2011 Financial Trends Monitoring Report

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AUDITOR
GREG KIMSEY

August 1, 2012

Honorable Marc Boldt, Chair
Clark County Board of Commissioners
PO Box 5000
Vancouver, Washington

RE: Clark County Financial Trends Monitoring Report

Dear Commissioner Boldt,

The following represents our report of financial trends for Clark County for the ten year period ended December 31, 2011.

INTRODUCTION

This report has been compiled in accordance with the provisions of the Clark County Fiscal Policy Plan, and includes trends of key financial and economic indicators for the government and community of Clark County, Washington.

Information for the report is derived from various County financial records and reports, including the Comprehensive Annual Financial Report (CAFR), and from various other local and state governments and agencies.

FISCAL POLICIES

The report presents the 17 fiscal policies included in the Clark County Fiscal Policy Plan. These policies provide guidelines for the prudent management of the County's finances. These guidelines are not absolute rules, but variation from them should be carefully considered and of limited duration only. We have provided a brief narrative following each policy statement that represents our opinion of the degree to which the County is in compliance with the policy.

FINANCIAL INDICATORS

The report presents 43 financial trend indicators as recommended in the Clark County Fiscal Policy Plan. The indicators are divided into six categories: Revenues, Expenditures, Operating Position, Debt Structure and Leave Liabilities, Condition of Capital Assets, and Economic Base. On pages ix through xiii, we have provided a summary of the trends with more detail shown in the ensuing pages. Each trend is classified as "favorable," "unfavorable," or "mixed."

Some trends have been impacted by the January 1, 2003 addition of the health department to the County which added 148 staff and $18 million in revenues.

A summary of the 43 trends reveals the following:

- Thirteen of the trend indicators were deemed to be "favorable", down by two from 2010 and lower than 2009 by one. Favorable ratings can be found in all categories except expenditures. There has been a downward trend of the total number of favorable ratings since 2004 as ratings deteriorated along with the decline in new construction revenue in the County; notably, building fees, planning and impact fees, real estate excise tax (REET), and sales tax.

  Positive signs are that the County continues to adequately maintain roads, buildings and other assets, fund balance in the Road Fund continues to increase, long term debt is the lowest it has been since prior to 2004 and short term debt was minimal at December 31, 2011. Improvements were seen in the General Fund and Road Fund liquidity, as well as Equipment Revolving and Replacement reserves being adequate.

- Twenty indicators were deemed to be “mixed”, one less than in 2010, but higher than the seventeen in 2009. This category is assigned if a portion of the indicator is unfavorable, or if there is a trend showing the indicator moving in an unfavorable direction.

  Six of ten revenue indicators are rated as mixed, reflecting the uncertainty related to the continued economic slowdown that we are experiencing. Road Fund and General Fund revenue per capita; operating revenues per capita; restricted revenues as a percent of operating revenue; tax revenue per capita; General Fund revenue variances; and licenses, permits and charges for service as a percentage of operating revenue were all rated as mixed. Many of these revenues continue to be impacted by the economic slowdown, particularly the decline in construction activity and weak economy.

  On the expenditure side, six of seven indicators are rated mixed, reflecting expenditure budget cuts and staff lay-offs. Governmental expenditures per capita, capital project expenditures per capita, as well as General Fund and Road Fund expenditures per capita are rated as mixed. The cost cutting measures taken by the County resulted in decreased per capita spending in most areas by the County. Two personnel trends were also rated as mixed: employees per capita and personnel expenditures.

  Three of nine indicators of operating position are rated as mixed. Fund liquidity for the Community Development Fund improved after a fee increases in 2009 and General Fund support.

Insurance Reserve net assets received a mixed rating, as unemployment and industrial insurance reserves may need additional funding. The fund balance of the General Fund and Permanent Reserve Fund was rated favorable as the combined fund balance reached 15% of annual revenues, which is the minimum level indicated as appropriate by best practices.

The General Fund surplus and deficit trend shows a surplus in 2011 as the General Fund unassigned fund balance continued to recover due to moderate revenue growth and flat expenditures.

Two out of five indicators in the debt category were rated mixed. Although total debt service costs have remained stable since 2005, when adjusted for inflation, they have increased by almost 60% since 2002. Overlapping debt per capita, which has increased annually, with the exception of 2006, decreased slightly in 2011.

- Ten trends were identified as “unfavorable” which is 3 more than in 2010 but down from twelve in 2009.

  For revenues, there were three unfavorable ratings. One for Capital project revenues which have declined sharply for the past five years (after adjusting for a one-time return from the city of Vancouver) due to decreases in real estate excise taxes and impact fees. Operating Revenue per capita is rated unfavorable due to nonexistent growth in the last 5 years and because per capita revenue adjusted for inflation is at its lowest point in the last 10 years. Intergovernmental revenues are also rated unfavorable due to the steep decrease experienced in 2011 and anticipated future decreases.

  There was one unfavorable expenditure rating in 2010 for employee benefit costs, where benefit costs per FTE grew about 8% annually over the last ten years.

  Debt and leave liabilities had one unfavorable rating. Unused vacation leave liability per FTE has been increasing since 2006 (46%), and with a smaller work force (due to lay-offs) and the continued freeze on vacation buy-back, it may continue to increase.

  Five unfavorable trends can be found in the economic base. Clark County’s median household income, adjusted for inflation, has decreased for each of the last four years and is lower than it was ten years ago. The County’s unemployment rate, while decreasing in 2011, is still high at 9.2% and continues to be higher than the Portland metropolitan area and Washington State rates. Total assessed property values in Clark County decreased by $934 million in 2011 and new construction was the lowest its been in 10 years. This is the third year in a row that there has been a decrease in assessed property values. Finally, after adjusting for inflation, retail sales have declined over the last 5 years by 18.2% in unincorporated Clark County and by 17.6% in cities.

