

Financial Report of Revenues and Expenses

4th Quarter 2007



proud past, promising future

CLARK COUNTY
WASHINGTON

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COUNTY LEADING INDICATORS

There are many indicators of Clark County's economic health and general direction. This section includes a few of the indicators that are relevant to current issues and concerns within the County.

The Local Inflation Rate has recently jumped up. The December 2007 rate is 4.1 percent. This indicator is consistent with the national trend.

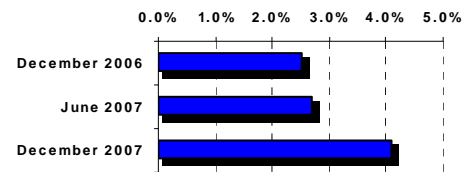
The Clark County Unemployment Rate indicates the County has moderated in the past few years. The rate appears to be stabilizing around 5.5 percent. The December unemployment rate is 5.5 percent.

Jail Bed Days are of a particular concern due to the finite space to house inmates. The number of inmate bed days is over 300K per year. Statistics indicate 50 percent of the inmates are sentenced, 41 percent are felons, and 60 percent are jailed one week or less.

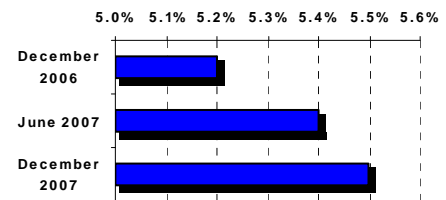
County Retail Sales have dipped in 2007 after reaching an all-time high in 2006. Unincorporated retail sales have decreased approximately 0.5 percent for the year. The construction component as a percent of retail sales has stabilized between 33 and 34 percent after declining from a high of 38 percent.

Construction has also had an impact on County sales and use taxes. Use tax collections average \$225K annually. In 2004 and 2005, major construction projects contributed an additional \$500K and \$600K to County basic use tax collections, respectively. In 2007, use tax collections have returned to average levels. Washington State's average retail sales per capita is \$16.2K. Excluding King County the average is \$13.4K. Clark County's average is \$12.9K.

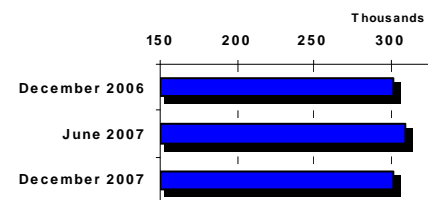
Clark County Inflation Rate



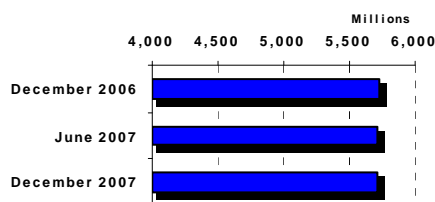
Clark County Unemployment Rate



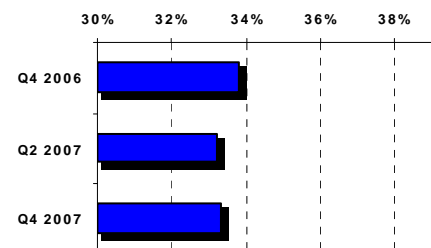
Jail Bed Days (12 Months)



Total County Retail Sales (12 Months)



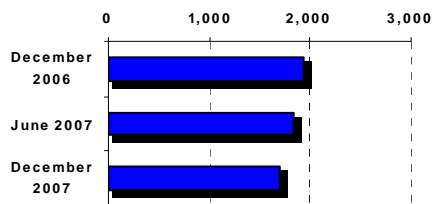
Construction As A Percent of Retail Sales



COUNTY LEADING INDICATORS

The County experienced unprecedented growth in 2004-2005. Since then indicators have declined. In 2006, building permits declined 25 percent. The decline has continued through 2007. Revenues associated with construction activity have declined accordingly. (See page 36) The average value of building permits reflects the value of construction projects.

Building Permits (12 Months)

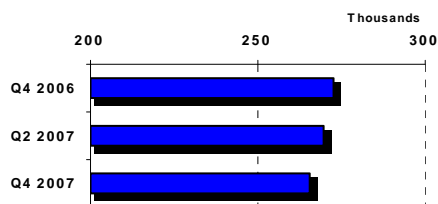


Average Value Building Permits

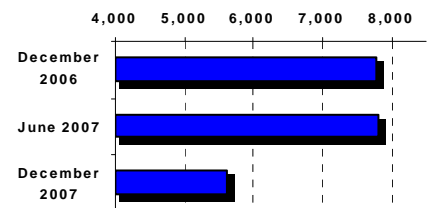


Home sales are also an indicator of the economic activity in the County. Over the past year, home sales have declined approximately 28 percent. This indicator, in conjunction with the slowdown in building permits and the 2.6 percent drop in median sales prices indicates a dramatic change in the housing industry. The economic impact of this trend is reflected in decreased sales tax revenue, REET revenue, and development services fees.

