

Financial Report of Revenues and Expenses

1st Quarter 2009



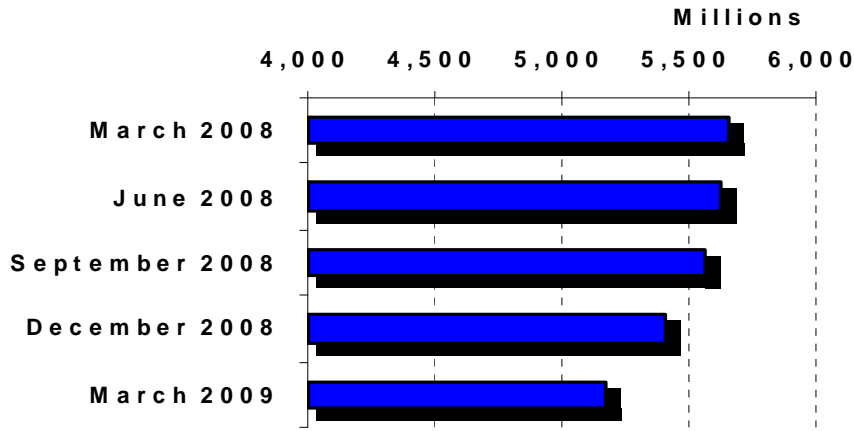
proud past, promising future

CLARK COUNTY
WASHINGTON

1300 Franklin Street · P.O. Box 5000 · Vancouver, Washington 98666-5000
(360) 397-2241 · FAX (360) 397-6007

COUNTY LEADING INDICATORS

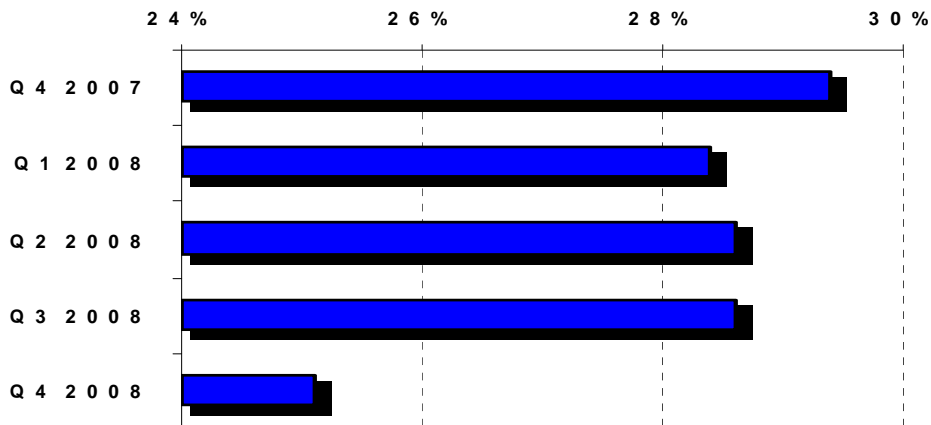
Total County Retail Sales (12 Months)



Clark County retail sales declined in the 2009 first quarter. For the 12 months ending March 31, 2009, the county incurred \$5.2 billion in retail sales, the lowest 12 month total since the second quarter of 2005. Unincorporated retail sales have decreased approximately 11.7 percent for the same 12 months. The construction component as a percent of retail sales continues to have a significant negative impact. For the most recent quarter, the construction component of retail sales was 25.1 percent, the lowest percent in the past 5 years. In an average year, the percent would be approximately 30 percent..