SUMMARY

During 2008 and 2009 the full effect of the Great Recession was felt on the County's finances and economic environment. Indicators were predominately mixed or unfavorable reflecting the weakest financial positions in the ten years covered by this report. For 2011, there is continued improvement in some areas as significant cost cutting measures were instituted by the County.

The year 2008 was the first time that combined mixed and unfavorable ratings exceeded favorable ratings. This decline was stabilized in 2009 and 2010. In 2011, there was a slight decline in ratings due to the continued lack of jobs added as the economy recovers.

There are signs of slight improvement, but there are major trends that will make significant improvement a challenge. Chief among these are the depletion of capital resources (with the exception of Road Fund fund balance), high unemployment, a 5 year reduction in median income and continued weakness in the housing market. In this environment, it is crucial that the County manage net income tightly and continue to rebuild adequate reserves so that the County has the ability to accommodate small changes in the economy or State budgets without immediately resorting to cuts in services.

Sincerely,

Greg Kimsey
Clark County Auditor

CLARK COUNTY FISCAL POLICIES

As of December 31, 2011

Background

The Fiscal Policy Plan was first adopted by the Board of County Commissioners in 1982 and amended on August 2, 1994. Its purpose is to assist decision-makers by providing information and guidelines that cumulatively should ensure that Clark County continues to pursue a financially prudent course.

In this document we quote the fiscal policies (in italics) and give a brief description of County practices that relate to that policy.

Policies

Policy 1

The County shall calculate and compile financial indicators, consistent with Appendix "A", for each year. Any indicator showing an unfavorable trend shall be analyzed to determine why the change has occurred. The County Administrator is authorized to add or delete financial indicators to reflect the needs of the County and the availability of relevant information.

This information is provided as part of this report.

Policy 2

Clark County shall annually forecast revenues and expenditures for the next three to five years for the General Fund and Road Fund. Forecasts should reflect the County's multi-year capital improvement plans. Other funds should be forecast to the extent that they are material and can be reasonably predicted.

As part of the biennial budget process, the Budget Office forecasts the General Fund in detail and major changes to this base for an additional four years. Public Works staff includes expenditure forecasts for the Road Fund as part of the six-year transportation capital construction program. Capital revenue restrictions have reduced long-term park construction to a minimal amount. Forecast of Clean Water maintenance and capital needs exceed long-term revenues.

Policy 3

Clark County shall proactively seek citizen involvement in evaluations of services and service levels.

Clark County's budget process furnishes extensive opportunities for citizen involvement in the evaluation of programs and the allocation of resources. Budget meeting notices are published in local newspapers and public hearings are held, at which time the BOCC seeks input from staff and citizens, as it considers and ultimately adopts the budget. The County also has numerous advisory boards that provide citizen evaluation and advice on a continuous basis over many program areas.

Policy 4

Clark County will accept State and Federal money to fund programs mandated by law; or programs established as a local priority after taking local contributions into account.

The Board of County Commissioners approves grant-funded contracts. Most local match for grant-funded programs relate to infrastructure needs that are included in the County's Comprehensive Plan and the Six-Year Transportation Improvement Program.

Policy 5
Clark County will set charges for each enterprise fund (sewer, solid waste, etc.) at a level which supports the direct and overhead costs of the enterprise, primarily by fees, grants, or other sources consistent with the direction of the Board of County Commissioners.

Net assets for enterprise funds are positive at the end of 2011. Rates charged to property owners to fund Clean Water produce a revenue stream that is inadequate for long-term maintenance and capital needs.

Policy 6
Clark County will pursue a fair and equitable process for the collection of property tax and all other revenues, with the goal of minimizing delinquencies.

At December 31, 2011, uncollected delinquent property tax amounted to $4.5 million ($2.4 million from 2011 and the remainder from levies for all prior years). 97.4% of the 2011 tax levy was collected by 12/31/11. During the last 10 years, the percent collected has never been less than 96 percent.

Policy 7
Clark County management is required to comply with budgetary restrictions. A reporting system will be provided to help managers monitor and adhere to financial constraints.

The Auditor's Office monitors compliance with budgetary restrictions and provides departments with a variety of monthly reports to assist managers in controlling expenditures.

Policy 8
Clark County will provide for adequate maintenance of capital facilities and equipment, and for their orderly replacement, if necessary.

The County maintains two revolving funds that provide for maintenance, repair, and replacement of heavy equipment, vehicles, and personal computers. In addition, the County has adopted long-term major maintenance programs for facilities and parks. The replacement of the County's human resource and payroll system was completed in 2005; the replacement of the Assessment and Tax Collection system was completed in 2009; and funding to replace the custody management system has been approved for 2012. In addition, the County's financial system had a significant upgrade completed in 2012. In the past 10 years, the County has significantly upgraded its facilities, completing construction of the Public Service Center, the Community Health Center and the Exposition Center, as well as significant remodels of the Courthouse, Juvenile Detention facilities, and the Elections and Auto Licensing Building. The latest building upgrades include energy conservation and electrical generation by means of solar panels.

Policy 9
Clark County shall establish reserve funds to pay for needs caused by unforeseen events. Reserves shall be held to address the following circumstances: 1) Catastrophic reserves, to provide limited emergency funds in the event of natural or manmade disasters; 2) Operational reserves, to provide additional funds for limited, unexpected service needs; 3) Liquidity reserves, to provide funds sufficient to insure smooth running of the County and pay current obligations; and 4) Capital reserves to facilitate the orderly replacement or acquisition of capital facilities and equipment. An amount equivalent to between six percent and ten percent of the General Fund operating budget shall be held in a separate reserve. Individual fund managers shall maintain reserves to address operational and liquidity needs for the funds under their control.

