

Financial Report of Revenues and Expenses

1st Quarter 2010



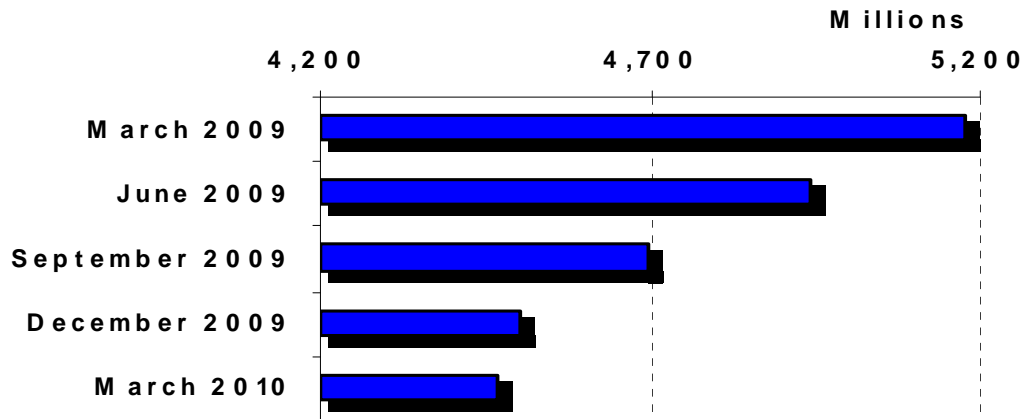
proud past, promising future

CLARK COUNTY
WASHINGTON

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COUNTY LEADING INDICATORS

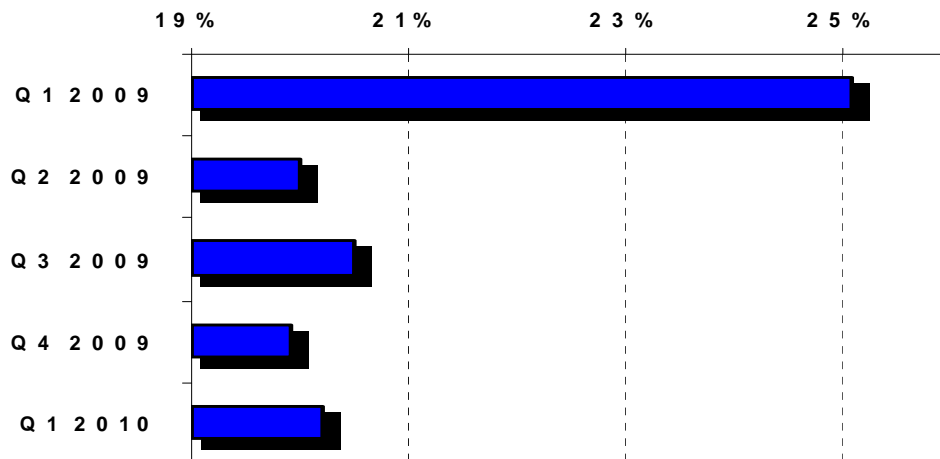
Total County Retail Sales (12 Months)



Clark County retail sales continued to decline in the 2010 first quarter. For the 12 months ending March 2010, the county incurred \$4.5 billion in retail sales, a 13 percent decline from the 12 months ending March 2009. The \$4.5 billion is the lowest 12 month total since March 2004. A comparison of the 2010 first quarter (three months) to the 2009 first quarter shows only a 3 percent drop indicating the retail sales decline is slowing.