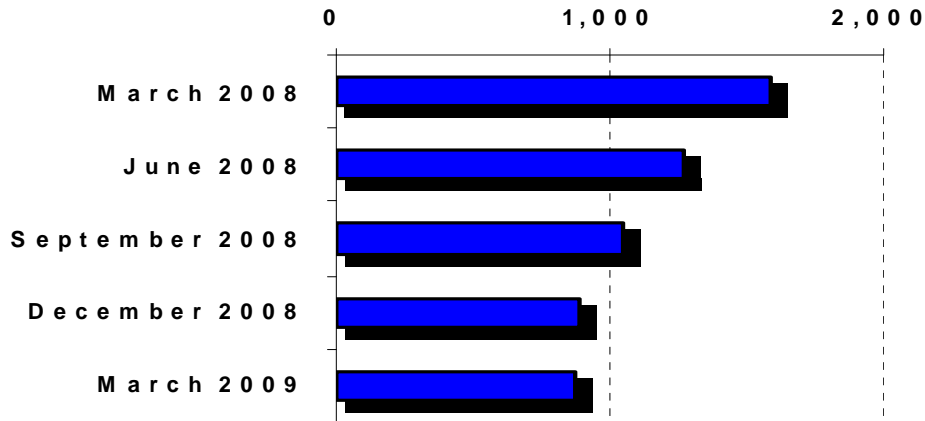
Construction sales, as a percent of retail sales, reached a high of approximately 38 percent in 2005 and early 2006. There was a sharp drop of 4.3 percent in the 2006 fourth quarter. Since then, the decline has been gradual, approximately one percent per quarter, with a large drop of 3.5 percent in the most recent quarter. In addition to construction, the automotive component of retail sales has seen an approximate 3 percent drop from the prior year's first quarter..

Construction As A Percent of Retail Sales



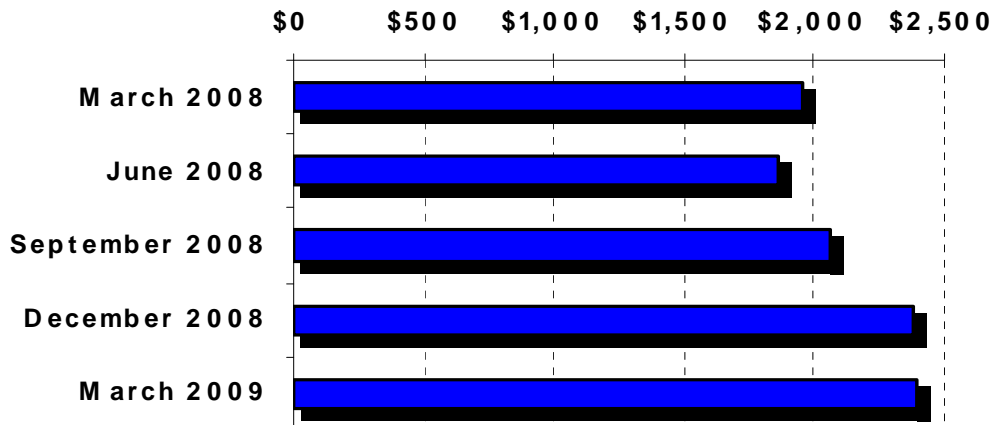
COUNTY LEADING INDICATORS

Building Permits (12 Months)



The County experienced unprecedented growth in 2004-2005. Since then, indicators have declined. For March 2009, building permits showed a slight improvement over the 2008 fourth quarter, however, permit activity remains at approximately 50 percent of 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.