The County has a Permanent Reserve Fund to provide for operational and catastrophic needs. At December 31, 2011, the balance in the fund amounted to $6.6 million or 5.14% of the General Fund operating budget. The County has failed to maintain the minimum 6% standard for each of the last nine years. However, following the application of GASB 54, the County reports the General Fund and Permanent Reserve as one fiscal entity. Combined, the unassigned fund balance of the two amounts to 15 percent of General Fund revenue, which is within the traditional range of 15 to 20 percent. Liquidity reserves are established in each fund. The County belongs to the Washington State Risk Pool for general liability coverage. The County has established capital reserves for vehicle and computer equipment replacements financed by charges to user departments.

Policy 10
Capital improvements must be designed to provide sufficient benefits for the expected cost. Benefits can be economic or social values expressed in the capital improvement plan, or can be based on a cost benefit analysis of all relevant costs.

Most capital expenditures are reflected in the County's comprehensive plan and the six-year transportation Improvement program. The economic and social values of these projects are expressed in these plans. Additional evaluation of capital improvements is performed at the departmental level and examined by the Budget Office. Formal cost/benefit analysis is not performed in all cases.

Policy 11
Clark County shall develop and adopt multi-year capital improvement plans to guide current and future major capital facility and equipment expenditures.

The capital facilities element of the comprehensive plan addresses infrastructure and utility needs and is augmented by more detailed plans such as the six year transportation Improvement program and open space acquisition programs supporting the expenditure of Conservation Futures funds.

The County has formed a Capital Committee made up of senior managers to review capital spending plans. Capital spending plans should comply with the Board of County Commissioners' priorities: 1. Honor existing obligations (debt service), 2. Preserve existing assets, 3. Acquire new assets based on greatest need and the ability to maintain them.

Research is ongoing to replace analogue radio systems with digital equipment at the 911 center by 2015.

Policy 12
Clark County will develop investment strategies to maximize return on investments while protecting the public's assets.

The County Treasurer performs various cash flow analyses to determine size and duration of investments; has established and implemented a local government investment pool to maximize buying power and flexibility; and has developed investment policies and standards to manage the County's portfolio.

Policy 13
The County shall restrict direct debt to the limit identified in Article 8, Section 6 of the Washington State Constitution. In addition, the County will be prudent when considering appropriate levels of debt, limiting debt service to the County's current and future ability to finance that service without diminishing core services. In recognition of the value of the County's ability to raise money at competitive rates, the County will also consider the impact of any new debt on future bond

ratings. Biennial budget appropriations shall include debt service payments and reserve requirements identified in bond covenants for all outstanding debt.

At the end of 2011, the County's non-voted debt limit was $560 million. Outstanding General Obligation Bond Debt subject to this limit at the end of 2011 was $116 million (compared to $122 million in 2010), or 21% of the debt limit. Additional governmental debt subject to the non-voted debt limit includes public works trust fund loans, special assessment debt, and capital leases. Total net debt applicable to the limit was $142 million at December 31, 2011, a 4% decrease from $148 million at December 31, 2010.

Policy 14
Clark County recognizes that net direct debt service should be no more than ten percent (10%) of the operating revenues of the issuing fund and the General Fund combined.

Debt service in 2011, excluding enterprise funds, was $13.2 million, compared to $13 million in 2010. In 2011, total debt service for governmental funds as a percentage of total revenues generated in all paying funds and General Fund (excluding Community Services Grant Fund whose revenues are grant driven) was 6.3%. Debt service paid from the General Fund equaled 0.9% of General Fund revenue. Following is a listing of debt service paid by County funds in 2011, as a percentage of the operating revenues of the issuing fund and the General Fund, combined: County Road Fund 0.8%; Conservation Futures Fund 1.2%; Real Estate Excise Tax (REET) Fund 4.1%; Campus Development Fund 1.1%; Community Services Grants Fund 0.2%; CAD/800 MHz Replacement Fund 0.5% and the Exhibition Hall Dedicated Revenue Fund 0.9%.

Policy 15
Where possible, Clark County will use revenue or other self-supporting bonds instead of general obligation bonds except where significant interest differences become a primary consideration.

The County (including proprietary funds) had $175 million in total outstanding long-term debt at December 31, 2011. Of that, $14 million, or 8%, is in revenue bonds.

Policy 16
Clark County will not use long-term debt to finance current operations. Long-term borrowing will be confined to capital improvements or similar projects with an extended life which cannot be financed from current revenues.

Long-term debt has been used to finance capital improvements or acquisition.

Policy 17
Clark County will keep the maturity of general obligation bonds consistent with or less than the expected lifetime of the project, with a goal of amortizing at least an average of five percent (5%) of project costs per year. All future long-term debt will have prepayment options unless alternative debt structures are judged more advantageous to the County.

Most general obligation bonds issued by the County have an outstanding life of 20 years or less. The County took advantage of a low interest environment in 2004 and 2005 and issued bonds with longer outstanding lives. Two bond issues (in 2004 and 2005) finance the community health center and the fairgrounds exposition center ($61 million total) and each have a 30 year repayment period. A conservation futures bond issue in 2005 ($25 million) has a 22 year repayment period.

INTRODUCTION

This report provides County officials and citizens with information to help them understand the financial condition of the government of Clark County. While a wealth of information is produced each year in the *Comprehensive Annual Financial Report* (CAFR) and the *Adopted Budget*, readers may find these documents difficult to read and understand. This *Financial Trends* report presents summarized financial information in a format that we hope is easier to comprehend.