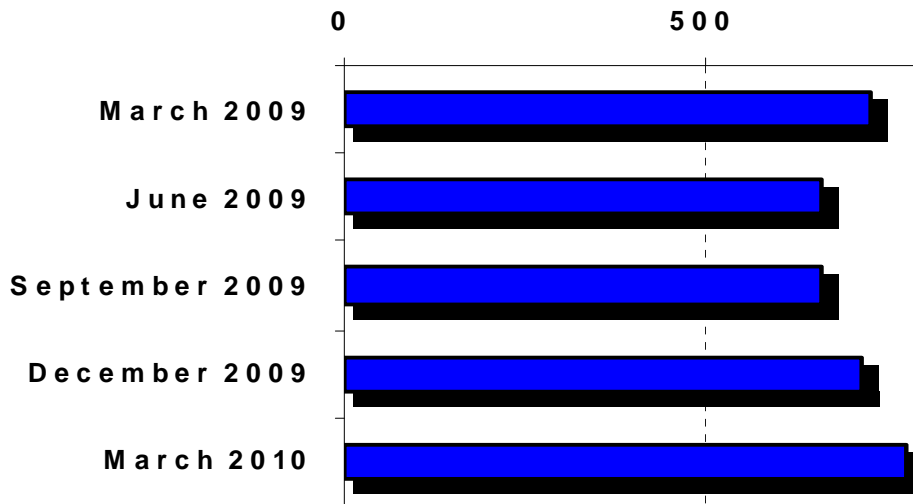
Construction sales reached a high of approximately 38 percent of retail sales in 2005 and early 2006. There was a sharp drop of 4.3 percent in the 2006 fourth quarter, followed by two years of general decline. Continuing in 2009, the decline was a dramatic 8.5 percent in the first two quarters. For the past year, construction sales as a percent of total retail sales has remained steady at approximately 20 percent. In dollars, general merchandise sales are about the same as they were two years ago. However, because of the decline in overall sales due to less construction, general merchandise has grown from 12 percent to 18 percent of total retail sales.

Construction As A Percent of Retail Sales



COUNTY LEADING INDICATORS

Building Permits (12 Months)



The County experienced unprecedented growth in 2004-2005. From early 2006 until the end of 2009 indicators declined. For the 12 months ending March 2010, building permits showed slow improvement, however, based on historical averages, 2010 permit activity remains weak. Revenues associated with construction activity have declined accordingly. (See pages 40-41) The average value of building permits reflects the value of construction projects.

