

Financial Report of Revenues and Expenses

4th Quarter 2008



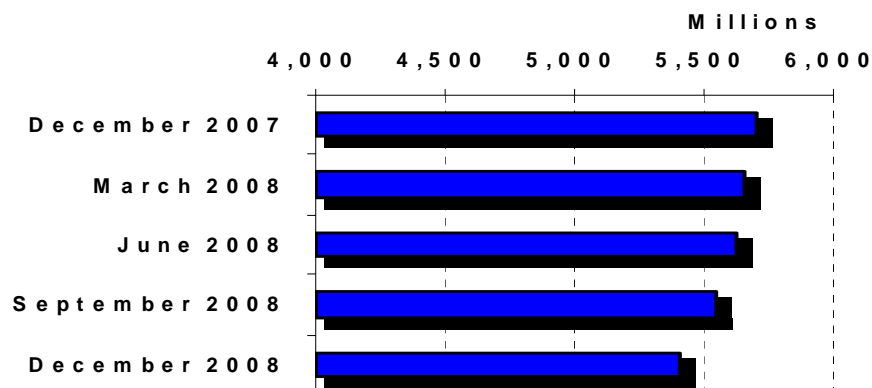
proud past, promising future

CLARK COUNTY
WASHINGTON

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COUNTY LEADING INDICATORS

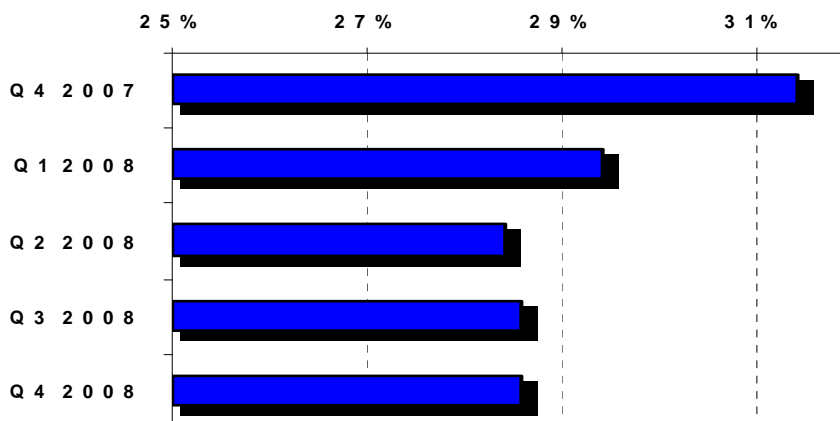
Total County Retail Sales (12 Months)



Clark County retail sales declined in the 2008 fourth quarter. For the 12 months ending December 31, 2008 retail sales decreased 5.1 percent. Unincorporated retail sales have decreased approximately 6.1 percent for the same 12 months. The construction component as a percent of retail sales for the past two quarters has been 28.6 percent and 28.4 percent respectively, the lowest two quarters in the past 5 years.

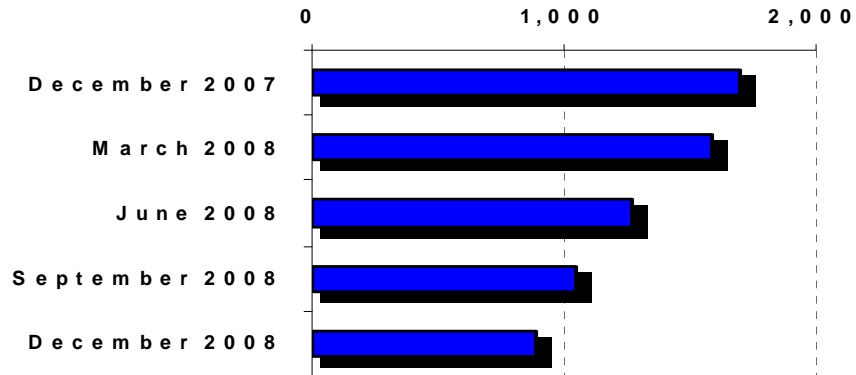
Construction has had a significant impact on County sales and use taxes. Construction sales as a percent of retail sales reached a high of approximately 37 percent in 2005 and early 2006. There was a sharp drop of 4.3 percent in the 2006 fourth quarter. Since then, the decline has averaged approximately 1 percent per quarter, settling at the current 28.6 percent. Construction spending, as a percent of retail sales, was relatively flat in the latest quarter while automotive sales declined 1.3 percent. Wholesale trade and transportation declined 0.7 percent and 0.5 percent respectively.