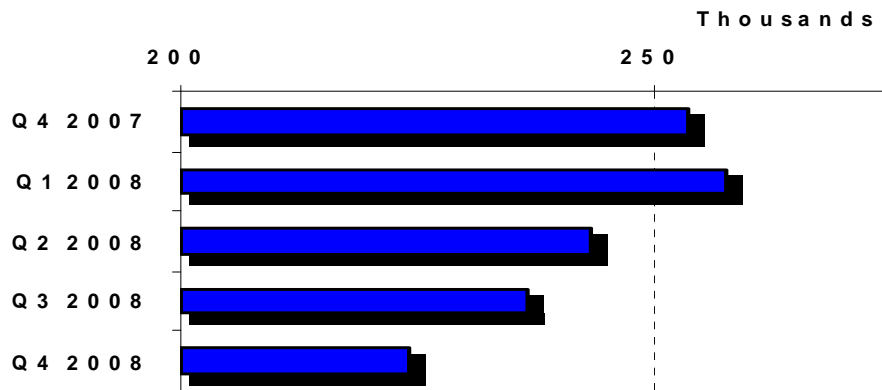
Average Value Building Permits



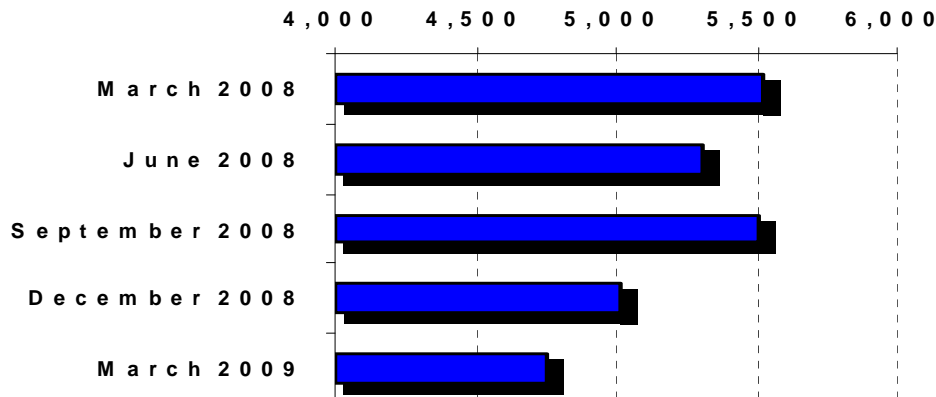
COUNTY LEADING INDICATORS

Home sales are also an indicator of the economic activity in the County. Over the past year, home sales have declined approximately 14 percent and home prices 13 percent. The percent decline in building permits, decline in home sales, and continued decline in home prices indicate that building industry is still in stressful conditions. This may also indicate construction is reaching a low point in this cycle. March 2009 home sales did showed significant improvement from January and February 2009.

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, continued to decline in 2009. 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 2009 first quarter, and development services fees from the 2006 first quarter to the 2009 first quarter.

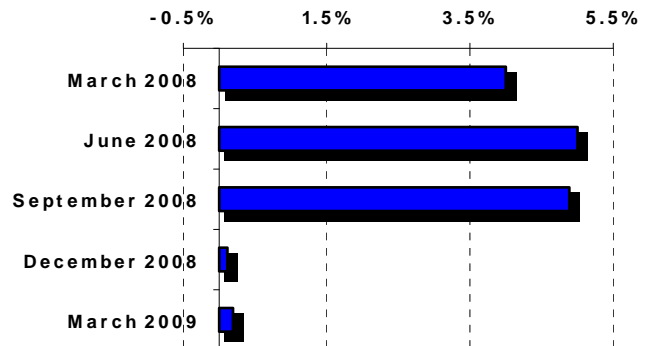
COUNTY LEADING INDICATORS

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.

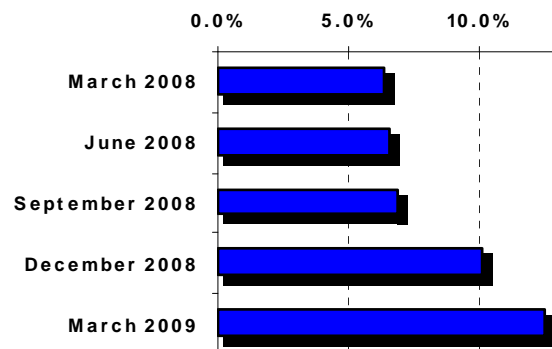
The Inflation Rate dropped dramatically in December 2008, indicative in the global economic slowdown. The March rate remained low with an increase of only 0.2%.

The Clark County Unemployment Rate for 2006-2007 was relatively stable, fluctuating between 5.5-6.0 percent. In the past two quarters, the unemployment rate surged to the current rate of 12.5 percent.

