

# Financial Report of Revenues and Expenses

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**3rd Quarter 2009**



**proud past, promising future**

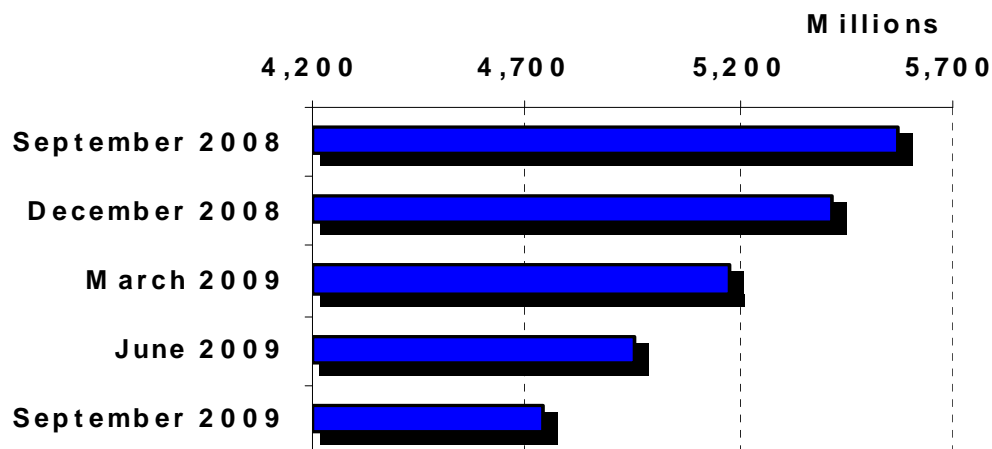
**CLARK COUNTY**  
WASHINGTON

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## COUNTY LEADING INDICATORS

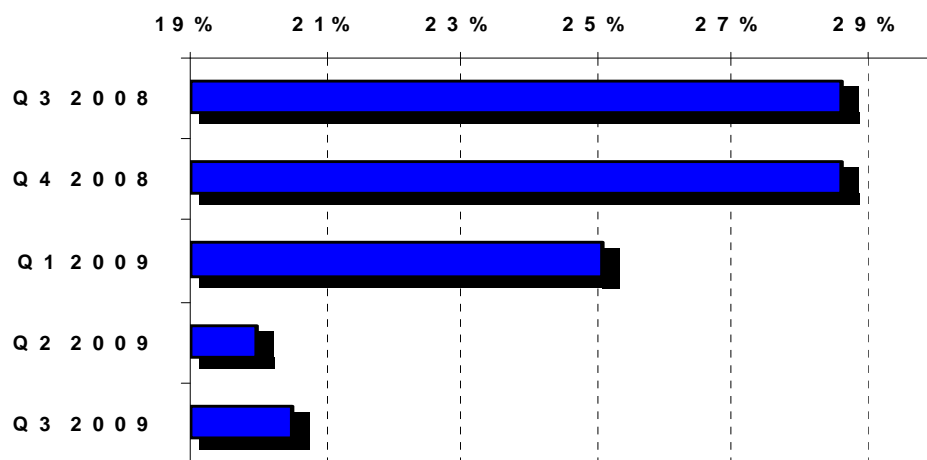
### Total County Retail Sales (12 Months)



Clark County retail sales declined in the 2009 third quarter. For the 12 months ending September 30, 2009, the county incurred \$4.7 billion in retail sales, the lowest 12 month total since the 12 months ending September 30, 2004. Unincorporated retail sales have decreased approximately 18.3 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 20.5 percent, up just slightly from the prior quarter. Construction spending was 28.4 and 33.2 percent of retail sales for the same quarter in 2008 and 2007 respectively.