Construction As A Percent of Retail Sales



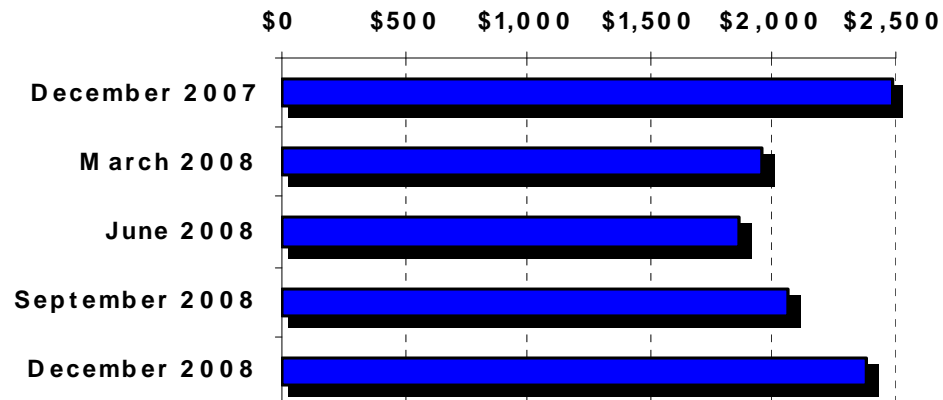
COUNTY LEADING INDICATORS

B u i l d i n g P e r m i t s (1 2 M o n t h s)



The County experienced unprecedented growth in 2004-2005. Since then, indicators have declined. For December 2008, building permits declined 48 percent from the previous year. Revenues associated with construction activity have declined accordingly. (See pages 40-41) The average value of building permits reflects the value of construction projects.

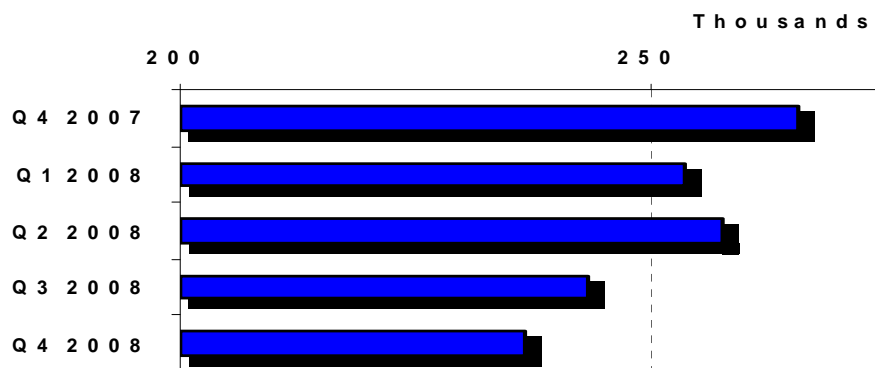
A v e r a g e V a l u e B u i l d i n g P e r m i t s