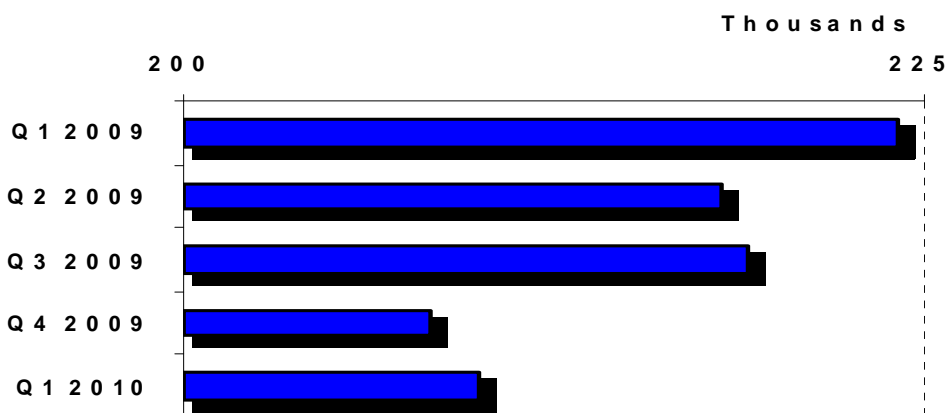
Average Value Building Permits



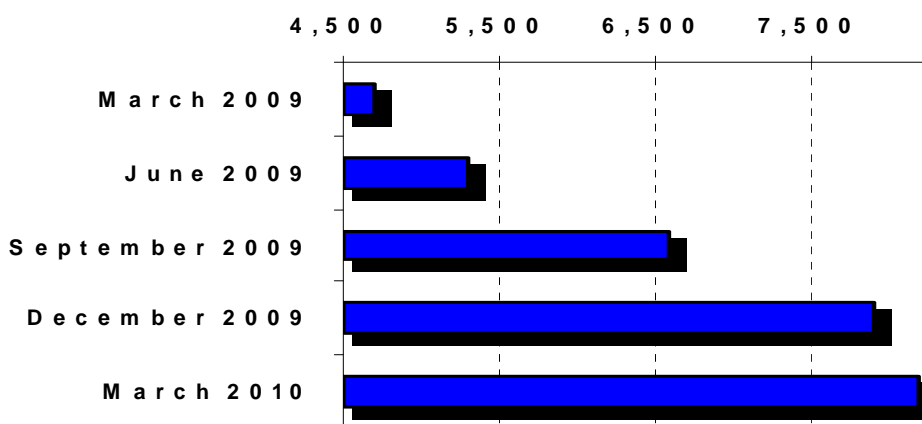
COUNTY LEADING INDICATORS

Home sales are also an indicator of the economic activity in the County. Over the past year, home sales have increased over 50 percent from the low point reached in March 2009. The median home prices decreased 6 percent. The slow increase in building permits and home sales are optimistic signs that the home construction industry has reached bottom and will improve. Continued low home prices, interest rates, and federal home buyer programs will help the industry improve. However, these positive factors will be offset by high unemployment and tight credit markets.

Median Home Sales Price



Existing Home Sales (S A A R)



Construction related leading indicators that began declining in late 2005 and continued declining in through 2009 appear to have reached a stable point in 2010. With the current high unemployment rate, any economic improvement will be gradual. It is likely that the construction industry, which generates significant sales, use, and REET taxes, will not return to the previously levels of activity for several years.

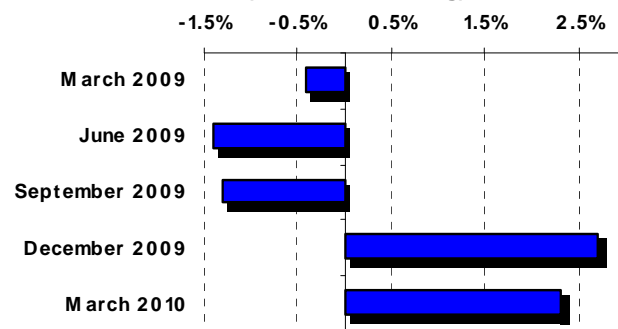
COUNTY LEADING INDICATORS

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.

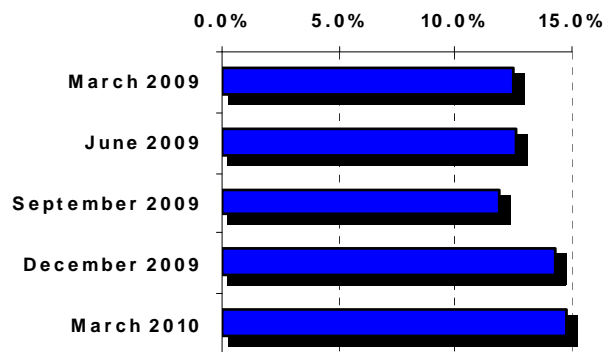
The Inflation Rate was unchanged for most of 2009. The 2010 first quarter ended with an increase of 2.3 percent, primarily due to energy costs which had a steep decline in 2008.

The Clark County Unemployment Rate continues to climb through the 2010 first quarter. The quarter ended with a rate of 14.8 percent, the highest rate of any county in the state.

Annual Inflation Rate (12 Months ending)