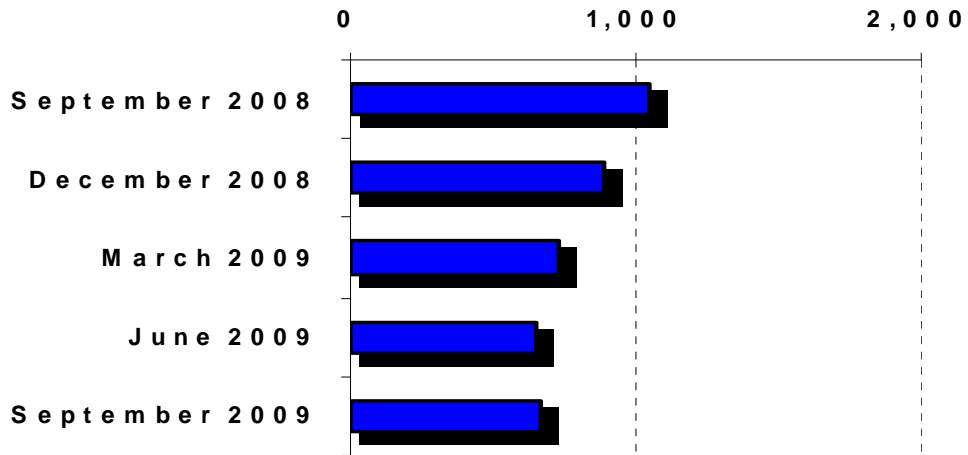
Construction sales, as a percent of retail sales, reached a high of approximately 38 percent in 2005 and early 2006. There was a sharp drop of 4.3 percent in the 2006 fourth quarter. Since then, the decline was gradual, approximately one percent per quarter, with large drops of 3.5 and 5 percent in the first two quarters of 2009. The second biggest area of decline is automotive which has decreased approximately 2.5 percent from the prior year's third quarter. As a consequence of the decline in construction and automobiles, general goods and services are a larger percentage of retail sales.

### 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 the quarter ending September 2009, building permits continued to show slow improvement, however, based on historical averages, 2009 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.