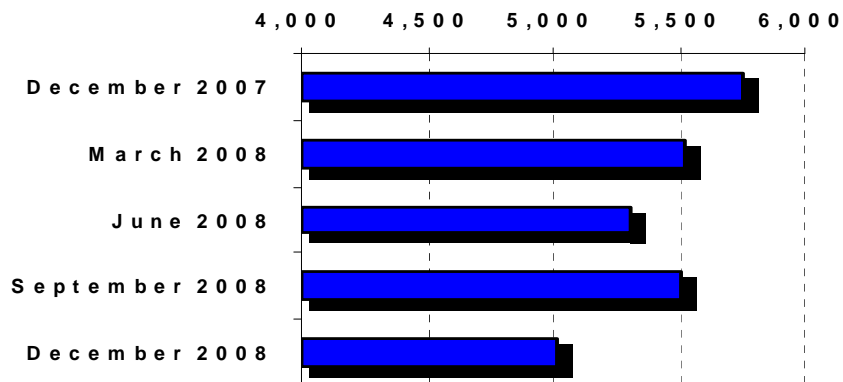
COUNTY LEADING INDICATORS

Home sales are also an indicator of the economic activity in the County. Over the past year, home sales have declined approximately 4.5 percent. The percent decline in building permits, decline in home sales, and continued decline home prices indicate that building industry is still in stressful conditions. This may also indicate construction is reaching a low point in this cycle. The duration of the trough and subsequent recover will depend greatly on the result of nationwide economic recovery decisions.

M e d i a n H o m e S a l e s P r i c e



E x i s t i n g H o m e S a l e s (S A A R)



Leading indicators that began declining in late 2005, through 2006 and 2007, continued to decline in 2008. Building permits began declining in the first quarter of 2005, development service fees the second quarter of 2005, sales tax the third quarter of 2006, 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 2008 fourth quarter, and development services fees from the 2006 first quarter to the 2008 fourth quarter.

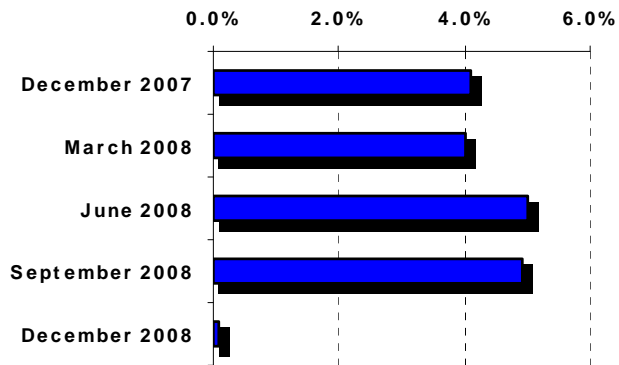
COUNTY LEADING INDICATORS

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.

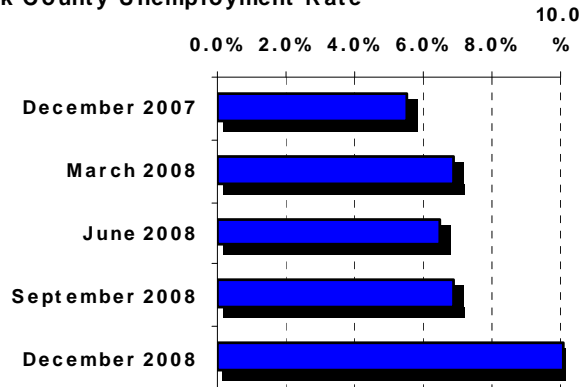
The Inflation Rate dropped dramatically in December 2008, indicative in the global economic slowdown. The rate increased only 0.1%.

The Clark County Unemployment Rate for 2006-2007 was relatively stable, fluctuating between 5.5-6.0 percent. In the past quarter, the unemployment rate surged to 10.1 percent.

Inflation Rate

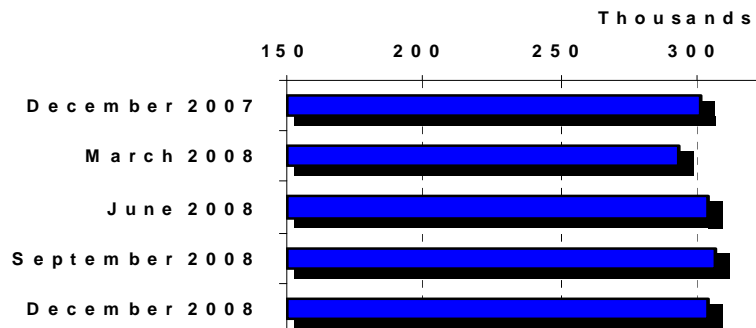


Clark County Unemployment Rate



Jail Bed Days are of a particular concern due to the finite space to house inmates. Total bed days continue to hover at approximately 300K. Statistics indicate 50 percent of the inmates are sentenced, 41 percent are felons, and 60 percent are jailed one week or less.