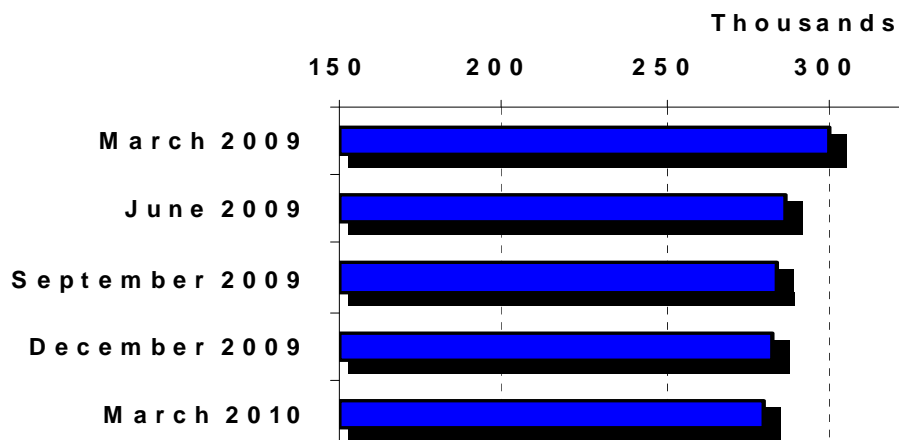


Clark County Unemployment Rate



Jail Bed Days are of a particular concern due to the finite space to house inmates. Total bed days peaked in September 2008 at 307K and have subsequently dropped to 280K. Statistics indicate 50 percent of the inmates are sentenced, 41 percent are felons, and 60 percent are jailed one week or less.

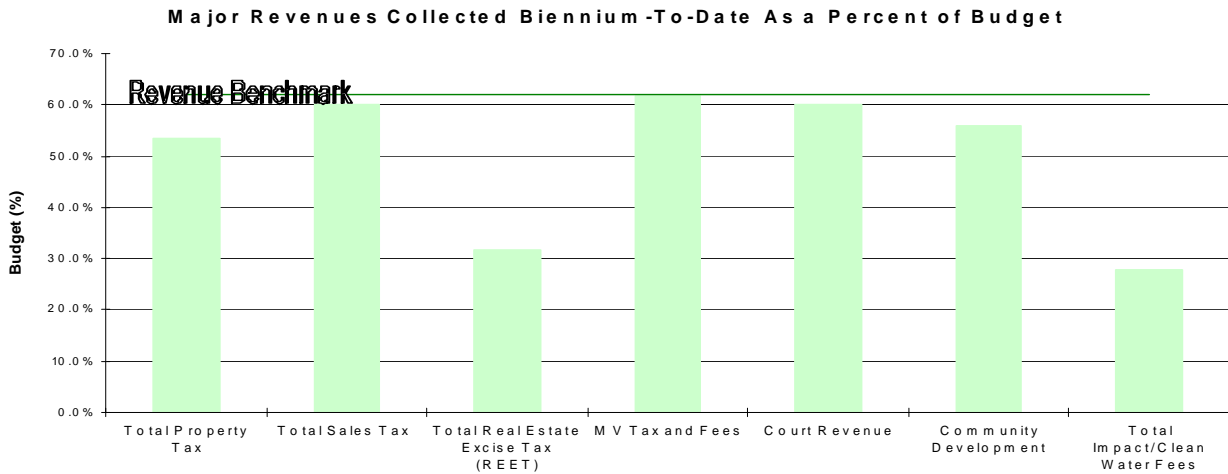
Jail Bed Days (12 Months)



