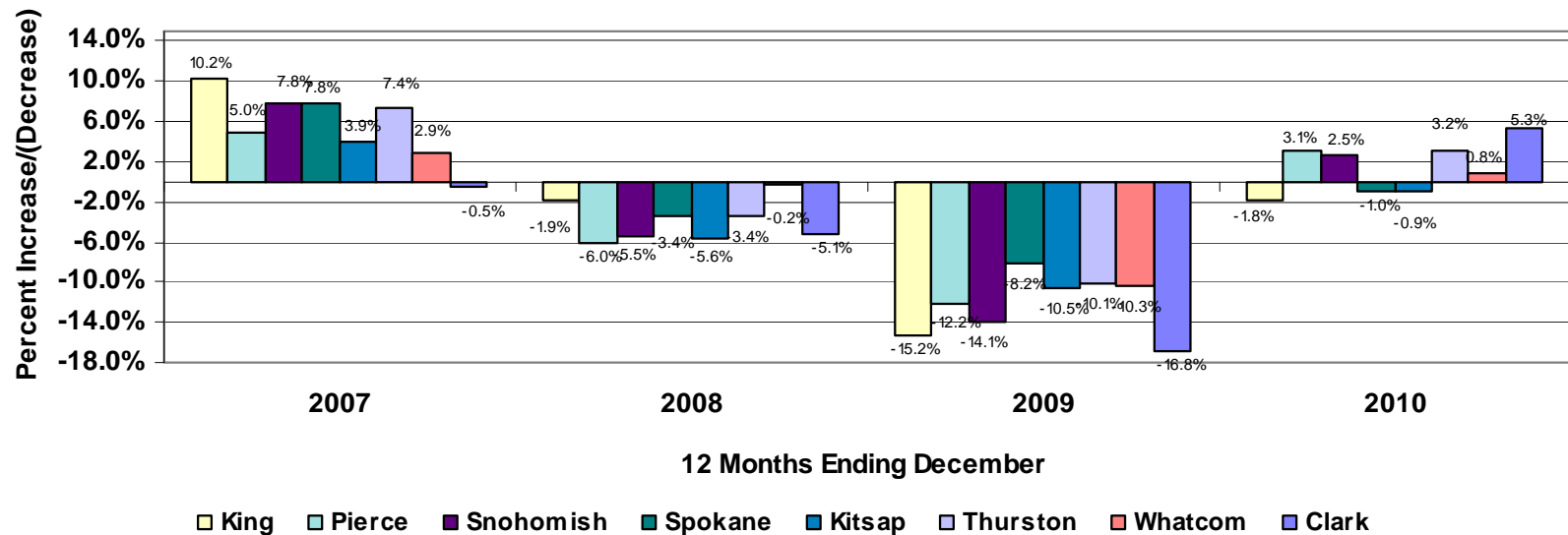
Unemployment



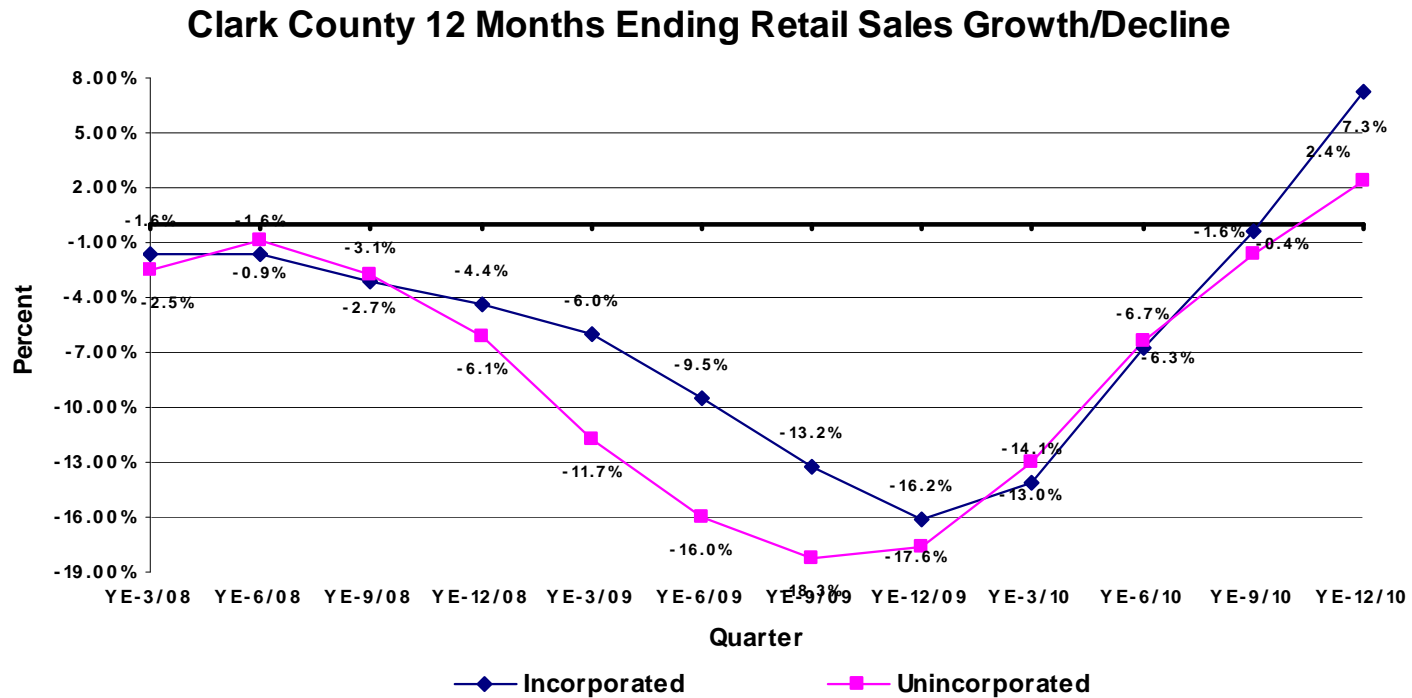
Developmental Services Permits

Fourth 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



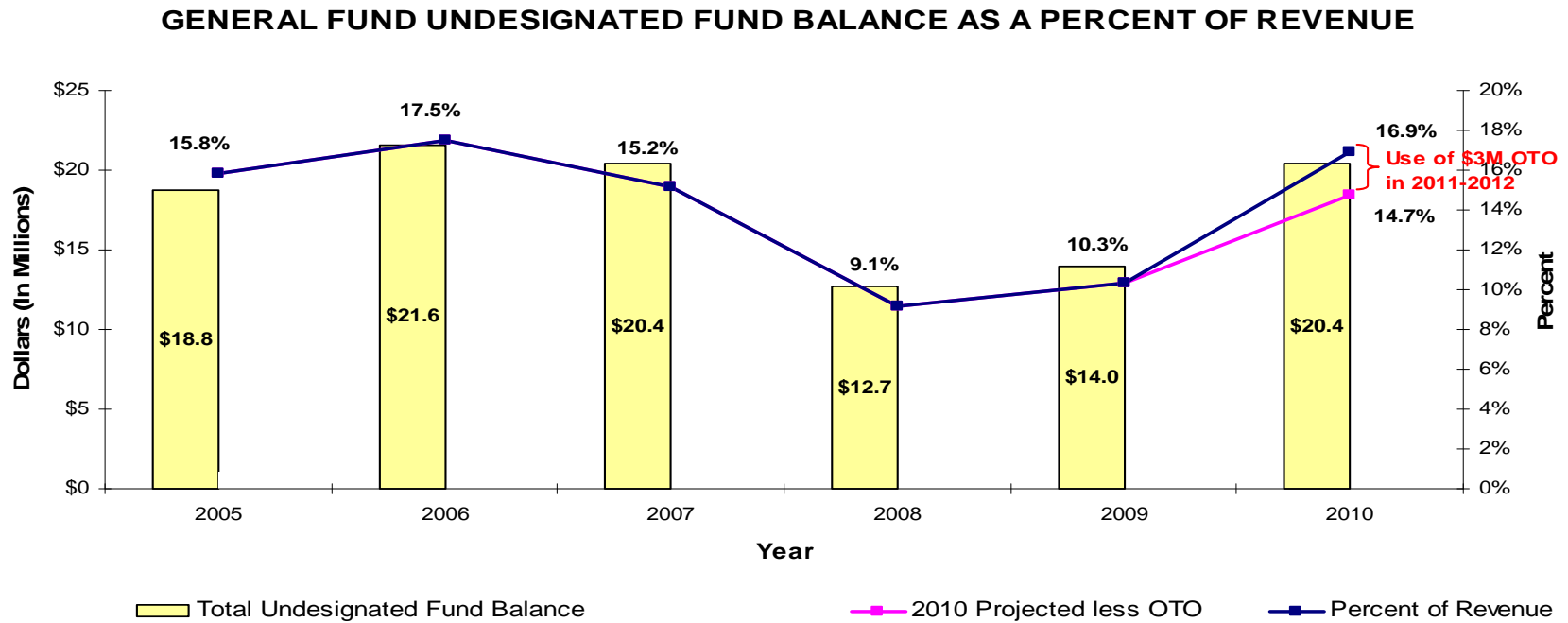
General Fund

The 2010 ending fund balance improved significantly as a result of expense savings. As expressed in the 3rd Quarter Financial Report, ending fund balance exceeded it's biennial goal to increase by \$1.7M, by an additional \$5M.

Ending fund balance is approximately \$13.8M, net off \$3M set aside for 2011-2012 one-time expenditures. Additional funds may need to be set aside for system improvements.