Median Home Sales Price



Existing Home Sales (SAAR)



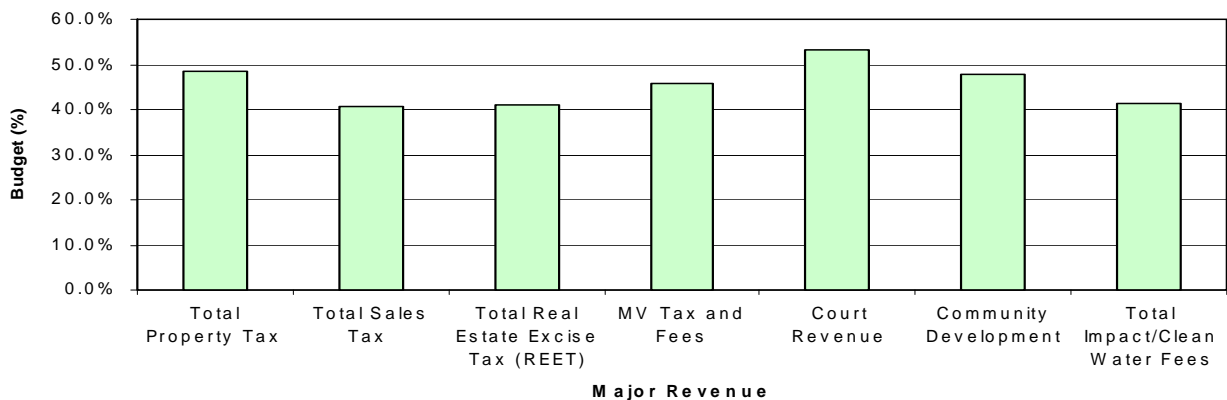
Leading indicators that began showing declines in late 2005, throughout 2006, continued to decline in 2007. Building permits began declining in the first quarter of 2005, development service fees the second quarter of 2005, sales tax the third quarter of 2005, and REET the fourth quarter of 2005. Building permits have experienced a quarter over quarter revenue decrease since the second quarter of 2005. REET experienced a quarter over quarter revenue decrease in the 2006 second quarter through the 2007 fourth quarter; development services fees from the 2006 first quarter to the 2007 fourth quarter; and for the first time, sales tax showed a quarter over quarter decrease in the second, third, and fourth quarters of 2007.

COUNTY REVENUE OVERVIEW

The County collected \$380M or 42.9 percent of the 07-08 budgeted revenues through December 2007. Community Development revenues include the one-time transfer of \$1.2M from the General Fund. All other revenue sources, other than court revenues, are lagging behind the benchmark for the budget period of 50 percent. The \$380M excludes interfund transfers and fiduciary funds. Taxes collected of \$130.5M represent 46.8 percent of budgeted tax revenues.

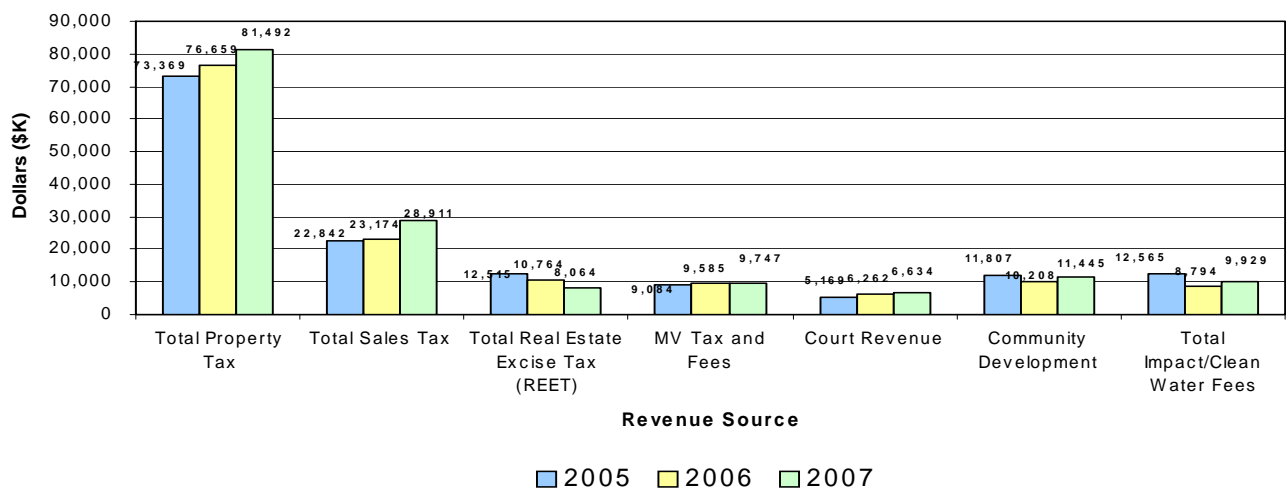
Some revenue sources, such as property taxes, are not earned equally throughout the budget period. Comparing the percent of budget collected based on a point in the budget period should take into consideration the revenue's individual collection cycle.