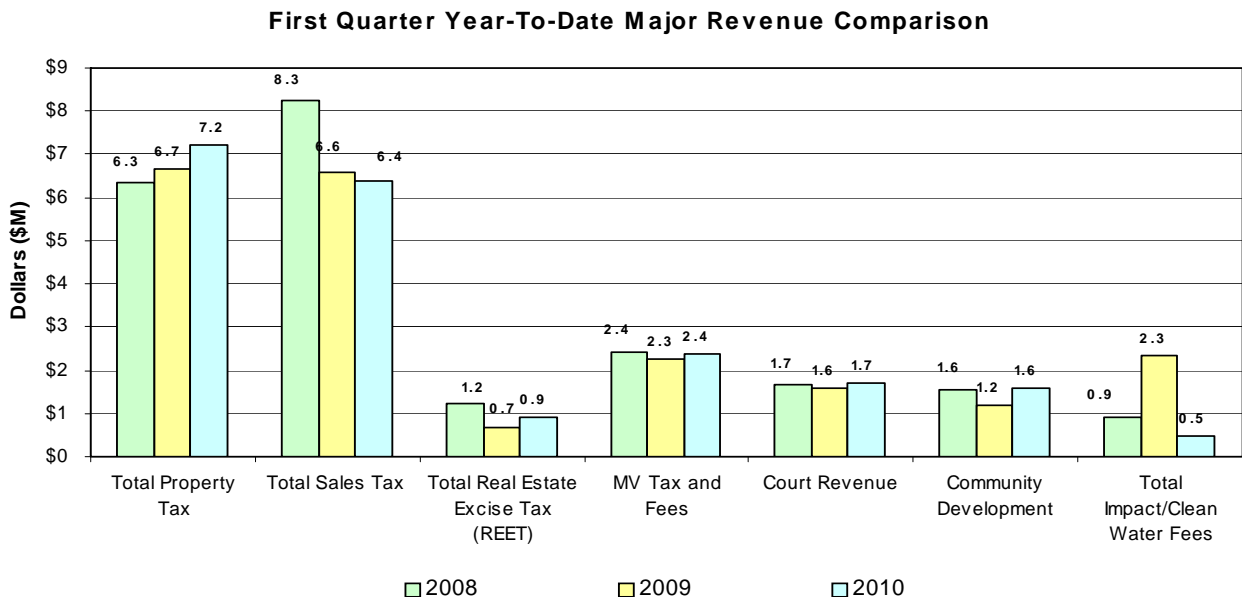
COUNTY REVENUE OVERVIEW

In 2009, the County revenue budget had several major revisions. The most significant change was a reduction in sales tax revenue from \$63M to \$53M. Through March 2010, (62.5 percent of the biennium) the County collected \$393M or 51.4 percent of the 09-10 current budgeted revenues for the biennium. The \$393M excludes interfund transfers and fiduciary funds. Community Development revenues include a one-time \$2.7M General Fund transfer to support the 2008 ending fund balance.

Taxes collected of \$144.6M represent 54 percent of the 09-10 current budgeted tax revenues. The County's property and sales tax receipts, which make up 60 percent of General Fund revenue, were very close to the revised budgeted amount, considering the seasonality of property tax collections. REET funds, which primarily support debt service, are lagging significantly. In 2009, the County increased reliance on REET funds which has created an unsustainable drain on these funds and will need to be addressed.



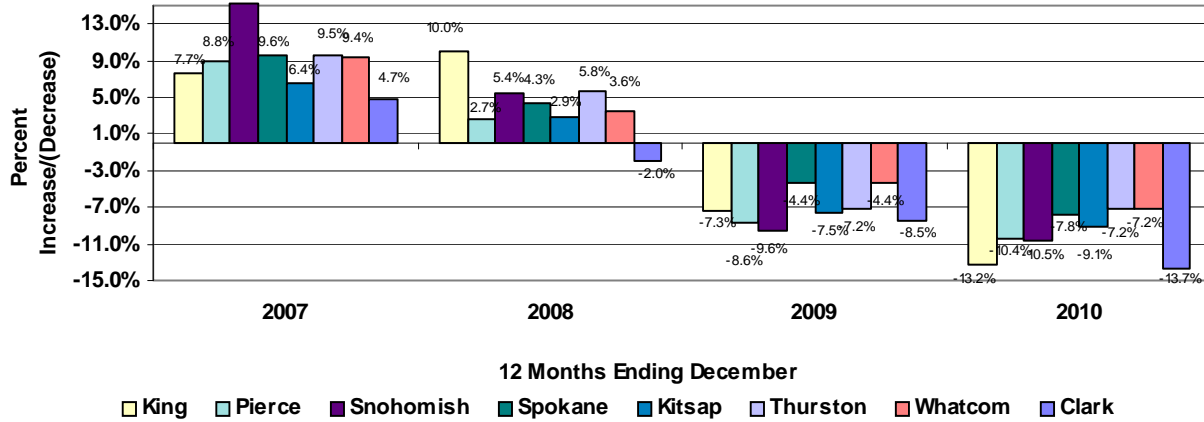
Another way to assess trends is to compare revenue types over time. The following chart shows revenue collection for major revenue sources for the first quarter of the year indicated.