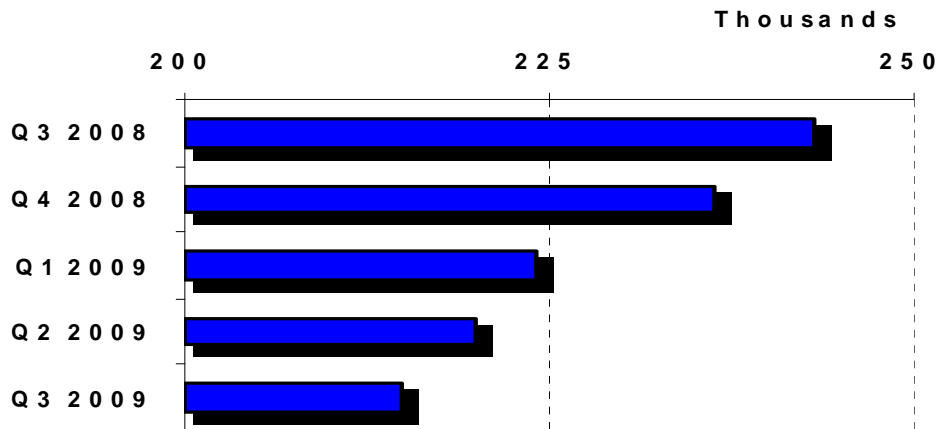
## Average Value Building Permits



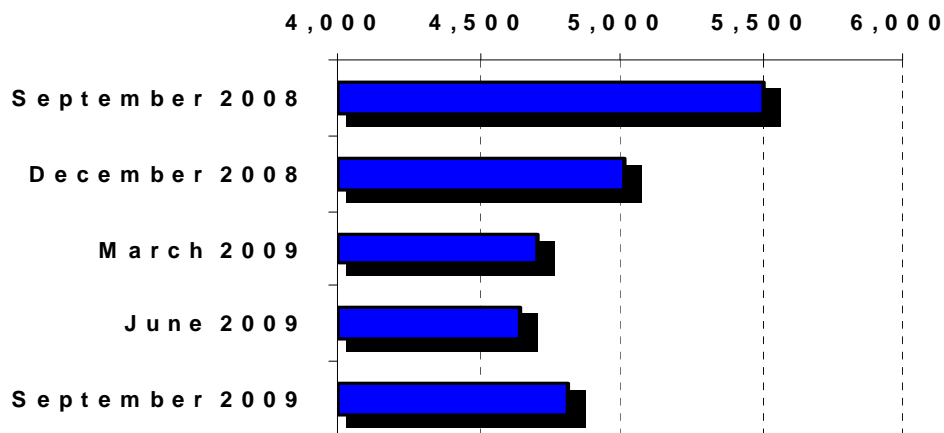
## COUNTY LEADING INDICATORS

Home sales are also an indicator of the economic activity in the County. Over the past year, home sales have declined approximately 12.3 percent and home prices 11.6 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. Home sales for the 12 months ending September 2009 show a slight increase compared to the 12 months ending June 2009.

### Median Home Sales Price



### Existing Home Sales (SAAR)



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. In the 2009 second quarter, building permit revenue and development service fees experienced a quarter over quarter revenue increase for the first time since the second quarter of 2005. REET reached a high point in the 2005 fourth quarter and continues to decline.

## COUNTY LEADING INDICATORS

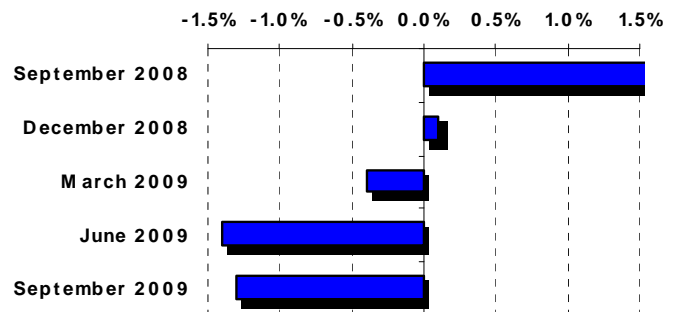
There are many indicators of Clark County's economic health and general direction. This section includes a few of the indicators that are relevant to current issues and concerns within the County.

The Inflation Rate dropped dramatically in 2009, indicative in the global economic slowdown. The annual rate for the 12 months ending September 2009 was a 1.3 percent decrease.

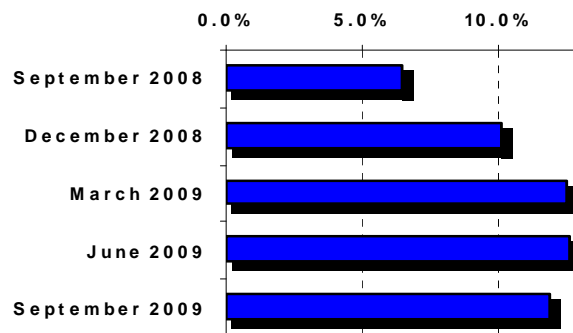
The Clark County Unemployment Rate through the 2008 third quarter was relatively stable, fluctuating between 5.5-6.0 percent. The rate reached a high of 13.9 percent in April. Since then, the rate has settled to 11.9 percent, still one of the highest rates in the state.

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 283K. Statistics indicate 50 percent of the inmates are sentenced, 41 percent are felons, and 60 percent are jailed one week or less.