This report presents 43 financial and demographic trends covering a ten-year period from fiscal year 2002-2011. We have identified favorable, mixed, and unfavorable trends. It is important to remember that these trends are looked at solely from a financial point of view and do not indicate an evaluation of the underlying programs.

What is good financial condition?

A county in good financial condition can finance services to the public on a continuing basis. Such a county can maintain existing service levels, withstand economic disruptions, and respond to growth, decline, and change. Put simply, a financially stable county collects sufficient revenue to pay short-term bills, finance major capital expenditures, and meet long-term obligations.

Financial conditions can be monitored by analyzing trends in several broad areas:

- ✓ revenues
- ✓ expenditures
- ✓ operating position
- ✓ debt and leave liabilities
- ✓ capital assets
- ✓ economy and demographics

Tracking trends in these areas over time permits County managers and officials to monitor finances and identify problem areas that may need attention.

Highlights of the Financial Trends

In 2011, Clark County experienced minimal revenue growth as the result of the weak economy and the housing industry downturn in 2008 and 2009. This report reflects the current financial stresses of the County resulting from the economic slowdown that started in 2005.

Tax revenues per capita changed minimally in 2011 after declining in 2008 and 2009. Property tax limitation measures and a small improvement in sales and excise tax were offset by a drop in intergovernmental revenues, contributing to the minimal improvement. Governmental operating expenditures per capita in 2011 decreased by two percent from 2010, when adjusted for inflation.

Each of the trends included in this report are rated as favorable, unfavorable, or mixed. Following are the ratings on the individual trends found in this report :

Revenues

Operating Revenue Per Capita: unfavorable

Operating revenue per capita decreased. When adjusted for inflation, it is at the lowest level in the past ten years.

General Fund Revenue Per Capita: mixed

General Fund revenue per capita changed minimally in 2011 in both adjusted and unadjusted measures.

Road Fund Revenue Per Capita: mixed

Road Fund revenue per capita changed minimally in 2011. Revenue growth has kept pace with population growth. A large portion of Road Fund revenue comes from state and federal grants and is dependant upon project timing.

Restricted Revenue as a Percent of Operating Revenue: favorable

Restricted revenue as a percent of operation revenue decreased for the past three years. It indicates an increase in the flexibility of funds

Tax Revenue Per Capita: mixed

Tax revenues per capita changed minimally in 2011, after declining in 2008 and 2009. When adjusted for inflation there was a four year decline prior to 2010.

Intergovernmental Revenue Per Capita: unfavorable

The general trend over ten years for intergovernmental revenues increased, however, in 2011 there was a sharp drop.

Capital Project Revenue: unfavorable

Capital project revenue dropped to a ten year low in 2009. Without a one-time return of REET revenue from the City of Vancouver in 2010, it would have remained at this low level through 2011.

Licenses & Permit and Charges for Services Revenues as a Percent of Operating Revenue: mixed

Licenses and permit and charges for services revenues improved slightly in 2011. Economic activity is improving in Building. Animal license fees also showed an increase prior to a significant penalty increase.

Enterprise Revenue and Expenses: mixed

Revenues continue a slight upward trend in 2011. The Enterprise funds currently operate at approximately breakeven, but increasing capital and maintenance demands on the Clean Water fund are depleting fund balance.

General Fund Revenue Variances: mixed

The 2011 General Fund revenue variance was positive, however, the amount of surplus will not be available until the end of the biennium in 2012.

Expenditures

Governmental Expenditures per Capita: mixed

Expenditures per capita decreased for the past three years. Expenditures decreased 2.3% in 2011 from 2010.

Capital Project Expenditures per Capita: mixed
Capital expenditures increased 46% in 2011 from 2010 but remain below previous levels. Expenditures were primarily for parks and open spaces.

General Fund Expenditures per Capita: mixed
2011 General Fund unadjusted expenditures per capita increased by 2.7% over 2010. Per capita expenditures adjusted for inflation over the last 5 years have decreased an average of 0.35% per year.

Road Fund Expenditures per Capita: mixed
Following a ten year low of $238, per capita road expenditures increased 8% in 2011 to $257. Total road expenditures increased 8.6%.

Employees per 1,000 Capita: mixed
The number of budgeted FTEs decreased from 1,680 in 2010 to 1,675 in 2011, while FTEs per capita decreased from 3.95 to 3.91 (down from 4.62 in 2007).

Personnel Expenditures: mixed
Personnel expenditures have increased an average of 10.6% over the last 5 years.

Employee Benefits Costs: unfavorable
Benefit costs grew about 8% annually over the last ten years.

Operating Position

General Fund Surplus or Deficit: favorable
General Fund experienced a $7 million deficit in 2008, which was reduced to a $1.5 million deficit in 2009. In 2010, an $8.7 million surplus was recorded. In 2011 an additional surplus of $4.6 million was added.

Fund Balance – General Fund & Permanent Reserve Fund: mixed
General Fund undesignated fund balance was $15.0 million up from $10.9 million in 2010. New accounting rules require the fund balances of the Permanent Reserve Fund and General Fund to be combined when reported.

Fund Balance – Road Fund: favorable
Fund balance has fluctuated over the past ten years, but has been increasing. The 2011 fund balance ($32 million) is the highest it's been in the ten years covered by this report.

Fund Liquidity - General Fund and Road Fund: favorable
General Fund's liquidity increased from a low of $10 million in 2009 to $29 million in 2011 (including $6.6 million in Permanent Reserve). The Road Fund's liquidity was adequate at $31.6 million.

Fund Liquidity – Community Development: mixed
Liquidity in the Community Development Fund has improved over past years but will need to be monitored closely.

Fund Liquidity – ER&R Fund: favorable
Liquidity of the equipment replacement fund remained at about $4 million to $5 million from 2001 until 2008, when it dropped to $2.3. It has been steadily increasing to $4.2 million in 2011.