SALES TAX REVENUE

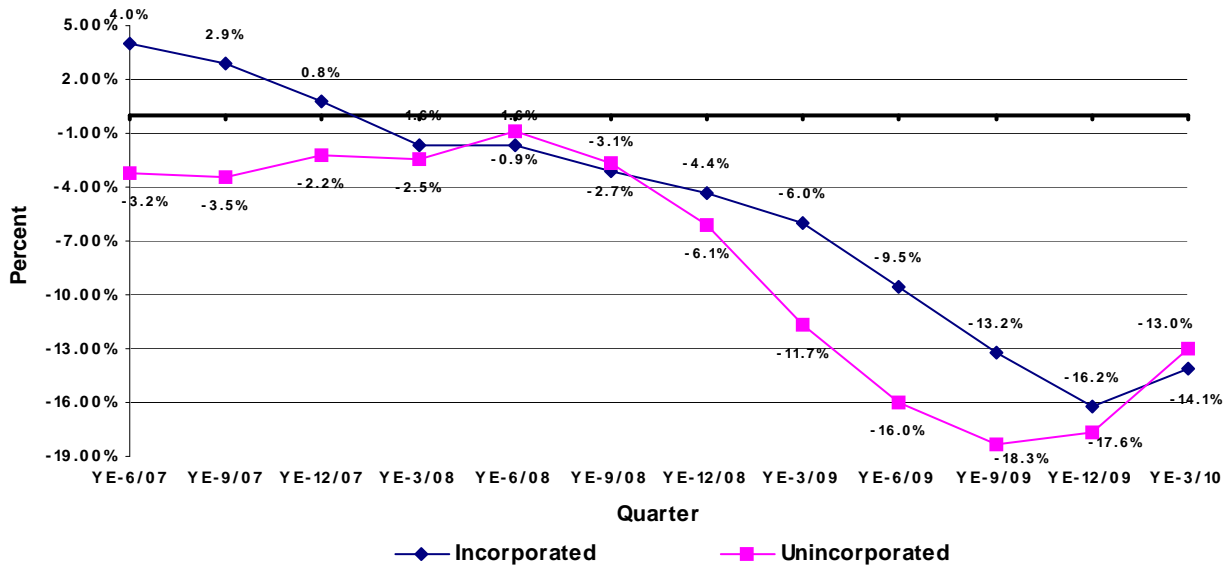
In the past twelve months, all major counties have experienced a decline in retail sales. Through March 2010, Clark County's retail sales tax collected declined 13.7 percent.

Washington Counties Retail Sales Growth/Decline Rate (Year over Year)



Unincorporated Clark County received approximately \$9.5M (basic 0.5 percent) in retail sales tax revenue for the 12 months ending March 2010. This represents 42 percent of the basic retail sales tax received in the county. The sales tax decline is in its third year. However, for the past six months the percent decline was less than the decline in the same six months of the preceding year.

Clark County 12 Months Ending Retail Sales Growth/Decline

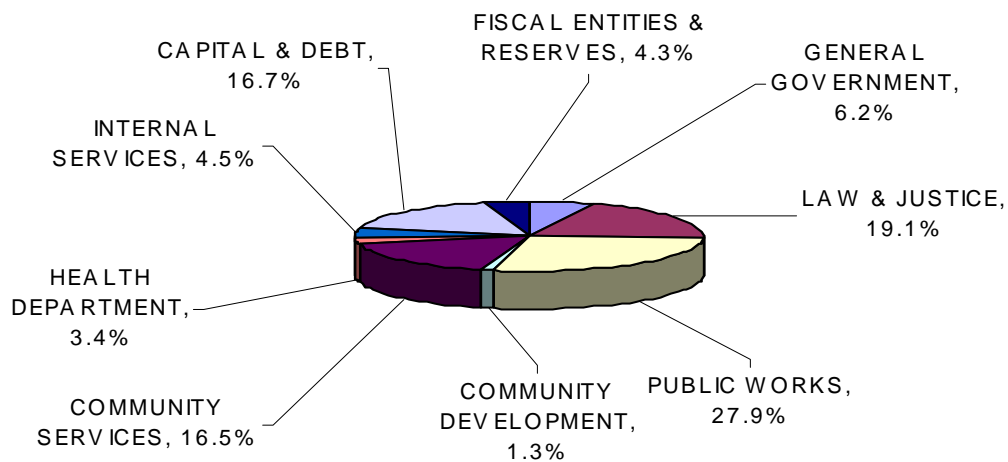


Historically, construction spending in unincorporated Clark County is about 30 percent of retail sales. Construction spending declined from a high of 38 percent in late 2005-early 2006 to the current 20 percent.