Inflation Rate

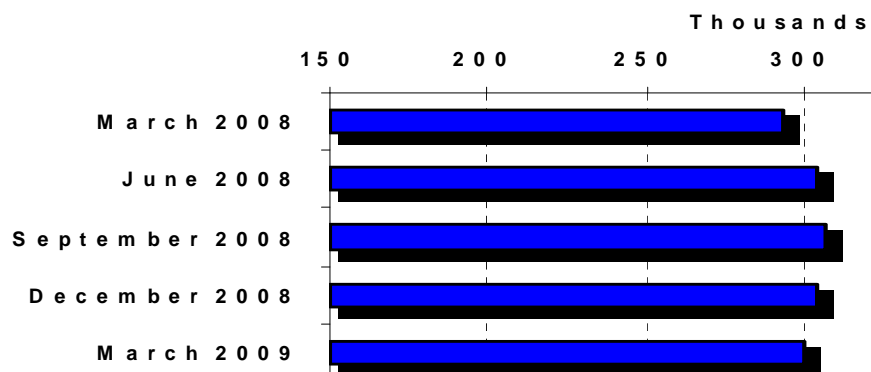


Clark County Unemployment Rate



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)

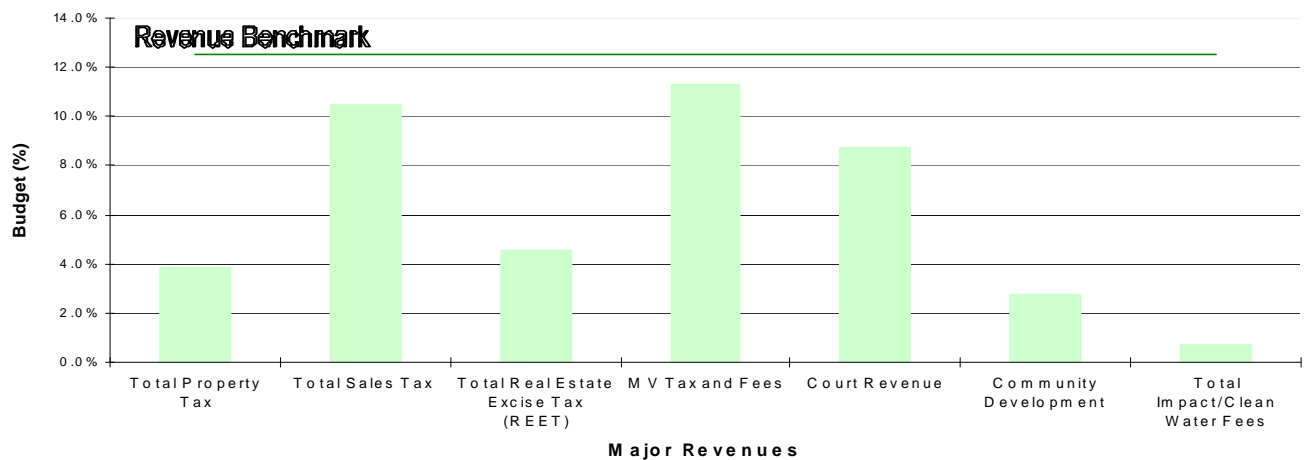


COUNTY REVENUE OVERVIEW

In the 2009 first quarter, the County collected \$49.1M or 5.5 percent of the 09-10 budgeted revenues. Community Development revenues include the prorated share of the annual \$1.4M transfer from the General Fund of approximately \$350K. The \$49.1M excludes interfund transfers and fiduciary funds.