MAJOR REVENUE COLLECTED BTD AS A PERCENT OF BUDGET



Another way to assess trends is to compare revenue types over time. The following chart shows revenue collection through the fourth quarters of the past three years from major revenue sources. Sales tax revenue shows an increase of \$5.7M, however \$6M was due to the additional .2 percent optional and .1 percent mental health tax that began in 2007.

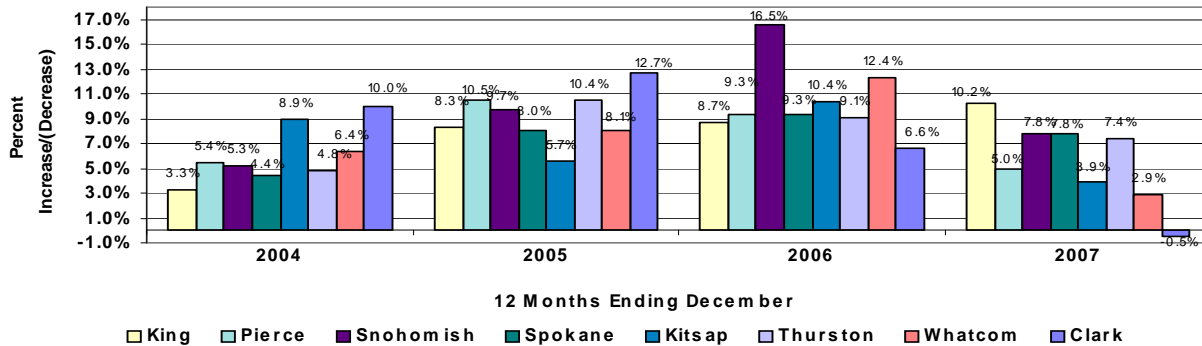
FOURTH QUARTER MAJOR REVENUE COMPARISON



SALES TAX REVENUE

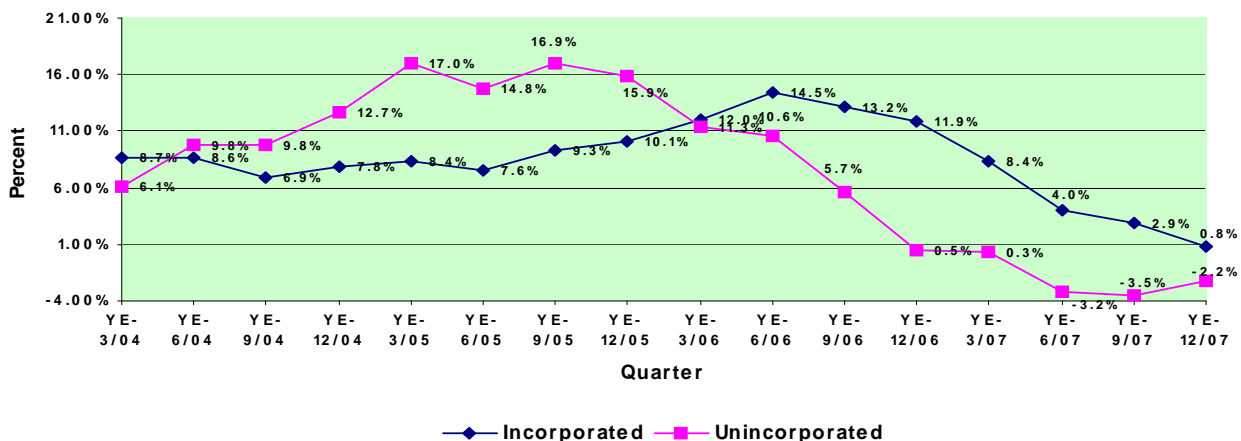
In the past twelve months, all major counties, with the exception of Clark County, have experienced a positive retail sales growth rate. Clark County's retail sales growth rate decline .5 percent for the 12 months ending December 2007. For several years the County was a leader in retail sales growth, however, recently Clark County's lead has been surpassed by the other large counties.