Jail Bed Days (12 Months)

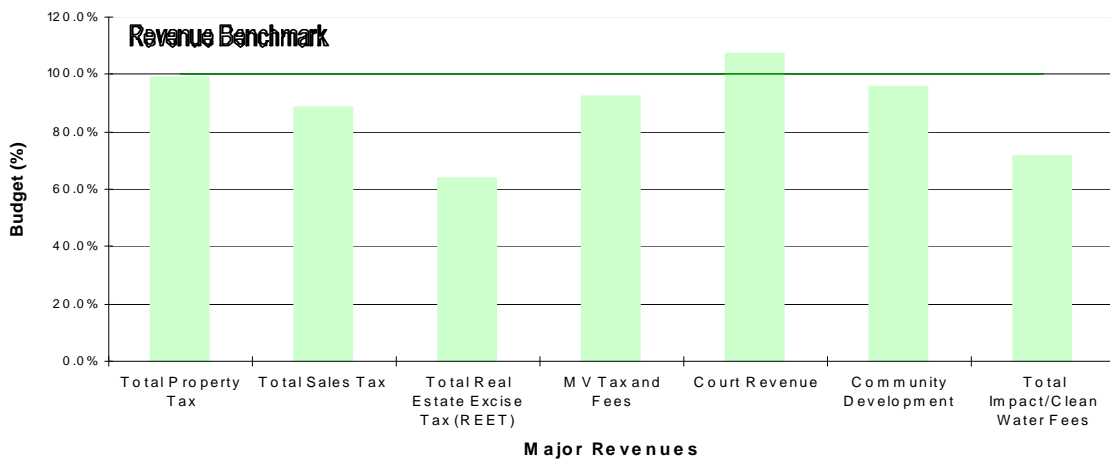


COUNTY REVENUE OVERVIEW

The County collected \$769.1M or 85.3 percent of the 07-08 budgeted revenues. Community Development revenues include the one-time transfers of \$1.2M and \$2.3M from the General Fund. All other revenue sources, other than court revenues, were below budget for the biennium. The \$769.1M excludes interfund transfers and fiduciary funds.

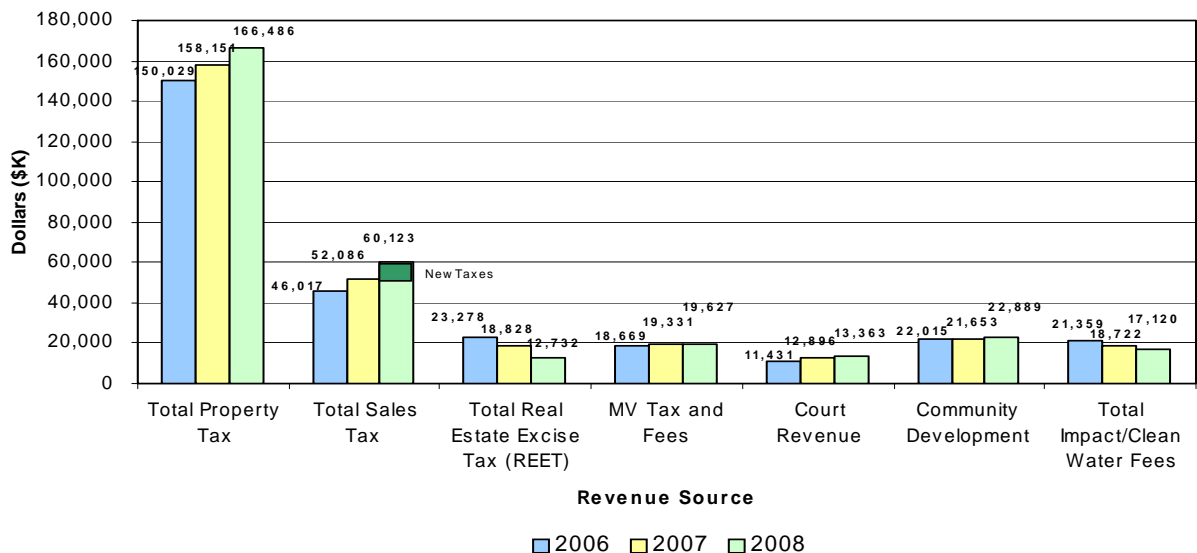
Taxes collected of \$262.4M represent 95.3 percent of budgeted tax revenues. Excluding \$2.5M in excess budgeted sales tax revenue, tax revenue would have been 96.1 percent and sales tax revenue would have reached 92.2 percent.