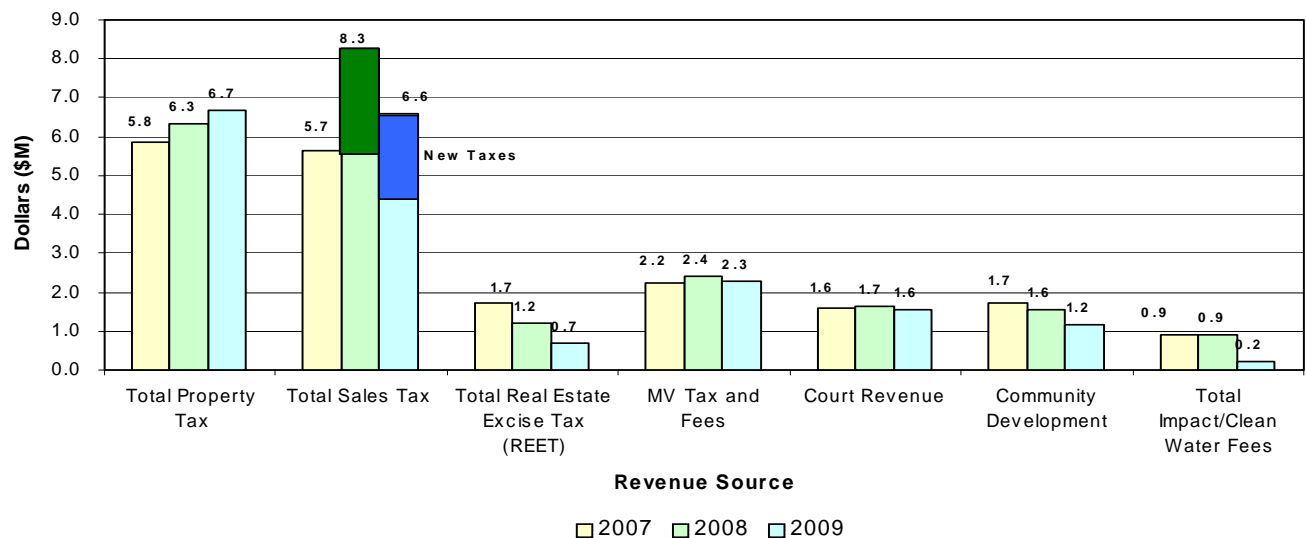
Taxes collected of \$15.7M represent 5.7 percent of budgeted tax revenues. As the graph below indicates, many revenue streams are lagging below the benchmark for the quarter. Some revenues, such as property taxes are not earned evenly throughout the budget period and some revenues such as court revenues are billed on a one month lag, creating a noticeable difference in the first quarter of the biennium.

MAJOR REVENUE COLLECTED BTD AS A PERCENT OF BUDGET



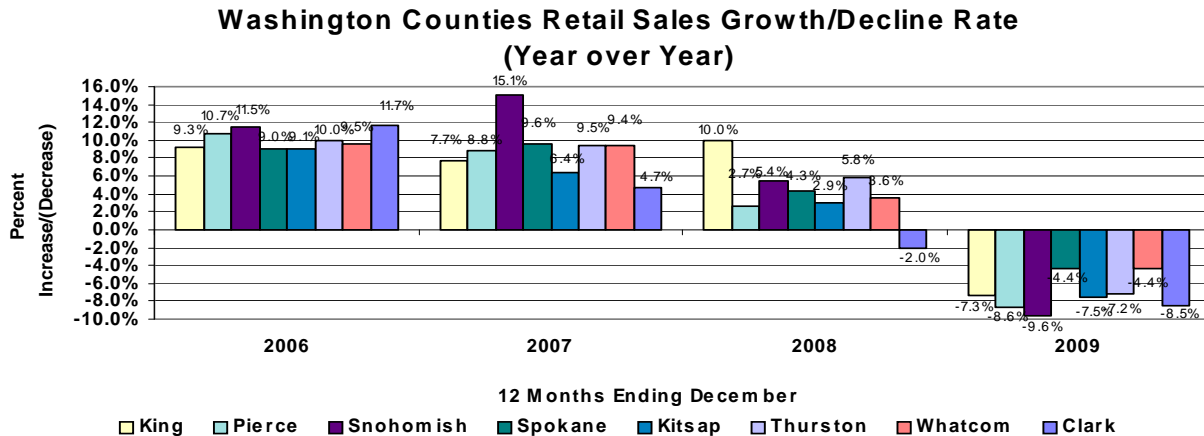
Another way to assess trends is to compare revenue types over time. The following chart shows revenue collection for major revenue sources through the first quarter ending in the year indicated. Including taxes new in 2008, sales tax revenue shows a decline of \$1.7M from the 2008 first quarter.

