



Executive Summary

2011/2012 Budget Message

Budget History and Outlook

The Clark County 2009/2010 budget was adopted and repeatedly revised downward during a period of economic upheaval and uncertainty unlike any other since the 1930s. In all, the general fund budget was cut 22 percent, or \$62 million, from its peak in 2007/2008. The county cut 270 jobs, or about 15 percent of our workforce, through layoffs, retirements, resignations, and elimination of vacant positions. Expenses were decreased by reducing hours and pay for about 200 employees. Management salaries were frozen throughout the biennium. General wage freezes for non-management employees began in 2010 and are projected to continue at least through 2011.

From reductions in 2009 to a stable but fragile equilibrium in 2010, the economy is improving slowly but Clark County still lags behind other communities in our region and well behind the nation as a whole. For example, sales tax revenue remains 18 percent below levels posted in 2008. The current forecast calls for county revenues to remain essentially flat for 2011 and 2012. A flat forecast will require the county to continue managing expenses at recession levels until we see more evidence of recovery in southwest Washington. Persistent uncertainty is a constant that we are learning to live with. Budget cuts now pending at the state level will certainly affect health and social services to an extent not yet known.

All functions of county government have been affected by the historic downturn. The county faces the continued challenge of state and local tax structures that make us heavily dependent on sales and property taxes linked to new construction. Our forecast calls for a further decline in new construction in 2011, followed by modest improvement in 2012. Ten years ago, new construction was valued at \$1 billion annually. It peaked at \$1.5 billion in 2007. The latest forecast projects assessed value from new construction at \$265 million in 2011 and \$345 million in 2012.

Priorities and Issues

Public Health programs are in a fragile position, putting essential services at great risk. State and federal funding have been stagnant at best for the past decade. Funding has decreased and will be decreased more because of pending state budget cuts. Accordingly, the budget includes increased support from our local General Fund to compensate, in part, for the erosion of state support for public health. Our emphasis remains on preventing the spread of communicable disease and protecting the public from environmental health risks, such as those contained in unsafe food and water. Even so, this budget includes major reductions for Public Health.

To balance expenditures with a flat revenue forecast, the budget continues most of the reductions imposed for 2009/2010. Proposed increases center on public safety, primarily for indigent defense and victim assistance, and keeping parks open in the winter by restoring funding that was previously reduced.

Increasing our employees' share of health care costs is another key feature. The budget calls for employees to pay an additional \$5.8 million for health care in the next biennium through reduced benefits, increases in co-pays and deductibles and introducing payroll deductions to cover increases in insurance premiums.

Outlook

The last two years have been trying, to say the least. As a major service provider, employer, and purchaser of goods and services in a distressed economy, we have confronted challenges and endured emotional struggles. We have been able to do this because of our employees, our appointed department heads and elected officials. These inspired, problem solving, high-caliber men and women continue their commitment to deliver quality services around the clock.

The 2011/2012 budget will draw more deeply on our strengths, our abilities, and our patience. Throughout the recession, we have relied on flexibility and reserves, including the goodwill of our employees and their prudent management during better times. We have fewer options going forward. We must strive to re-focus, reconfigure, and "normalize" our efforts.

Strategies

During public hearings that were open for three days, the Board of County Commissioners considered a spending plan that would keep most programs operating for another two years at the reduced levels established during the recent recession. The public hearings presented information regarding the strategies for the upcoming biennium, wherein the county maintains expenses at 2009/2010 levels even though demand is increasing for many public services.

While the budget for 2011/2012 keeps most expenses at recession levels, it increases funding for Public Health to limit the impact of state funding cuts. Public Health stands to lose substantial funding and was the subject of a special presentation at one of the budget hearings. At the public hearing, public health professionals and advocates told the Board that years of erosion in state support have left the community hard-pressed to handle basic functions in preventing and controlling disease. Budget cuts at the state level pose the biggest challenge to maintaining local services for 2011/2012. Mental health and social service programs are most severely threatened.

During the hearings, Board of Commissioners Chair Steve Stuart said federal and state governments are retreating from their traditional roles in funding regional public health programs to an extent that could overwhelm local systems. He agreed with speakers who said local costs are increased by excessive demands on hospitals and other emergency services when public health programs are diminished.

In a unanimous vote, the three commissioners agreed to increase the 2011 General Fund property tax levy by one percent, or about \$540,000 countywide, and dedicate the revenue to public health. They held all other property taxes, including those that pay for county roads, at 2010 levels.

The budget also includes money to keep regional parks and trailheads open during the winter by restoring previous cuts in staff, maintenance and operations. Otherwise, most programs were funded at the reduced levels established in 2009 and 2010. The number of county jobs remains at 1,640 for 2011/2012.

The total budget is \$886.2 million for the two-year period, 9.6 percent less than 2009/2010. About 70 percent will come from federal and state sources and from fees and penalties tied to specific services. About 30 percent is expected to come from local taxes, including property and sales taxes, which remain depressed due to reductions in revenues derived from new construction, an area that continues to be far below pre-recession levels.