Enterprise Funds - Change in Net Assets: mixed
Enterprise funds net assets decreased by $0.4 million in 2011, mostly due to Clean Water spending down fund balance.

Enterprise Funds operating income: mixed
Operating income (adjusted for CPI) has been declining slightly every year except for 2006 and reached a ten year low in 2008. It has climbed back to previous levels of $4 million. Clean Water is now operating at a loss.

Net Assets – Insurance Reserves: mixed
The General Liability Fund has enough reserves set aside to satisfy reserve requirements in the most recent actuarial study. Unemployment insurance claims dropped in 2011 from the ten year high in 2009 and will need to be monitored in the future. Industrial insurance is beginning to rebuild its reserves after depleting them in 2010.
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Debt Structure & Leave Liabilities

Short Term Debt: favorable
Short term debt increased in 2011, but remains at a low level. The Fair Fund is responsible for 95 percent of all short term debt.

Long-Term Debt: favorable
Long term debt per capita has steadily decreased from $426 in 2004 to $334 in 2011.

Debt Service Cost: mixed
Debt Service, as a percentage of operating revenues, increased from 4.2% in 2010 to 4.4% in 2011, Total debt service increased by 4.2%. Although annual debt service, adjusted for inflation, has remained fairly stable since 2005, it has increased by 58% since 2002.

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Overlapping Debt Per Capita: mixed
Overlapping debt per capita increased eight out of the last ten years, with exceptions in 2006 and 2011. The result is a 29% increase between 2002 and 2011. Given that, and a high unemployment rate, voters may be reluctant to pass future levy and bond measures.

Vacation Leave Liability: unfavorable
Unused vacation leave per FTE increased 10.5% in 2011 and is higher than any other year in this report. The obligation is fully funded in proprietary funds and 25% of fund balance is assigned for the liability in governmental funds.

Condition of Capital Assets

Repair and Maintenance Costs: favorable
Repair and maintenance spending for roads increased by 28.5% in 2011 and other repair and maintenance spending decreased by 11%. Road maintenance cost per mile in 2011 ($16,258, adjusted for inflation) was 16% over the most recent five year average, Other maintenance and repair costs, as a percentage of the cost of capital assets being depreciated, was 7.8% in 2011, compared to a five year average of 8.0%

Funding for Capital Outlay: favorable
The County has been able to continue to fund software upgrades and road and park projects. However, due to reduced revenues and economic uncertainty, some projects are being scheduled further out in the capital plans.

Capital Assets: favorable
Capital asset value continues to grow. Land and infrastructure account for 67% (mostly roads and storm water facilities) and buildings and other improvements account for 24% of total capital asset costs.

Economic Base

Population of Cities & County: mixed
While population has increased over 20% in the last 10 years, the estimated population increase in 2011 from the 2010 census was less than 1%. (425,363 to 428,000).

K-12 School Enrollment: mixed
School enrollment decreased 4% in 2011 from 2010.

Median Household Income: unfavorable
Median household income decreased in 2011. Household income has lagged behind inflation for the last 10 years.

Registered/Participating Voters: favorable
The number of registered voters increased in 2011 slightly (3.6%). Voter participation was low, which is consistent with off year voting patterns.

Assessed Property Values: unfavorable
Assessed real property value continued to decline in 2011, decreasing by over $900 million. New construction added only $270 million, less than any other year in the ten years covered by this report.

Residential and Commercial Development: unfavorable
The number of residential permits issued decreased in 2011 from 2010 and represents the lowest number of permits processed in the 10 years covered by this report.

Port of Vancouver Activity: favorable
Tonnage handled decreased marginally (from 5.7M metric tons to 5.6M) but ship calls increased and revenue was up 18.2% in 2011.

Community Employment: unfavorable
The unemployment rate decreased but remains high at 9.2% in December 2011, down from 13.7% at the end of 2010. The local unemployment rate continues to be higher than the State and Portland Metro area rates.

Taxable Sales of Goods and Services: unfavorable
Unincorporated County sales tax revenue showed a marginal increase in 2011 but has declined over 18% in the last 5 years. Total taxable sales in Clark County were up 4.2% in 2011 from 2010.

REPORT SCOPE AND METHODOLOGY

The methodology used in this report was first developed by the International City/County Management Association (ICMA) in their publication, *Evaluating Financial Condition: A Handbook for Local Government*. In accordance with the ICMA methodology, we developed a definition of general government operating revenues and expenditures that includes the General Fund, Road Fund and other governmental special revenue, capital projects and debt service funds.

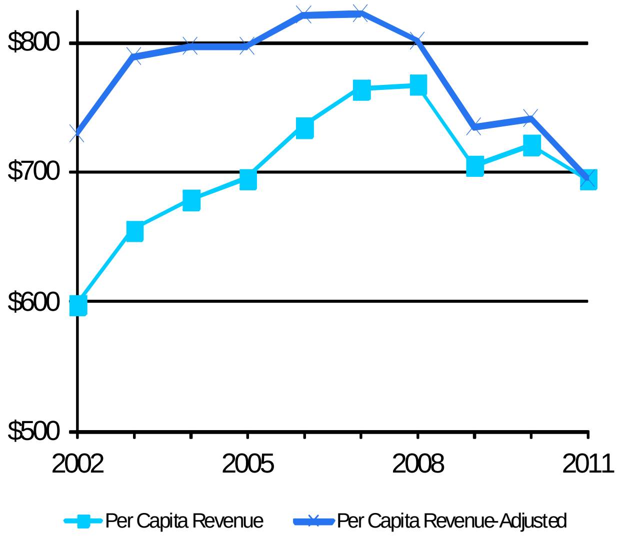
Excluded from the definition of general government operations are enterprise and internal service funds. However, we have included selected indicators for the water, sewer, and solid waste enterprise funds and for the equipment, repair, and replacement (ER&R) and insurance reserves internal service funds.