First Quarter BTd Major Revenue Comparison

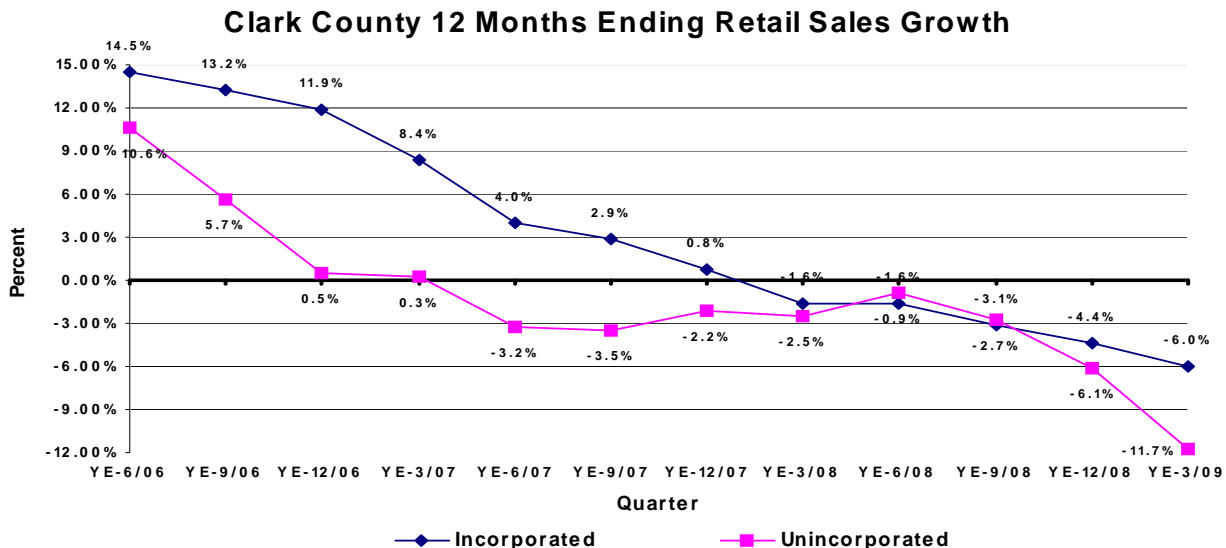


SALES TAX REVENUE

In the past twelve months, all major counties have experienced a decline in retail sales. Clark County's retail sales declined at a rate of 8.5 percent for the 12 months ending March 2009. Sale tax revenue, at the current pace will decrease approximately \$2M-\$3M from 2008 and will be in the same range below the 2009 budget.



Unincorporated Clark County will receive approximately \$11M (basic 0.5 percent) in retail sales tax revenue in 2009. This represents 42 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.

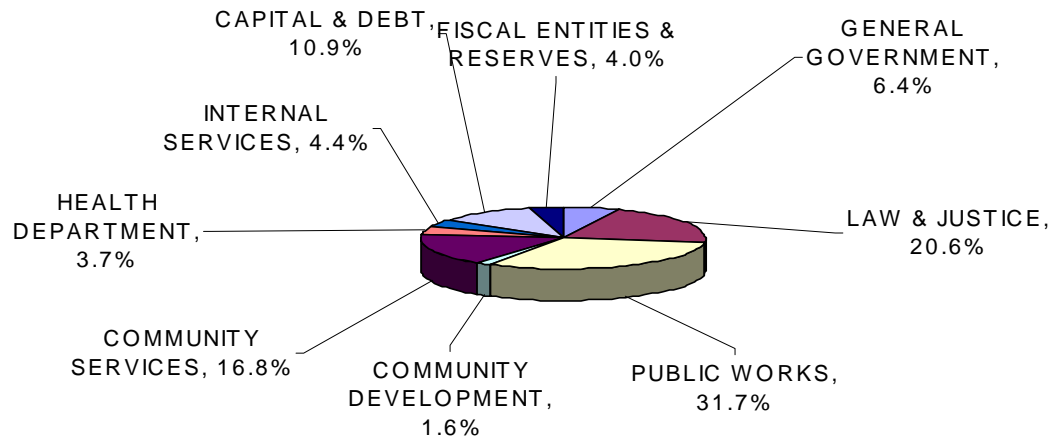


Construction spending in unincorporated Clark County typically ranges from 30-35 percent of retail sales. In the past year, construction declined from a high of 38 percent in late 2005-early 2006 to the current 25.1 percent.