**Washington Counties Retail Sales Growth Rate
(Year over Year)**



Unincorporated Clark County receives approximately \$12.5M (basic 0.5 percent) in retail sales tax revenue annually. This represents 43 percent of the basic retail sales tax received in the entire county. For the past year, retail sales growth in incorporated Clark County has been greater than in unincorporated Clark County. For the past three quarters retail sales declined in unincorporated Clark County.

**Clark County
12 Months Ending Retail Sales Growth**

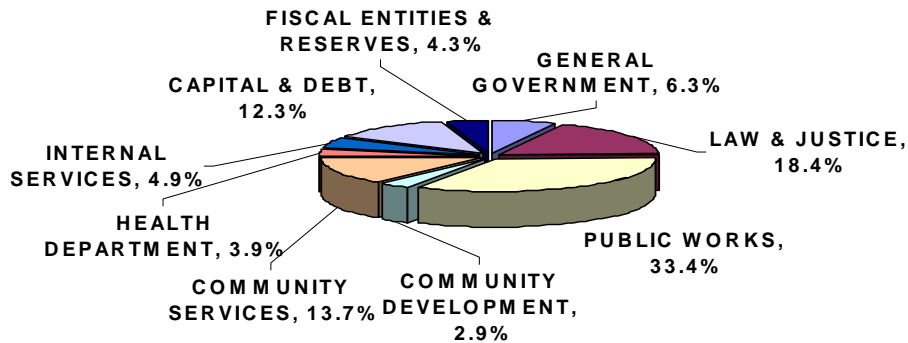


Construction spending in unincorporated Clark County typically ranges from 30-35 percent of percent of retail sales. In the past year, construction declined from a high of 38 percent to the current 33.3 percent. Use tax paid from construction projects has declined significantly in the past year to the average annual level of \$225K. In 2004 and 2005, use tax collections were \$747K and \$844K respectively.

COUNTY EXPENSE OVERVIEW

Spending, as represented by the 07-08 budget has shifted from the prior biennial budget. Due to the completion of the Center for Community Health Building, capital and debt expenditures have declined from 21.9 percent to 9.3 percent of budget. Law and Justice as a percent of General Fund related budgeted expenditures (General Government, Law & Justice, and Internal Services) has declined from 64 percent to 62 percent, despite the increased budget capacity from the .2% Optional (Law & Justice) sales tax.

Clark County Expense Distribution
2007-2008 Budget



Total 2007 Clark County expenses through the 2007 year end are approximately 39.6 percent of budget. The expenditure percentage is heavily weighted by public works which has lower spending due to project delays and capital and debt which have had fewer transfers. General fund related activities; general government, law and justice, and internal services are spending at 109 percent of the 2006 pace and are 47.5 percent of budget. Expenditures in the first year of the 03-04 biennium were 48.5 percent, and 05-06 biennium were 48.9 percent.

CLARK COUNTY EXPENSE DISTRIBUTION

(Dollars in thousands)

	4Q07	4Q06	07-08 Budget	07/06	YTD/Budget
GENERAL GOVERNMENT	\$ 28,001	\$ 25,601	\$ 61,754	109.4%	45.3%
LAW & JUSTICE	85,755	78,907	178,895	108.7%	47.9%
PUBLIC WORKS	116,177	107,075	324,670	108.5%	35.8%
COMMUNITY DEVELOPMENT	13,268	11,559	28,314	114.8%	46.9%
COMMUNITY SERVICES	49,597	42,933	132,959	115.5%	37.3%
HEALTH DEPARTMENT	17,880	18,909	38,116	94.6%	46.9%
INTERNAL SERVICES	22,942	20,863	47,565	110.0%	48.2%
CAPITAL & DEBT	36,314	87,631	119,384	41.4%	30.4%
FISCAL ENTITIES & RESERVES	15,492	15,598	41,466	99.3%	37.4%
TOTAL	\$385,425	\$409,077	\$973,122	94.2%	39.6%

GENERAL FUND

The 2007 year ending fund balance in General Fund is essentially unchanged from the beginning of the year. The 2007 fund balance includes a \$1.2M one-time transfer to Community Development, however, it does not include any transfer to the capital reserve fund. (\$5M budgeted for 2007.)