Sources of data:

- Clark County's Comprehensive Annual Financial Reports (CAFR) and County financial records provided most of the financial data
- Washington State Office of Financial Management provided population, and median income data
- The Clark County Treasurer's records provided property tax data
- Clark County budget documents provided FTE data
- Office of Superintendent of Public Instruction for the State of Washington provided school enrollment data
- Clark County Assessor's office provided assessed property values
- Clark County Elections provided registered voter data
- Port of Vancouver CAFR provided port activity data
- The County Planning and Building Departments provided development data

To eliminate the effects of inflation from year-to-year comparisons, if necessary, we adjusted dollar amounts for each prior year to equal purchasing power in FY 2011, using the Portland-Salem-Vancouver Consumer Price Index for All Urban Consumers, as reported by the Bureau of Labor Statistics, U.S. Department of Labor.

OPERATING REVENUE PER CAPITA



Analysis

◆Operating revenue decreased in 2011. Unadjusted revenue is at the same level as 2005. Adjusted for inflation operating revenue per capita has decreased approximately $100 per capita since 2005 and is at the lowest point in the past 10 years.

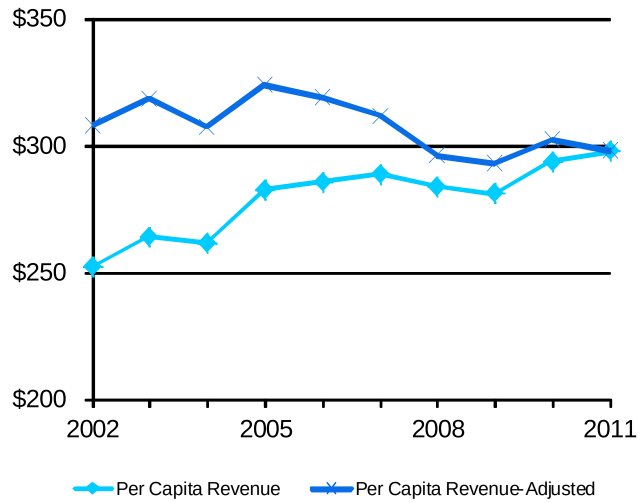
◆Average annual revenue growth over the past 5 years is 0.16%. When adjusted for inflation there has been a decline of 3.2%.

◆In 2003, the Health Department was added, bringing an additional $18M in revenues.

Indicator Explanation. Operating revenue per capita includes taxes, licenses & permits, fines & forfeitures, grants, and other miscellaneous sources. It does not include revenue from proprietary activity.

Importance. Constitutes a general measure of Clark County's capacity to provide continuity of services to its citizens. **Rating: unfavorable**

GENERAL FUND REVENUE PER CAPITA



Analysis

◆For the second consecutive year the General Fund unadjusted revenue growth per capita showed a slight improvement in 2011.

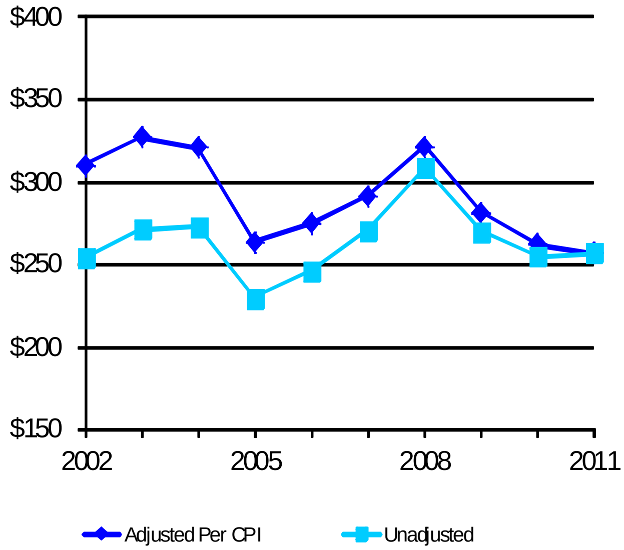
◆Adjusted revenue growth per capita has declined 9.7% since it's peak in 2005 and has been essentially flat since 2008.

◆Tax revenues have declined from 65.8% of General Fund revenues in 2002 to 60.1% in 2011. In the same period, charges for service have increased from 11.4% to 17.6% of General Fund revenue.

Indicator Explanation. General Fund revenue per capita includes taxes, licenses & permits, fines & forfeitures, and other miscellaneous sources. It does not include transfers, including the special revenue sales tax transfers from fund 1009 Special Law Enforcement, 1023 Criminal Law and Justice, and 1034 Law and Justice Sales Tax.

Importance. The County's General Fund provides most of the services that are not funded by dedicated revenue sources or revenues collected for specific purposes. General Fund revenues are the most flexible and is the lender of last resort. **Rating: mixed**

ROAD FUND REVENUE PER CAPITA



Analysis

◆Adjusted Road Fund revenue per capita, is now at 2005 levels, largely due to the decrease in grant funding.