Summary

This proposed budget is intended to keep the county fiscally sound and maintain a tradition of conservative financial management. It calls for continued patience and sacrifice by those employed by the county and those who receive services or do business with the county. It also sets out the second phase of a three biennium plan.

During 2009/2010 we faced crisis and we managed it well. We significantly reduced spending and grew our general fund reserves. For 2011/2012 we will be fully immersed in the "new normal." This will mean that we must reconfigure what we do and how we pay for it; a reformulation of what county government services we deliver and how we deliver them.

Finally in the third phase with the 2013/2014 budget we will aim to implement the reconfiguration; to "normalize" county service delivery within the necessary budget configurations that we are faced with today.

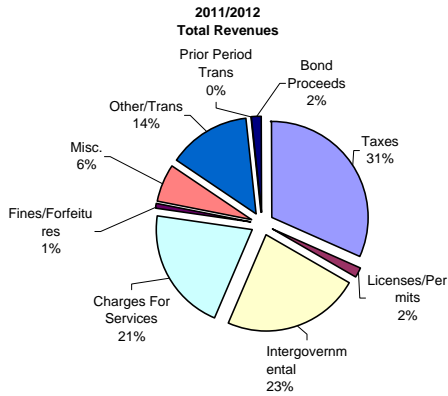
I look forward to working with the Board of County Commissioners, elected officials, department heads, and county staff to deliver the quality services planned for the current biennium.

Sincerely,



Bill Barron
County Administrator

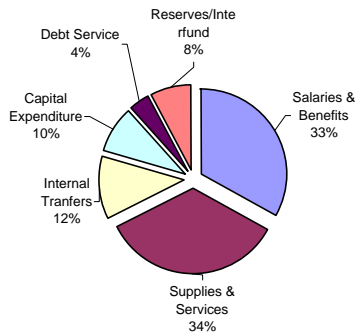
Budget in Brief



Revenues By Source

	2005/2006 Actual	2007/2008 Actual	2009/2010 Actual	2011/2012 Budget
Taxes	263,571,474	276,430,109	274,441,132	276,357,106
Licenses/Permits	18,369,982	15,164,275	15,183,915	15,542,561
Intergovernmental	179,287,921	234,046,544	201,057,640	199,584,473
Charges For Services	131,728,618	158,533,092	124,347,571	182,926,026
Fines/Forfeitures	7,366,012	8,068,990	7,264,954	7,278,672
Misc.	50,046,956	63,599,316	45,223,169	56,635,498
Other/Transfers	105,721,256	152,956,418	123,639,421	119,133,410
Prior Period Trans	4,358,792	10,396,638	1,691,619	1,087,415
Bond Proceeds	74,542,351	12,387,411	2,440,322	14,577,000
Total Revenues	834,993,360	931,582,794	795,289,743	873,122,161

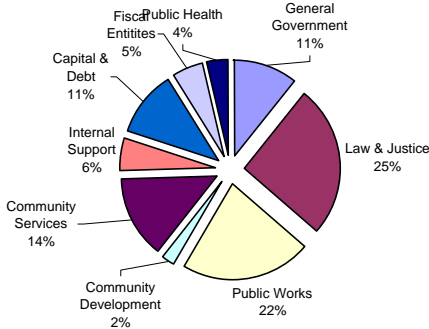
2011/2012 Expenditures by Object Code



Expenditures by Object Code

	2005/2006 Actual	2007/2008 Actual	2009/2010 Actual	2011/2012 Budget
Salaries & Benefits	246,661,768	290,722,606	285,700,885	293,626,599
Supplies & Services	228,952,464	279,233,654	253,738,675	305,104,686
Internal Transfers	101,609,529	148,125,005	117,132,647	105,630,938
Capital Expenditures	100,055,901	111,356,289	56,980,555	79,228,160
Debt Service	98,865,638	31,637,763	31,512,461	33,504,020
Reserves/Interfund	54,256,860	68,052,959	71,797,235	69,124,965
Total Expenditures	830,402,160	929,128,277	816,862,457	886,219,368

2011/2012 Expenditures by Function



Expenditures by Function

	2005/2006 Actual	2007/2008 Actual	2009/2010 Actual	2011/2012 Budget
General Government	61,164,444	81,286,335	88,889,764	95,509,187
Law & Justice	174,607,153	210,279,442	208,983,463	211,360,661
Public Works	192,277,771	254,720,307	179,478,115	209,773,373
Community Development	29,932,491	30,920,891	16,545,749	13,198,431
Community Services	82,415,928	103,488,427	114,759,636	156,819,341
Internal Support	44,421,102	52,419,636	45,438,044	41,246,735
Capital & Debt	161,547,792	112,228,055	91,075,958	81,803,893
Fiscal Entities	48,293,986	47,259,458	41,685,769	51,563,564
Public Health	35,741,492	36,525,727	30,005,960	24,944,183
Total Expenditures	830,402,160	929,128,277	816,862,457	886,219,368