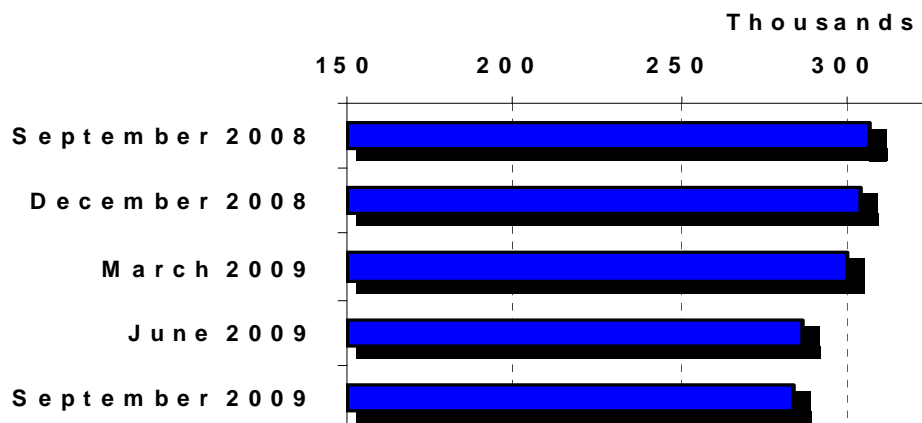
**Annual Inflation Rate (12 Months ending)**