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 for major revenue sources through the two years ending in the year indicated. Sales tax revenue shows an increase of \$8M, however, excluding the additional 0.2 percent optional and 0.1 percent mental health tax that began in 2007, sales tax would have decreased \$1.9M..

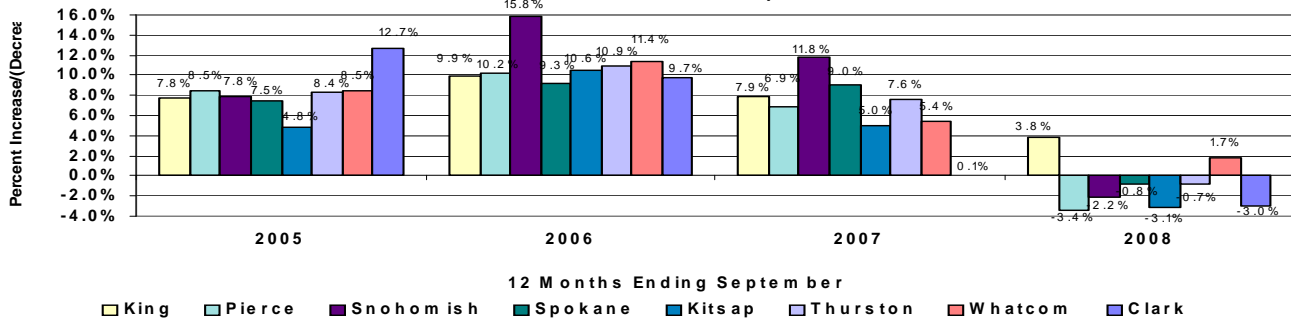
FOURTH QUARTER (SECOND YEAR) BTd MAJOR REVENUE COMPARISON



SALES TAX REVENUE

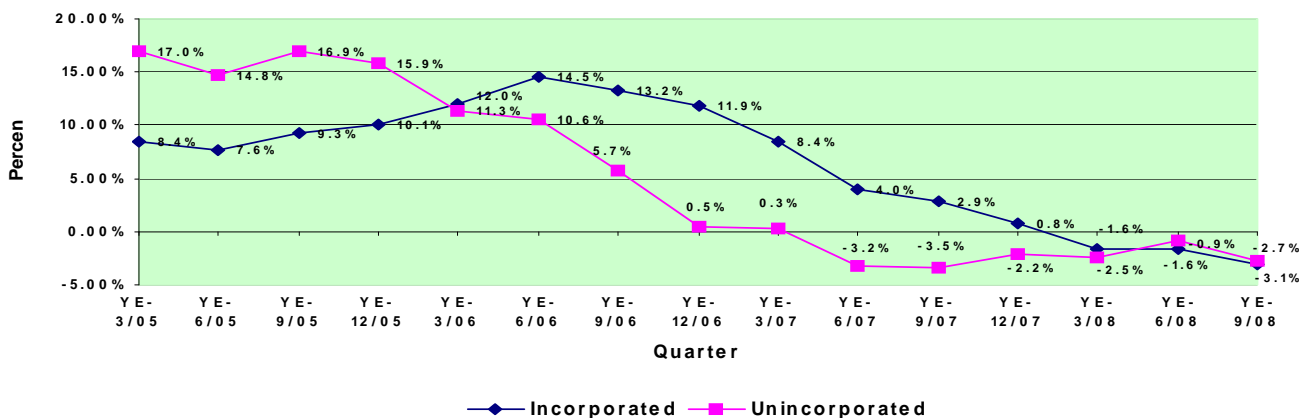
In the past twelve months, all major counties, with the exception of King and Whatcom Counties, have experienced a decline in retail sales. Clark County's retail sales declined at a rate of 5.1 percent for the 12 months ending December 2008. The percentage equates in dollars to about a \$1.4M decrease from 2007 and about \$2M less than budget.