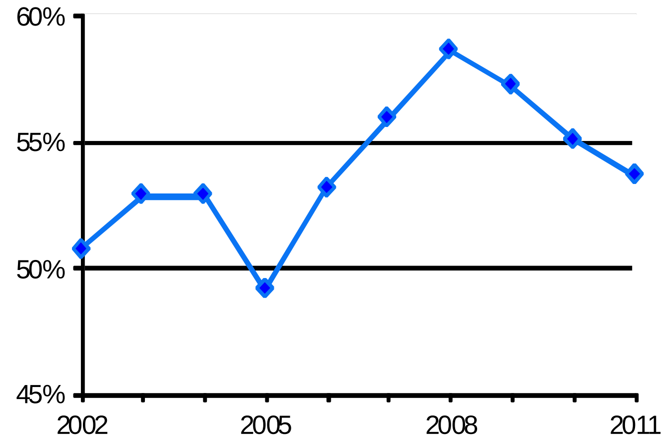
◆Road Fund revenues have increased $9.0M or 18% since 2002. The population has also grown 18% keeping the unadjusted revenue per capita essentially unchanged.

◆Charges for services decreased to $5M or 9.0% of revenue. This revenue has decreased $8M or 61.5% since 2008.

Indicator Explanation. Road Fund revenue per capita includes taxes, licenses & permits, fines & forfeitures, and other miscellaneous sources. It does not include Public Works Trust Fund loans.

Importance. The decline in Road Fund revenues would suggest a slowdown in projects with matching state and federal funds. Locally generated revenues continue to grow. **Rating: mixed**

RESTRICTED REVENUE AS A PERCENT OF OPERATING REVENUE



Analysis

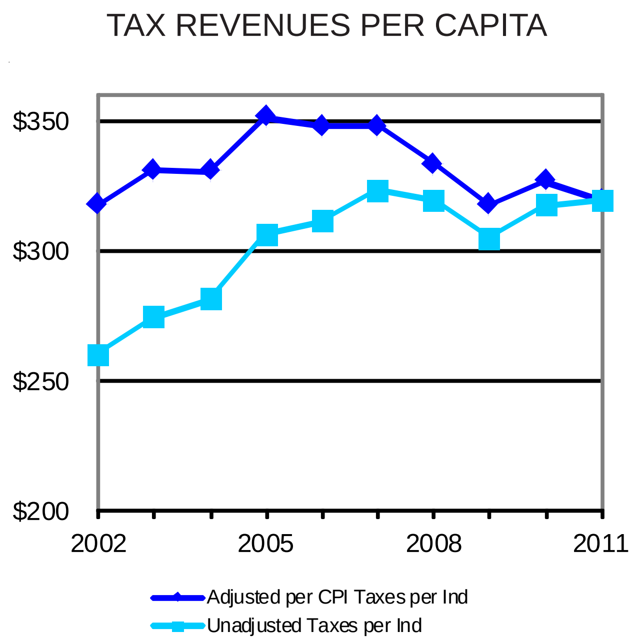
◆Restricted revenue as a percent of operating revenue decreased the past three years. In 2011 restricted revenues were 53.6% of operating revenues compared to 58.6% in 2008.

◆In 2003, the County added the Health Department, increasing restricted revenues $18M. In 2006-2007 new funds, including sales tax funds, Metropolitan Parks District, and Camp Bonneville, contributed to the increase.

◆The percent decline in 2005 was primarily due to the decline in Road Fund revenue (grants).

Indicator Explanation. Restricted revenues are restricted for special purposes in accordance with state statutes or local ordinances, including Road Fund revenue, Mental Health revenue, Community Development revenue, and Health Department revenue, as well as lesser miscellaneous revenues.

Importance. Increases in restricted revenues suggest that the County has been successful in attracting funds for dedicated purposes. However, an increase as a percent of operating revenue may also reflect that the County has proportionally less funds available for discretionary programs. **Rating: favorable**



Analysis

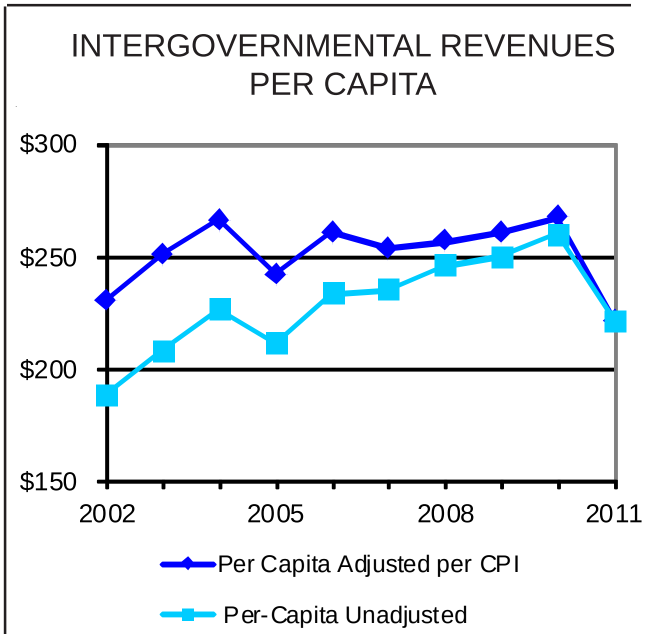
◆ Unadjusted Tax revenue per capita continued its slight improvement in 2011. Tax revenue per capita, adjusted for inflation, declined from a high of $351 in 2005 to $318 in 2009.

◆Over the 10 year period from 2002 to 2011 tax revenue per capita, adjusted for inflation, has increased 0.5% annually.

◆In 2006, the City of Vancouver discontinued the sales tax revenue sharing agreement with the County. For comparative purposes, revenues received from Vancouver have been excluded.

Indicator Explanation. Tax revenues include property, sales & use, excise, hotel/motel, and other miscellaneous taxes. Proprietary activity is not included.

Importance. Tax revenue per Capita is a general measure of the County's ability to sustain services to its citizens. It is also one measure of the local economy. **Rating: mixed**



Analysis

◆Intergovernmental revenues per capita experienced a sharp drop in 2011. The decrease was across several departments, however 47% of the decrease was concentrated in DCS, Mental Health, and Public Health.