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 Clark County expenses for 2010 are approximately 50.2 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 evenly spent. Spending on General fund supported activities is very tight; general government, law and justice, and internal services are spending at 94 percent of the 2009 pace and are 62 percent of budget.

CLARK COUNTY EXPENSE DISTRIBUTION

(Dollars in thousands)

	1Q09	1Q10	09-10 Budget	10/09	YTD/Budget
GENERAL GOVERNMENT	\$ 6,828	\$ 6,176	\$ 58,901	90.5%	59.5%
LAW & JUSTICE	22,948	22,274	180,354	97.1%	63.5%
PUBLIC WORKS	15,975	16,303	264,151	102.1%	44.4%
COMMUNITY DEVELOPMENT	1,829	1,113	12,671	60.9%	63.5%
COMMUNITY SERVICES	9,482	11,055	156,363	116.6%	43.6%
HEALTH DEPARTMENT	3,716	2,705	32,201	72.8%	61.7%
INTERNAL SERVICES	5,443	4,664	42,662	85.7%	59.0%
CAPITAL & DEBT	3,054	3,297	158,105	108.0%	42.4%
FISCAL ENTITIES & RESERVES	3,283	2,422	40,623	73.8%	48.5%
TOTAL	\$72,558	\$70,009	\$946,032	96.5%	50.2%

GENERAL FUND

The March 2010 General Fund undesignated fund balance improved from March 2009 balance by \$3.3M. Operations for the 2010 first quarter improved \$2M over 2009.

FUND 0001-GENERAL FUND CONDENSED HISTORY								
(In Millions)	Actual 12 Months					3 Months		
	2006	2007	Change	2008	Change	2009	Change	2010
	\$ M	\$ M	07/06	\$ M	08/07	\$ M	09/08	\$ M
Total Revenue	124.1	134.3	8.2%	136.7	1.8%	136.1	-0.4%	18.3
Total Expenses	121.6	133.3	9.7%	143.2	7.4%	134.8	-5.9%	32.5
Surplus/(Deficit)	2.5	1.0		(6.5)		1.3		(14.2)
One-time In	0.2	-		2.3		-		-
One-time Out	-	(1.2)		(3.1)		(2.7)		-
Net Gain/(Loss)	2.7	(0.3)		(7.3)		(1.4)		(14.2)
Fund Balance	18.2	17.9		10.7		9.3		(4.9)
Designated	3.2	4.1		4.6		1.9		1.9
Undesignated	15.0	13.8		6.1		7.4		(6.8)
March Fund Balance	1.8	1.9		2.2		(10.1)		(6.8)

Major revenue collections, including sales tax and property tax, are close to budget as revised in December 2009. Other revenues are approximately the same as 2009 levels. The main reason for the quarterly improvement is the result of cost containment. In 2010, General Fund revenue growth will be minimal. Expense growth pressure from other funds including Unemployment Insurance, General Liability Insurance, Workman's Compensation, and the Fair Fund are expected to increase. Clark County continues to budget for a 2010 ending fund balances of \$7.8M

FUND 0001-GENERAL FUND QUARTERLY AND YTD COMPARISON						
	Quarter Ending (3 months)			YTD Ending		
	Mar-10	Mar-09	Change	Mar-10	Mar-09	Change
Total Revenue	18.3	18.1	0.2	18.3	18.1	0.2
Total Expenses	32.5	34.3	(1.8)	32.5	34.3	(1.8)
Surplus/(Deficit)	(14.2)	(16.2)	2.0	(14.2)	(16.2)	2.0
One-time In	-	-	-	-	-	-
One-time Out	-	-	-	-	-	-
Net Gain/(Loss)	(14.2)	(16.2)	2.0	(14.2)	(16.2)	2.0