COUNTY EXPENSE OVERVIEW

Spending, as represented by the 2009-2010 budget has shifted marginally from the prior biennial budget. Community Services, Capital and Debt, and Public Works have declined slightly. General Government, Internal Services, Fiscal Reserves, and the Health Department have stayed approximately the same. Community Services and Law and Justice have seen a slight increase.

**Clark County Expense Distribution
2009-2010 Budget**



Total biennial Clark County expenses through the 2009 first quarter are approximately 7.9 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 fund supported activities; general government, law and justice, and internal services are spending at 101 percent of the 2008 pace and are 12.3 percent of budget.

CLARK COUNTY EXPENSE DISTRIBUTION

(Dollars in thousands)

	1Q08	1Q09	09-10 Budget	09/08	YTD/Budget
GENERAL GOVERNMENT	\$ 7,188	\$ 6,827	\$ 58,536	95.0%	11.7%
LAW & JUSTICE	22,071	22,948	187,040	104.0%	12.3%
PUBLIC WORKS	22,441	15,975	287,614	71.2%	5.6%
COMMUNITY DEVELOPMENT	2,641	1,829	14,618	69.2%	12.5%
COMMUNITY SERVICES	10,078	9,482	152,199	94.1%	6.2%
HEALTH DEPARTMENT	3,692	3,716	33,939	100.7%	10.9%
INTERNAL SERVICES	5,642	5,443	39,701	96.5%	13.7%
CAPITAL & DEBT	3,117	3,054	98,752	98.0%	2.6%
FISCAL ENTITIES & RESERVES	2,191	3,283	36,245	149.8%	9.1%
TOTAL	\$79,062	\$72,557	\$908,644	91.8%	7.9%

GENERAL FUND

The 2009 first quarter fund balance in General Fund has decreased significantly from 2008. Year-to-date, operating expenditures have exceeded revenue by \$16.2M. For comparison, the 2008 first quarter operating loss was \$14.5M, in 2007 the loss was \$13.1M.

FUND 0001-GENERAL FUND CONDENSED HISTORY

	ACTUAL							
	2005 \$ M	2006 \$ M	Change 06/05	2007 \$ M	Change 07/06	2008 \$ M	Change 08/07	2009 \$ M
Total Revenue	119.4	124.1	3.9%	134.3	8.2%	136.7	1.8%	18.1
Total Expenses	115.9	121.6	4.9%	133.3	9.7%	143.2	7.4%	34.3
Surplus/(Deficit)	3.5	2.5		1.0		(6.5)		(16.2)
One-time In	-	0.2		-		2.3		-
One-time Out	-	-		(1.2)		(3.1)		-
Net Gain/(Loss)	3.5	2.7		(0.3)		(7.3)		(16.2)
Fund Balance	15.5	18.2		17.9		10.7		(5.5)
Designated	3.1	3.2		4.1		4.6		4.6
Undesignated	12.4	15.0		13.8		6.1		(10.1)
March Fund Balance		1.8		1.9		2.2		(10.1)

General fund revenue collected in the 2009 first quarter is difficult to gauge. Certain revenues, including sales taxes, REET administrative fees, recording fees, and motor vehicle fees are lagging behind the prior year and the current budget. Other revenues such as Traffic Infraction Penalties are consistent with prior years, however, are significantly below budget projections. Some revenues, for example, 6211 are billed quarterly and have yet to be recognized and the majority of property taxes are received in the second and fourth quarters. Excluding the sales tax deficit, early results indicate that there will be a \$1.5M-\$2.0 shortfall on these other revenues.