FUND 0001-GENERAL FUND CONDENSED HISTORY

	ACTUAL							
	2003 \$ M	2004 \$ M	Change 04/03	2005 \$ M	Change 05/04	2006 \$ M	Change 06/05	2007 \$ M
Total Revenue	99.7	101.3	1.6%	113.5	12.0%	124.1	9.3%	134.2
Total Expenses	99.4	102.3	3.0%	110.0	7.6%	121.4	10.4%	133.1
Surplus/(Deficit)	0.4	(1.0)		3.5		2.7		1.1
One-time In	2.0	5.9		-		-		-
One-time Out	-	(3.8)		-		-		(1.2)
Net Gain/(Loss)	2.4	1.1		3.5		2.7		(0.1)
Fund Balance	10.9	12.0		15.5		18.2		18.1
Designated	0.0	1.5		3.1		3.2		3.2
Undesignated	10.9	10.5		12.5		15.0		14.9

General fund revenue collected through the 2007 year end is \$134.2M. For comparison, \$124.1M and \$113.5M was collected in 2006 and 2005 respectively. The 2007 property tax growth rate was 5.1 percent and will require a 6.6 percent growth rate in 2008 to meet budget. The majority of the property tax growth rate is due to new construction which has slowed significantly in the past year and will impact the property tax growth rate in the coming years.

Existing sales tax revenues collected, excluding new sales taxes, are 46.4 percent of budget. The 2006 rate was 50 percent. Existing sales tax revenues have declined slightly from the prior year and at the current collection rate will be under budget for the biennium.

The additional .2 percent Optional Sales Tax dedicated to Law and Justice contributed \$2.9M. Through the end of the biennium, the Law and Justice Sales Tax is projected to collect approximately \$8.1M against a budget of \$11M.

GENERAL FUND

FUND 0001-GENERAL FUND ACTUAL VS. BUDGET

	ACTUAL		BUDGET		ACTUAL VS. BUDGET	
	07-08 \$ M	Annual \$ M	Adopted \$ M	Current \$ M	2007 Annual	2007/08 Current
Total Revenue	134.2	134.5	272.2	278.1	99.8%	48.3%
Total Expenses	133.1	142.8	284.7	296.6	93.2%	44.9%
Surplus/(Deficit)	1.1	(8.3)	(12.5)	(18.5)		
One-time In	0.0	-	-	-		
One-time Out	(1.2)	-	-	-		
Net Gain/(Loss)	(0.1)	(8.3)	(12.5)	(18.5)		
Fund Balance END of period	18.1	-	-	-		

General fund expense through the fourth quarter of 2007 is \$133.1M or 44.9 percent of budget. This compares to 47.8 percent of budget spent in 2006 and 48.4 percent spent in 2005. The low 2007 percent is due primarily to the timing of budgeted transfers and supplies and services spending of 40.5 percent. Expenditures would be 47.2 percent of budget if \$2M and \$5M were transferred to ATS and the capital reserve, respectively.

Each biennial budget sets aside an amount to deal with contingencies. Contingencies are generally items that are known, not part of the baseline budget, and the amount may be estimated. For example, contingency items include labor settlements, earned leave buybacks and payoffs, and merit increases. For the 07-08 biennium, approximately \$4.9M in contingency budget remains.

GENERAL FUND DEPARTMENT 308 CONTINGENCY

Account	Description	07-08 Adopted		Current Budget
		Budget	Transfers	
0001.000.308.508200.324BTD	Food/Water (Jail)	584,000	584,000	-
0001.000.308.508200.414BTD	Medical/Dental (Jail)	122,000	122,000	-
0001.000.308.508200.997BTD	Salaries/Benefits	5,646,872	725,398	4,921,474
Available Balance		6,352,872	1,431,398	4,921,474

DEPARTMENT OF COMMUNITY DEVELOPMENT

The Department of Community Development fund balance at the end of 2007 is (\$1.0)M, after the transfer of \$1.2M from General Fund to settle prior general fund obligations. The balance compares to the 2006 ending balance of \$1.0M and the 2005 ending balance of \$3.5M.