Washington Counties Retail Sales Growth Rate (Year over Year)



Unincorporated Clark County receives approximately \$11.5M (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 two years, retail sales growth in incorporated Clark County has been greater than in unincorporated Clark County. Unincorporated year over year sales tax has declined every quarter for the past two years.

Clark County 12 Months Ending Retail Sales Growth

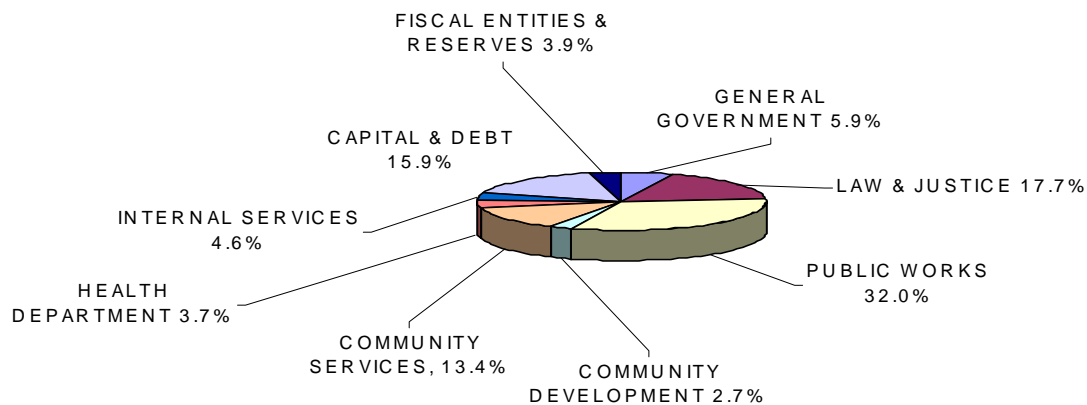


Construction spending in unincorporated Clark County typically ranges from 30-35 percent of retail sales. In the past two years, construction declined from an average high of 37 percent in late 2005 and 2006 to the current 28.6 percent. Use tax paid from construction projects has declined significantly 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 2007-2008 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 15.9 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 0.2% Optional (Law & Justice) sales tax.

**Clark County Expense Distribution
2007-2008 Budget**



Total biennial Clark County expenses through the 2008 year end are approximately 79.5 percent of budget. The expenditure percentage is heavily weighted by capital and debt transfers including impact fees and REET. These revenues are transferred as need rather than per budget. General government, law and justice, and internal services are spending at 107 percent of the 2007 pace and are 96 percent of budget.

CLARK COUNTY EXPENSE DISTRIBUTION

(Dollars in thousands)

	4Q07	4Q08	07-08 Budget	08/07	YTD/Budget
GENERAL GOVERNMENT	\$ 27,936	\$ 29,917	\$ 62,142	107.1%	93.1%
LAW & JUSTICE	85,640	93,012	184,957	108.6%	96.6%
PUBLIC WORKS	118,493	142,293	331,535	120.1%	78.1%
COMMUNITY DEVELOPMENT	13,272	11,760	28,106	88.6%	88.9%
COMMUNITY SERVICES	49,596	53,890	139,356	108.7%	74.3%
HEALTH DEPARTMENT	17,866	18,517	37,978	103.6%	95.9%
INTERNAL SERVICES	22,957	23,739	48,106	103.4%	97.0%
CAPITAL & DEBT	46,867	82,458	173,167	175.9%	51.2%
FISCAL ENTITIES & RESERVES	15,492	17,209	37,967	111.1%	88.7%
TOTAL	\$398,120	\$472,795	\$1,043,314	118.8%	79.5%

GENERAL FUND

The 2008 year end fund balance in General Fund has decreased significantly from 2007. Year-to-date, operating expenditures have exceeded revenue by \$6.5M. For comparison, the fund balance in 2008 decreased \$6.5M, in 2007 fund balanced increased \$1M, and in 2006 fund balance increased \$2.7M.