For 2010, expenses decreased \$6.5M. In addition there was a one-time sale of property of \$0.9M, DNR Timber Sales were \$1M more than budgeted, and DCD did not require additional fund balance support. (In 2009, GF transferred \$2.7M to DCD for fund balance support.)

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



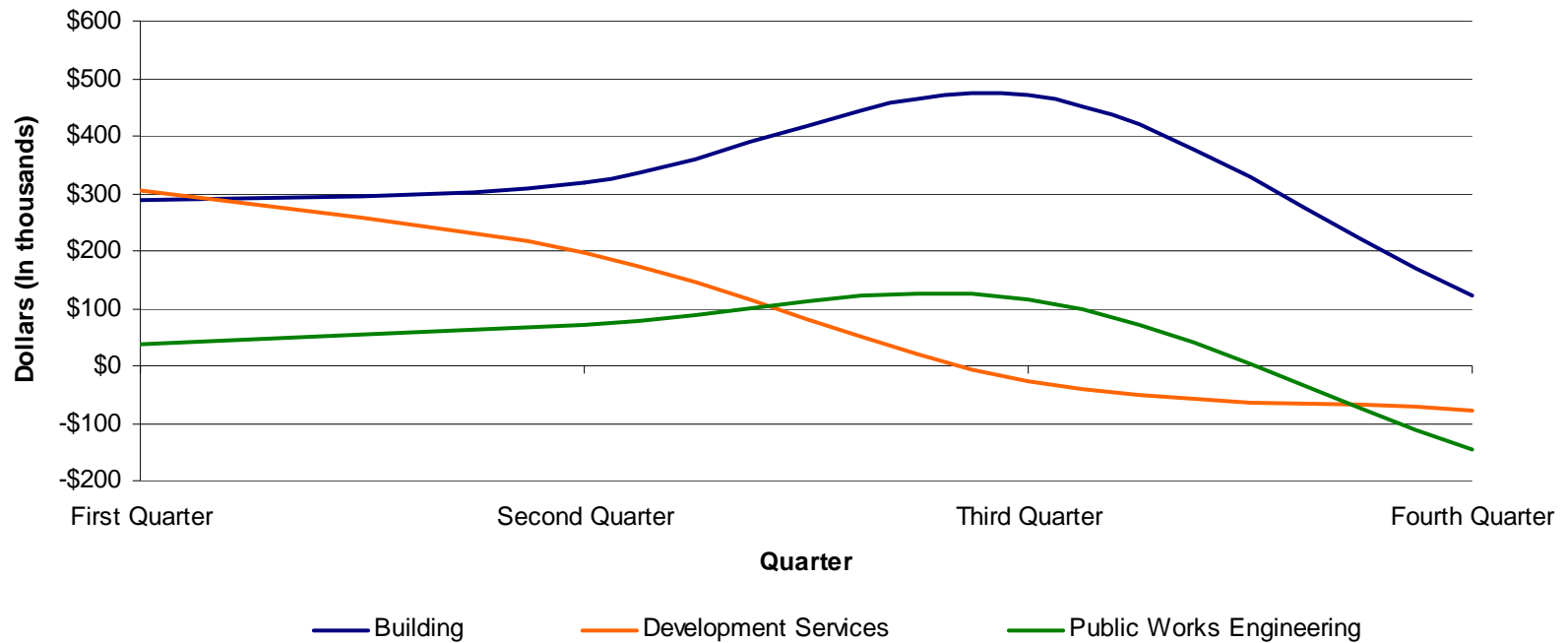
2010 includes the benefit of 2009 actions including:

- Road Fund Diversion
- Debt transfer to REET

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

Fund 1011 Development Services and Public Works Engineering

2010 Operating Surplus/Deficit by Quarter



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: permits and activity are increasing
 - Development Services: permits have 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**
 - Fourth Quarter Fund Balance is \$24.7M up \$7.6M from 2009
 - \$3M of the Fund Balance is committed to the Salmon Creek Interchange
- **Health Department**
 - Expenses are extremely tight, especially salaries and benefits
 - The Fund Balance is holding

Funds That May Impact General Fund

- Department of Community Development
 - Development Service permits have dropped to an all-time low.
 - General Fund will be required to fund the 2011 Fee Holiday.
- Fair Fund
 - Fair Fund operations for 2010 improved \$448K from 2009, however still had a loss of \$102K.
 - The Fund currently has a \$365K 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 part of the County Comprehensive Capital Plan.
- General Liability Fund
 - Fund Balance is a \$585K deficit prior to risk pool liability.

Summary

- General Fund fund balance has recovered from the 2008 low and is now at the lower end of recommended levels. Expenses are now better aligned with revenues.
- \$3M of the General Fund fund balance has been budgeted for one-time-only projects in 2011-2012.
- More discretion 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 fourth quarter financial report may be obtained at:

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



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