DCD revenue for 2007 is \$3.4M less than 2006 and \$5.3M less than 2005. Revenue received in the 2007 from building permits and development service fees only, was \$1.3M less than in 2006 (see pages 36, 37). A combination of declining revenues and high costs have contributed to the lower fund balance. Expenses show a declined \$2.7M from 2006, however, \$4.4M in 2006 cost relate to departments shifted to the General Fund. Excluding these departments, expenses increased \$1.7M.

FUND 1011-COMMUNITY DEVELOPMENT CONDENSED HISTORY

	ACTUAL								
	2003 \$ M	2004 \$ M	Change 04/03	2005 \$ M	Change 05/04	2006 \$ M	Change 06/05	2007 \$ M	Change 07/06
Total Revenue	13.6	16.0	17.9%	15.4	-3.7%	13.5	-12.2%	10.1	-25.6%
Total Expenses	12.7	13.3	4.9%	13.9	4.5%	16.0	15.4%	13.3	-17.3%
Surplus/(Deficit)	0.9	2.7		1.5		(2.5)		(3.2)	
One-time In (1)	-	-		-		-		1.2	
One-time Out	-	-		-		-		-	
Net Gain/(Loss)	0.9	2.7		1.5		(2.5)		(2.0)	
Fund Balance END of period	(0.7)	2.0		3.5		1.0		(1.0)	

(1) Transfer to correct General Fund funding shortfall in Q3 2007.

Planning and development fees are reviewed and recalculated each year to better reflect the cost of performing the respective service. In April of 2007, the Board of Commissioner's approved a 5.9 percent increase in fees effective April 26, 2007.

The General Fund supports Development Services to reflect the "community benefit" of maintaining sound and safe development policies. The amount of support is equal to 10 percent the activity's expenses.

DEPARTMENT OF COMMUNITY DEVELOPMENT

FUND1011-COMMUNITY DEVELOPMENT ACTUAL VS. BUDGET

	ACTUAL		BUDGET		ACTUAL VS. BUDGET	
	07-08 \$ M	Annual \$ M	Adopted \$ M	Current \$ M	2007 Annual	2007/08 Current
Total Revenue	10.1	12.1	28.3	29.4	83.3%	34.2%
Total Expenses	13.3	12.5	28.8	28.8	105.8%	46.0%
Surplus/(Deficit)	(3.2)	(0.5)	(0.5)	0.6		
One-time In (1)	1.2	-	-	-		
One-time Out	0.0	-	-	-		
Net Gain/(Loss)	(2.0)	(0.5)	(0.5)	0.6		
Fund Balance END of period	(1.0)	-	-	-		

(1) Transfer to correct General Fund funding shortfall in Q3 2007.

Community Development activities include Building and Development Services. Other activities including Community Planning, Animal Control, Code Enforcement, and Fire Marshal have been transferred to the General Fund at the beginning of 2007. Building is supported entirely by fees. Development Services is supported 90 percent from fees and 10 percent from the General Fund.

FUND 1011 2007 ADJUSTED FUND BALANCE BY ACTIVITY

	2007		Fund Balance		Total After Adjustment
	Beginning Fund Balance	YTD Activity	Prior to Adjustment	2006 GF Shortfall (1)	
Building	2,781,818	(1,504,064)	1,277,754		1,277,754
Development Services	(1,773,605)	(1,690,227)	(3,463,832)	1,223,992	(2,239,840)
	1,008,213	(3,194,291)	(2,186,078)	1,223,992	(962,086)

(1) Shortfall in GF support was transferred in 3rd quarter of 2007.

ROAD FUND (DEPARTMENT OF PUBLIC WORKS)

The Road Fund fund balance is \$15.8M at the end of 2007. This compares to a balance of \$8.2M for the end of 2006 and \$8.6M at end of 2005. The larger than normal fund balance is due to the delay in two major projects; the 179th street interchange and the Kline Line Bridge. These projects are scheduled for 2008.

Generally, the fund balance is drawn down during the summer construction months and has needed to borrow intermittently to remain liquid. In addition to short term borrowings, borrowings from the Public Works Trust fund are listed as "One-time In" in the chart below.

Biennium-to-date revenue collected through 2007 is \$61.3M. This is \$6.9M more than the \$54.4M collected in 2006. Road fund revenue is tied to property taxes with the majority of the revenue received in the second and fourth quarters of the year.