**Clark County Unemployment Rate**



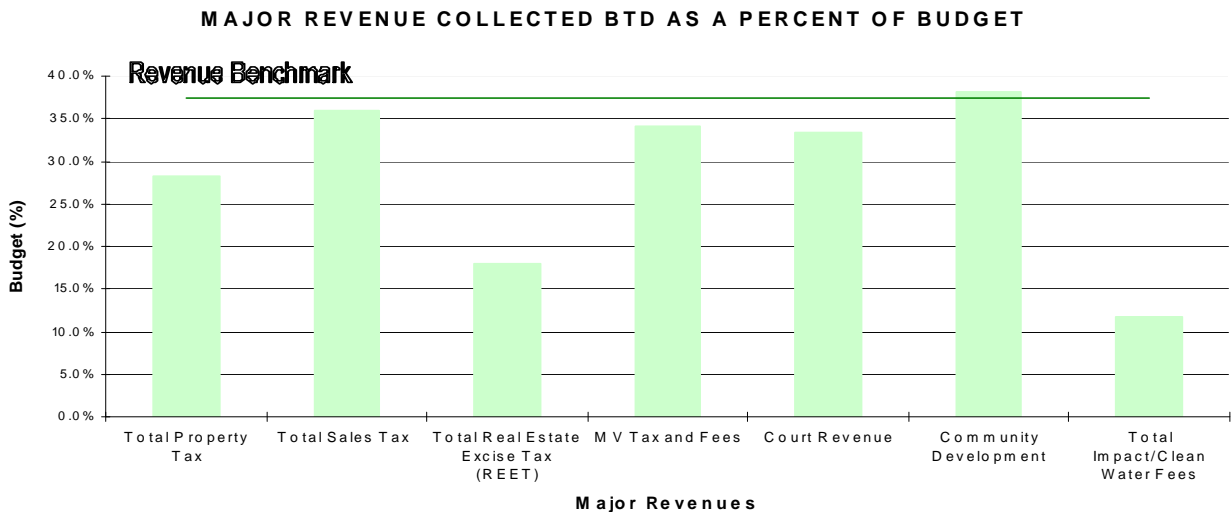
**Jail Bed Days (12 Months)**



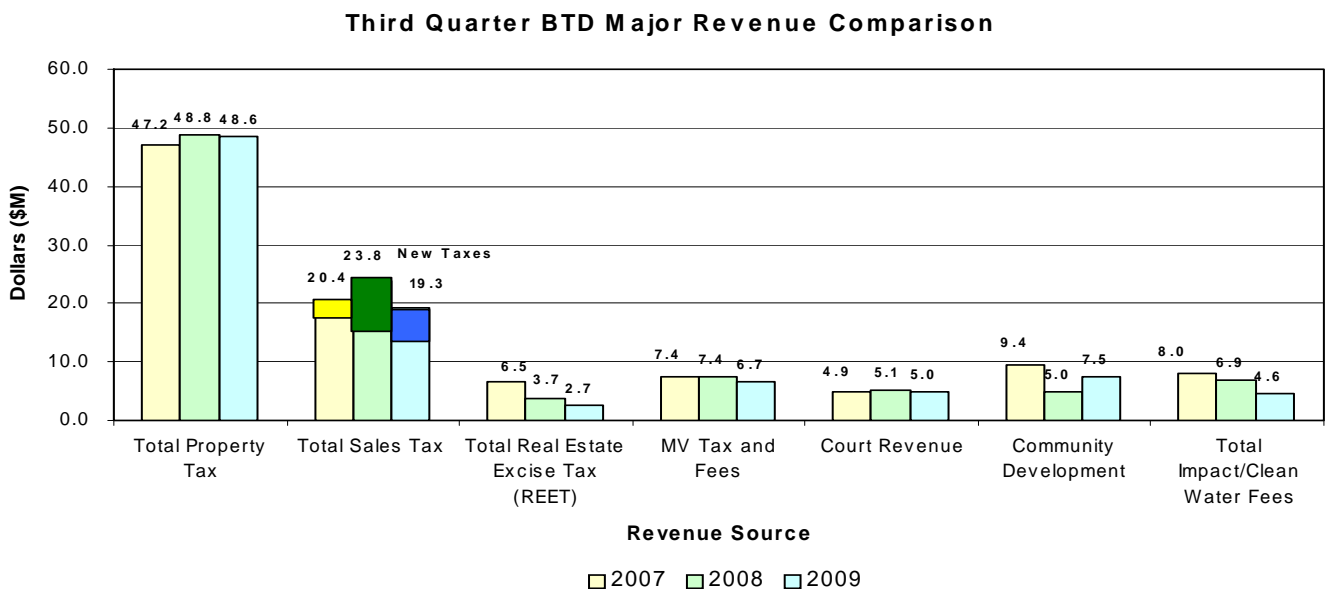
## COUNTY REVENUE OVERVIEW

In the 2009 third quarter, the County collected \$221M or 28.1 percent of the 09-10 current budgeted revenues. The \$221M 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 \$78.9M represent 29.5 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.



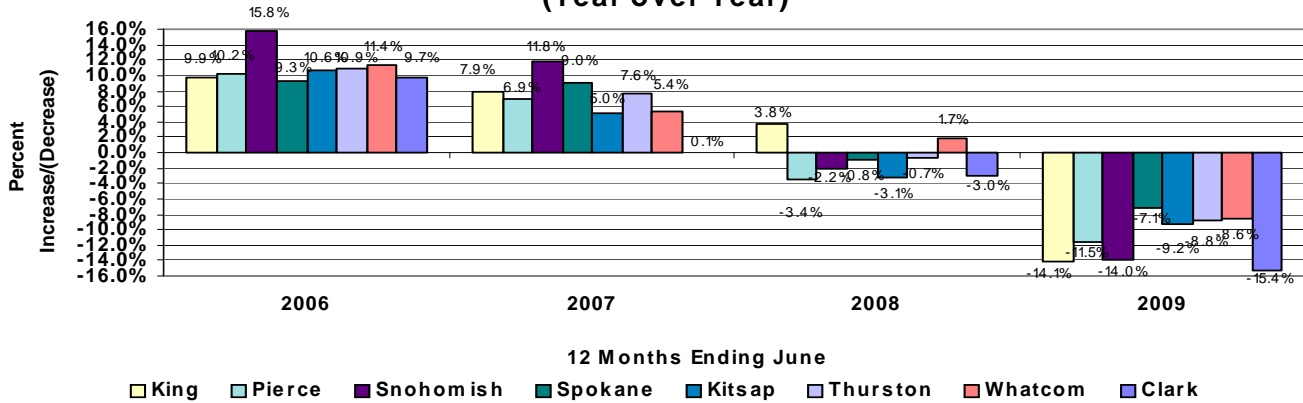
Another way to assess trends is to compare revenue types over time. The following chart shows revenue collection for major revenue sources through the third quarter ending in the year indicated. Including new taxes, sales tax revenue shows a decline of \$4.5M from the 2008 third quarter.