FUND0001-GENERAL FUND CONDENSED HISTORY

	ACTUAL								
	2004 \$M	2005 \$M	Change 05/04	2006 \$M	Change 06/05	2007 \$M	Change 07/06	2008 \$M	Change 08/07
Total Revenue	106.3	119.4	12.3%	124.1	3.9%	134.3	8.2%	136.7	1.8%
Total Expenses	107.3	115.9	8.0%	121.6	4.9%	133.3	9.7%	143.2	7.4%
Surplus/(Deficit)	(1.0)	3.5		2.5		1.0		(6.5)	
Onetime In	5.9	-		0.2		-		2.3	
Onetime Out	(3.8)	-		-		(1.2)		(3.1)	
Net Gain/(Loss)	8.6	3.5		2.7		(0.3)		(7.3)	
Fund Balance	12.0	15.5		18.3		18.0		10.7	
Designated	1.5	3.1		3.2		4.1		4.6	
Undesignated	10.5	12.4		15.1		13.9		6.1	

General fund revenue collected biennium-to-date through the 2008 year end is \$271M, a 6.9 percent annual increase over the 2005-2006 biennium. For comparison, \$258.4M and \$243.5M was collected in the two years ending in December 2007 and 2006 respectively.

The General Fund's largest single source of revenue is property tax. Property Tax collections in 2008 are 3.3 percent higher than in 2007, however, property tax collections for the 2007-2008 biennium are \$1.6M short of budget.

General fund sales tax revenues collected for the biennium, excluding new sales taxes, are 90 percent of budget. Actual sales tax revenue collected was down 2 percent in 2007 and 6 percent in 2008. The decline resulted in \$1.5M decline in revenue from the prior biennium and \$3M less than budget. The additional 0.2 percent Optional Sales Tax dedicated to Law and Justice contributed \$7.5M in 2007-2008.

GENERAL FUND

FUND 0001-GENERAL FUND ACTUAL VS. BUDGET							
	ACTUAL	BUDGET	ACT/BUD	ACTUAL	BUDGET	ACT/BUD	
	2008	Annual		07-08	Adopted	Current	2007/08
	\$ M	\$ M		\$ M	\$ M	\$ M	Current
Total Revenue	136.7	138.7	98.6%	271.0	272.2	279.9	96.8%
Total Expenses	143.2	137.9	103.8%	276.5	274.7	290.4	95.2%
Surplus/(Deficit)	(6.5)	0.7		(5.5)	(2.5)	(10.5)	
One-time In	2.3	-		2.3	-	-	
One-time Out	(3.1)	-		(4.4)	(10.0)	(1.2)	
Net Gain/(Loss)	(7.3)	0.7		(7.6)	(12.5)	(11.7)	
Fund Balance END of period	10.7	-		10.7	-	-	

General fund biennial expense through 2008 is \$276.5M or 95.2 percent of budget. The percent compares to 96.2 percent of budget spent in the 2005- 2006 biennium. The 2008 percent excludes the originally proposed \$10M transfer to a capital reserve fund.

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 2007-2008 biennium, approximately all contingency budget was allocated as detailed in the following table.

GENERAL FUND DEPARTMENT 308 CONTINGENCY					
Account	Description	07-08 Adopted Budget	2007 Transfers	2008 Transfers (1)	Current Budget
0001.000.308.508200.324BTD	Food/Water (Jail)	584,000	584,000		-
0001.000.308.508200.414BTD	Medical/Dental (Jail)	122,000	122,000		-
0001.000.308.508200.498BTD	Judgements & Damages	-	-	850,000	(850,000)
0001.000.308.508200.997BTD	Salaries/Benefits	5,646,872	725,398	4,048,496	872,978
Available Balance		6,352,872	1,431,398	4,898,496	22,978

(1) 2008 Merit, CCSO merit, 2008 year-end distribution