FUND 1012-ROAD FUND CONDENSED HISTORY

	ACTUAL								
	2003 \$ M	2004 \$ M	Change 04/03	2005 \$ M	Change 05/04	2006 \$ M	Change 06/05	2007 \$ M	Change 07/06
Total Revenue	53.4	56.0	5.0%	53.7	-4.1%	54.4	1.2%	61.3	12.8%
Total Expenses	60.7	55.9	-7.9%	49.4	-11.6%	54.7	10.7%	53.7	-1.9%
Surplus/(Deficit)	(7.3)	0.1		4.3		(0.4)		7.6	
One-time In	5.3	1.2		-		-		-	
One-time Out	-	(1.7)		-		-		-	
Net Gain/(Loss)	(2.0)	(0.4)		4.3		(0.4)		7.6	
Fund Balance END of period	3.0	4.3		8.6		8.2		15.8	

Expenses through the 2007 year end were \$53.7M or 32.7 percent of the current 07-08 budget. Expenses are a result of the timing and nature of transportation construction projects and are more heavily spent during the summer construction months.

FUND 1012-ROAD FUND ACTUAL VS. BUDGET

	ACTUAL		BUDGET		ACTUAL VS. BUDGET	
	07-08 \$ M	Annual \$ M	Adopted \$ M	Current \$ M	2007 Annual	2007/08 Current
Total Revenue	61.3	62.4	125.6	160.1	98.2%	38.3%
Total Expenses	53.7	64.3	128.8	164.2	83.5%	32.7%
Surplus/(Deficit)	7.6	(1.9)	(3.2)	(4.1)		
One-time In	0.0	-	-	-		
One-time Out	0.0	-	-	-		
Net Gain/(Loss)	7.6	(1.9)	(3.2)	(4.1)		
Fund Balance END of period	15.8	-	-	-		

HEALTH DEPARTMENT

The Health Department became a county department at the beginning of the 03-04 biennium. The addition of the Health Department added approximately 128 FTE's and a biennial revenue budget of \$35M to the county. The 2007 ending fund balance of \$3.0M is consistent with the 2006 and 2005 ending fund balances.

Health Department revenue through for 2007 is \$17.7M which compares to \$18.7M in 2006 and \$18.0M in 2005.

FUND 1025-HEALTH DEPARTMENT CONDENSED HISTORY

	ACTUAL								
	2003 \$ M	2004 \$ M	Change 04/03	2005 \$ M	Change 05/04	2006 \$ M	Change 06/05	2007 \$ M	Change 07/06
Total Revenue	17.0	20.0	17.2%	18.0	-9.8%	18.7	4.1%	17.7	-5.7%
Total Expenses	16.7	18.1	8.2%	16.9	-6.6%	18.9	11.8%	17.9	-5.3%
Surplus/(Deficit)	0.3	1.9		1.1		(0.1)		(0.2)	
Net Transfers	1.8	(1.8)		-		-		-	
Net Gain/(Loss)	2.1	0.1		1.1		(0.1)		(0.2)	
Fund Balance END of period	2.1	2.2		3.3		3.2		3.0	

Note (1) In April 2007, \$600K in 2006 duplicate revenue was identified and corrected. This schedule reclasses the entry to 2006.

The Health Department's expenses for 2007 are \$17.9M, 46.8 percent of the current budget.

FUND1025-HEALTH DEPARTMENT ACTUAL VS. BUDGET

	ACTUAL	BUDGET		ACTUAL VS. BUDGET		
	07-08 \$ M	Annual \$ M	Adopted \$ M	Current \$ M	2007 Annual	2007/08 Current
Total Revenue	17.7	17.8	35.6	35.4	99.1%	50.0%
Total Expenses	17.9	18.8	37.8	38.2	95.2%	46.8%
Surplus/(Deficit)	(0.2)	(1.0)	(2.1)	(2.8)		
Net Transfers	0.0	-	-	-		
Net Gain/(Loss)	(0.2)	(1.0)	(2.1)	(2.8)		
Fund Balance END of period	3.0	-	-	-		

CLARK COUNTY FAIR

In preparation for the opening of the Exhibit Hall in 2004, the Fair Fund received a \$1.25M transfer from the general fund to clear the deficit fund balance created by prior years' operations. Approximately \$.25M of the transfer was to provide additional working capital for future fair operations. In addition, \$.4M was set aside to provide working capital for the new Exhibition Hall.