# SALES TAX REVENUE

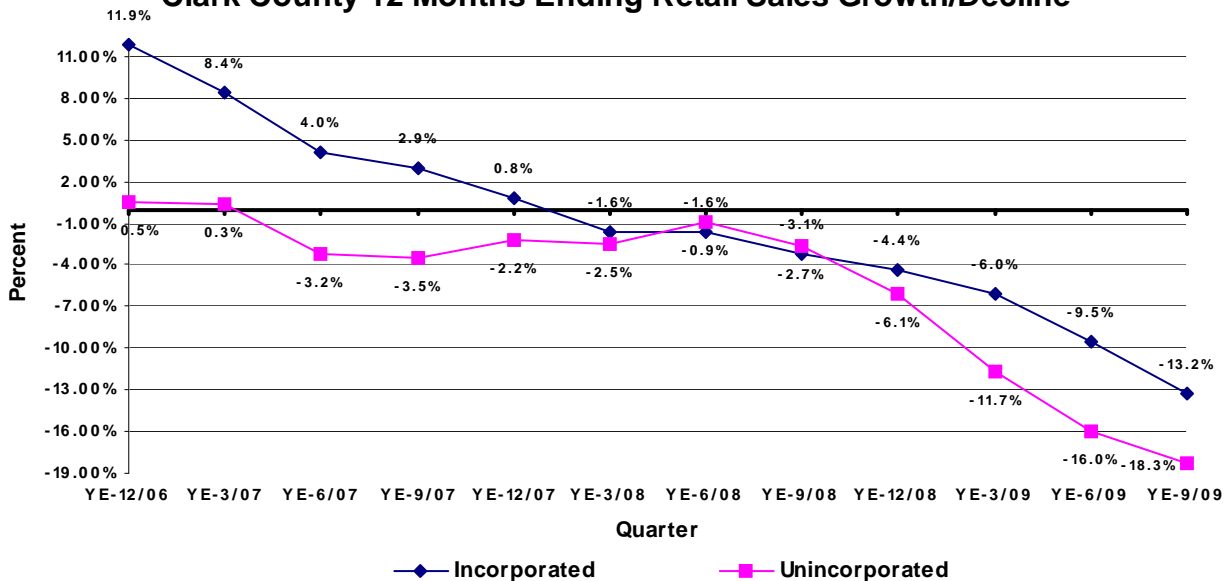
In the past twelve months, all major counties have experienced a decline in retail sales. Clark County's retail sales declined at a rate of 15.4 percent for the 12 months ending September 2009. Sale tax revenue, at the current pace will decrease approximately \$4M-\$5M from 2008, but should approximate the current budget.

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



Unincorporated Clark County will receive approximately \$10M (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. The retail sales decline is now entering its third year. The decline has been less in incorporated areas than in unincorporated Clark County.

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

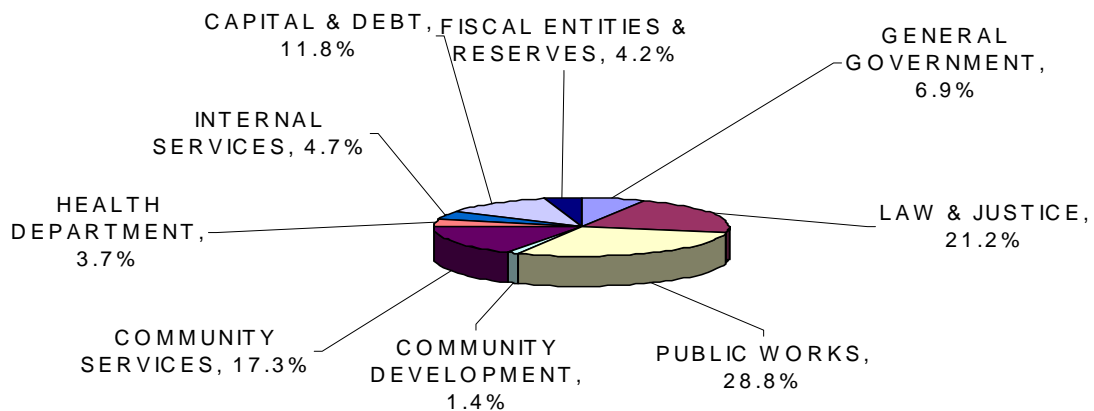


Historically, construction spending in unincorporated Clark County is about 30 percent of retail sales. In the past two years, construction spending declined from a high of 38 percent in late 2005-early 2006 to the current 20 percent.