GENERAL FUND

FUND 0001-GENERAL FUND ACTUAL VS. BUDGET

	ACTUAL	BUDGET	ACT/BUD	ACTUAL	BUDGET	ACT/BUD	
	2009	Annual		09-10	Adopted	Current	
	\$ M	\$ M		\$ M	\$ M	\$ M	
						2009/10	
						Current	
Total Revenue	18.1	142.2	12.7%	18.1	284.7	284.7	6.4%
Total Expenses	34.3	139.0	24.7%	34.3	283.5	283.5	12.1%
Surplus/(Deficit)	(16.2)	3.3		(16.2)	1.2	1.2	
One-time In	-	-		0.0	-	-	
One-time Out	-	-		(3.1)	-	-	
Net Gain/(Loss)	(16.2)	3.3		(19.3)	1.2	1.2	
Fund Balance END of pe	(5.5)	-		(5.5)	-	-	

General fund expense through 2009 first quarter is \$34.3M or 24.7 percent of the annual budget . This percent is consistent with the percentage spent through the 2008 first quarter. The percent of expenses spent suggests, as was the case in 2008, that the budget is tight and there is little expectation for expense savings.

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 2009-2010 biennium, approximately \$4M is available for contingencies.

GENERAL FUND DEPARTMENT 308 CONTINGENCY

Account	Description	09-10 Adopted Budget	2009 Transfers	2010 Transfers	Current Budget
0001.000.308.508200.324BTD	Food/Water (Jail)	-			-
0001.000.308.508200.414BTD	Medical/Dental (Jail)	-			-
0001.000.308.508200.498BTD	Judgements & Damages	-			-
0001.000.308.508200.997BTD	Salaries/Benefits	4,037,234			4,037,234
Available Balance		4,037,234	-	-	4,037,234

DEPARTMENT OF COMMUNITY DEVELOPMENT

The Department of Community Development fund balance at the end of 2009 first quarter is (\$3.4M), after the 2008 transfer of \$2.3M from General Fund to support continued on-going operational losses and improve the deficit fund balance. The balance compares to the 2008 ending balance of (\$2.7M) and the 2007 ending balance of (\$1M).

Community Development 2009 first quarter revenue is \$1.2M. Quarterly revenue declined 29 percent from the 2008 first quarter (see pages 38, 39). Decreased revenues continue to drive ongoing operating losses. Both Building and Development Services have incurred quarterly losses for approximately three years. Building has exhausted a fund balance in excess of \$2M and now has a \$0.9M deficit. Despite \$3.5M in additional transfers from the General Fund, Development Services has a \$2.5M deficit. The Community Development Fund has generated operating losses in excess of \$9M since 2006.

FUND 1011-COMMUNITY DEVELOPMENT CONDENSED HISTORY

	ACTUAL							
	2005 \$ M	2006 \$ M	Change 06/05	2007 \$ M	Change 07/06	2008 \$ M	Change 08/07	2009 \$ M
Total Revenue	15.4	13.5	-12.2%	10.1	-25.6%	7.7	-23.5%	1.2
Total Expenses	13.9	16.0	15.4%	13.3	-17.3%	11.8	-11.3%	1.8
Surplus/(Deficit)	1.5	(2.5)		(3.2)		(4.1)		(0.6)
One-time In (1)	-	-		1.2		2.3		-
One-time Out	-	-		-		-		-
Net Gain/(Loss)	1.5	(2.5)		(2.0)		(1.8)		(0.6)
Fund Balance END of period	3.5	1.0		(1.0)		(2.7)		(3.4)

(1) 2007 transfer to correct General Fund funding, 2008 General Fund transfer to reduce operating deficit.

In April of 2007, the Board of Commissioner's approved a 5.9 percent increase in development fees and a 5.1 percent increase to building fees. In February 2008 Development Services fees were increased 8 percent. In July 2008, additional selective building fee increases were approved.

The General Fund supports Development Services to reflect the "community benefit" of maintaining sound and safe development policies. The County's policy is to provide 10 percent General Fund support however, the General Fund support in 2008 was equal to 37 percent.