Fair Fund revenue for 2007 is \$3.8M or 49.9 percent of the current biennial budget. The Exhibition Hall has contributed approximately \$.42M YTD in revenue. The fund balance is \$82.4K higher than it was at the same point in 2006. The four year positive year end fund balance is an indication fair finances have stabilized.

FUND 1003-CLARK COUNTY FAIR CONDENSED HISTORY

	ACTUAL								
	2003 \$K	2004 \$K	Change 04/03	2005 \$K	Change 05/04	2006 \$K	Change 06/05	2007 \$K	Change 07/06
Total Revenue	2,940.3	2,745.3	-6.8%	2,927.7	6.6%	3,372.5	15.2%	3,783.7	12.2%
Total Expenses	2,942.5	2,840.1	-3.5%	3,053.8	7.5%	3,271.2	7.1%	3,701.2	13.1%
Surplus/(Deficit)	(2.2)	(94.8)		(126.1)		101.3		82.4	
Net Transfers	-	1,250.0		-		-		-	
Net Gain/(Loss)	(2.2)	1,155.2		(126.1)		101.3		82.4	
Fund Balance END of period	(767.7)	337.5		261.5		362.8		445.2	

The 2007 Fair Fund expense of \$3.7M represents 49.6 percent of the current biennial budget.

FUND 1003-CLARK COUNTY FAIR ACTUAL VS. BUDGET

	ACTUAL		BUDGET		ACTUAL VS. BUDGET	
	07-08 \$ K	Annual \$ K	Adopted \$ K	Current \$ K	2007 Annual	2007/08 Current
Total Revenue	3,783.7	3,759.0	7,504.8	7,583.8	100.7%	49.9%
Total Expenses	3,701.2	3,659.2	7,342.6	7,457.2	101.2%	49.6%
Surplus/(Deficit)	82.4	99.8	162.1	126.5		
Net Transfers	0.0	-	-	-		
Net Gain/(Loss)	82.4	99.8	162.1	126.5		
Fund Balance END of period	445.2	-	-	-		

CENTRAL SUPPORT SERVICES (FACILITIES)

The Central Support Services (Facilities) fund balance improved significantly from 2003 as a result of approximately \$3.8M in transfers; \$2.5M from the General Fund and \$1.3M from other funds including \$966K from the Road Fund in 2004. The 2004 transfers were made to offset the cumulative effect of under-billing for services provided in the prior three years.

In 2005, transfers from the general fund, excluding the 2004 one-time transfers increased \$1.2M and transfers from the Capital Building Fund 3051 increased \$670K. The fund deficit declined from a negative \$3.4M at the end of 2004 and moved to a positive balance at the end of the 2007 first quarter. The 2007 ending balance is (\$183.4)K.

FUND 5093-CENTRAL SERVICES CONDENSED HISTORY

	ACTUAL								
	2003 \$K	2004 \$K	Change 04/03	2005 \$K	Change 05/04	2006 \$K	Change 06/05	2007 \$K	Change 07/06
Total Revenue	4,737.3	4,782.2	0.9%	6,357.7	32.9%	8,372.1	31.7%	8,839.6	5.6%
Total Expenses	6,565.7	6,341.3	-3.4%	6,627.2	4.5%	7,840.0	18.3%	8,888.2	13.4%
Surplus/(Deficit)	(1,828.4)	(1,559.0)		(269.5)		532.1		(48.7)	
Net Transfers	(141.8)	3,800.0		670.0		-		-	
Net Gain/(Loss)	(1,970.2)	2,241.0		400.5		532.1		(48.7)	
Fund Balance END of year	(3,308.3)	(1,057.3)		(666.8)		(134.7)		(183.4)	

Expenses through 2007 are approximately 50.1 percent of the current biennial budget. The 2007 expenses exceed revenues by \$48.7K.

FUND 5093-CENTRAL SERVICES ACTUAL VS. BUDGET

	ACTUAL		BUDGET		ACTUAL VS. BUDGET	
	07-08 \$K	Annual \$ K	Adopted \$ K	Current \$ K	2007 Annual	2007/08 Current
Total Revenue	8,839.6	9,458.6	19,030.3	19,130.8	93.5%	46.2%
Total Expenses	8,888.2	8,740.5	17,634.2	17,734.7	101.7%	50.1%
Surplus/(Deficit)	(48.7)	718.0	1,396.1	1,396.1		
Net Transfers	0.0	-	-	-		
Net Gain/(Loss)	(48.7)	718.0	1,396.1	1,396.1		
Fund Balance END of year	(183.4)	-	-	-		