## **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 biennial Clark County expenses through the 2009 third quarter are approximately 30.4 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 99 percent of the 2008 pace and are 37.4 percent of budget.

## **CLARK COUNTY EXPENSE DISTRIBUTION**

(Dollars in thousands)

	3Q08	3Q09	09-10 Budget	09/08	YTD/Budget
GENERAL GOVERNMENT	\$ 22,181	\$ 21,571	\$ 60,472	97.2%	35.7%
LAW & JUSTICE	68,376	69,379	184,075	101.5%	37.7%
PUBLIC WORKS	104,951	70,595	251,040	67.3%	28.1%
COMMUNITY DEVELOPMENT	8,882	5,037	11,805	56.7%	42.7%
COMMUNITY SERVICES	35,752	38,552	150,422	107.8%	25.6%
HEALTH DEPARTMENT	12,597	11,727	32,060	93.1%	36.6%
INTERNAL SERVICES	17,487	16,049	41,128	91.8%	39.0%
CAPITAL & DEBT	21,272	27,986	102,761	131.6%	19.9%
FISCAL ENTITIES & RESERVES	11,494	11,551	36,449	100.5%	31.7%
<b>TOTAL</b>	<b>\$302,990</b>	<b>\$272,447</b>	<b>\$870,210</b>	<b>89.9%</b>	<b>30.4%</b>

## GENERAL FUND

The 2009 third quarter fund balance in General Fund has decreased significantly from 2008. Year-to-date, operating expenditures have exceeded revenue by \$15.3M. For comparison, the 2008 third quarter operating deficit was \$15.6M and 2007 was a \$9.5M.

### 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%	85.9
Total Expenses	115.9	121.6	4.9%	133.3	9.7%	143.2	7.4%	101.3
Surplus/(Deficit)	3.5	2.5		1.0		(6.5)		(15.3)
One-time In	-	0.2		-		2.3		-
One-time Out	-	-		(1.2)		(3.1)		(2.7)
Net Gain/(Loss)	3.5	2.7		(0.3)		(7.3)		(18.0)
Fund Balance	15.5	18.2		17.9		10.7		(7.4)
Designated	3.1	3.2		4.1		4.6		1.9
Undesignated	12.4	15.0		13.8		6.1		(9.3)
Sept Fund Balance	7.1	6.4		5.5		(1.8)		(9.3)

Major revenue collections, including sales tax and property tax, are close to the revised budget. However, recent information from the State indicates that a negative Implicit Price Deflator will require the 2010 property tax budget be reduced by \$1M. Including the property tax reduction, the Budget Office's recent review of all General Fund revenues indicates that the revenue budget should be reduced by a net \$8.3M. This is a net amount with the largest reductions being interest earnings (\$4.5M) and land use tax (\$1.5M). The largest increase is penalties and interest on property taxes (\$1.3M).

### FUND 0001-GENERAL FUND QUARTERLY AND YTD COMPARISON

	Quarter Ending (3 months)			YTD Ending		
	Sep-09	Sep-08	Change	Sep-09	Sep-08	Change
Total Revenue	22.1	24.7	(2.6)	85.9	89.0	(3.0)
Total Expenses	29.3	34.1	(4.8)	101.3	104.5	(3.3)
Surplus/(Deficit)	(7.3)	(9.4)	2.2	(15.3)	(15.6)	0.3
One-time In	-	-	-	-	-	-
One-time Out	(2.7)	-	(2.7)	(2.7)	-	(2.7)
Net Gain/(Loss)	(10.0)	(9.4)	(0.5)	(18.0)	(15.6)	(2.4)





































