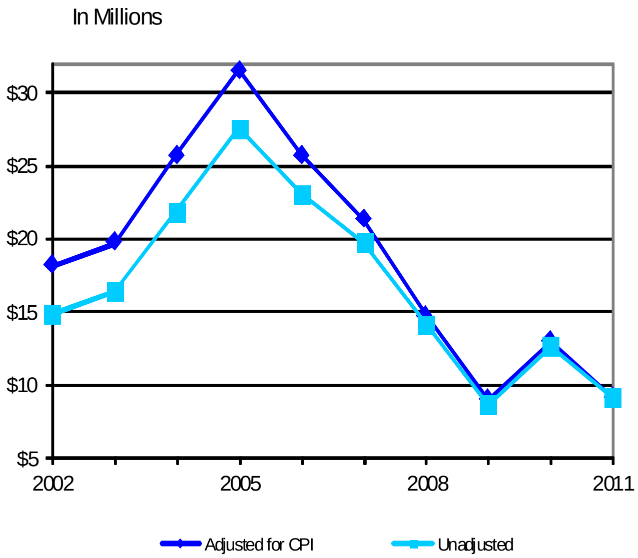
◆The increase in 2002 and 2003 was due to a significant increase in Road Fund grants as discussed in previous trends.

◆In 2006, the City of Vancouver discontinued the sales tax revenue sharing agreement with the County. Jail, District Court, and Correction services are now billed as intergovernmental revenue. For comparison purposes, revenues received prior to 2006 have been adjusted.

Indicator Explanation. Intergovernmental revenues in all funds includes grants and contracts with other governmental agencies. It does not include revenue from taxes, permits, charges for services, or fines. It does not include revenue from proprietary funds.

Importance. Intergovernmental revenues per capita is a measure of the County's ability to attract funding from outside sources, including state and federal government. **Rating: unfavorable**

CAPITAL PROJECT REVENUES



Analysis

◆Capital project revenue has experienced a steep decline, primarily as a result of a decrease in real estate excise tax (REET) and development impact fees.

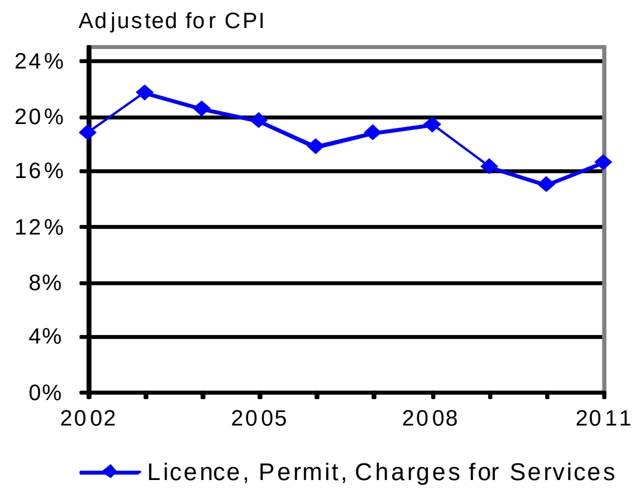
◆2010 includes a $3.5M return of REET from Vancouver. Without the one-time return, REET revenue would have declined and capital project revenues would have only a small increase.

◆REET and impact fees are generally 65%-70% of capital project revenues.

Indicator Explanation. Capital project revenues are used for the acquisition and construction of capital projects. Revenues include REET funds, impact fees, and conservation futures. (Taxes, fees, grant funding, and interest earnings.) Excludes debt, general fund revenues, special revenue funds, and proprietary funds.

Importance. Capital project revenue is an indicator of activity in the real estate and construction markets. Decline may mean a slowdown in the local economy and restrict the County's ability to support future growth and infrastructure. **Rating: unfavorable**

LICENSES & PERMIT AND CHARGES FOR SERVICES REVENUES AS A PERCENT OF OPERATING REVENUE



Analysis

◆Licenses & permit and service revenue as a percent of operating revenue improved slightly in 2011. These revenues accounted for 16.6% of total operating revenues in 2011.

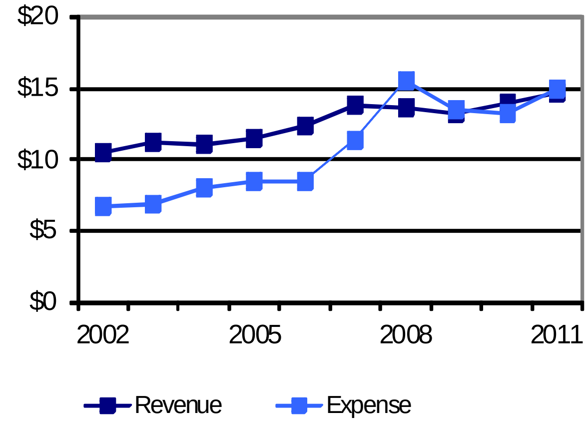
◆The declining trend is due to the decrease in building and development activity and the Health Department's outsourcing of services.

◆The 2011 improvement is attributed to an increase in building permit activity as well as animal licensing.

Indicator Explanation. Licenses & permits and charges for services includes impact fees, recording fees, technology fees, and county indirect fees for the General Fund, special revenue funds, and capital funds. Proprietary funds are not included.

Importance. Due to tax limitations, the County has increasingly turned to a fee-for-service policy for certain services. Improvement in the economy has helped these revenues show small improvement in 2011. **Rating: mixed**

ENTERPRISE REVENUE AND EXPENSES



Analysis

◆In 2011, inflation adjusted enterprise revenue reached it's highest popint, at $14.7M. In 2011 expenses exceeded revenues by $0.3M.

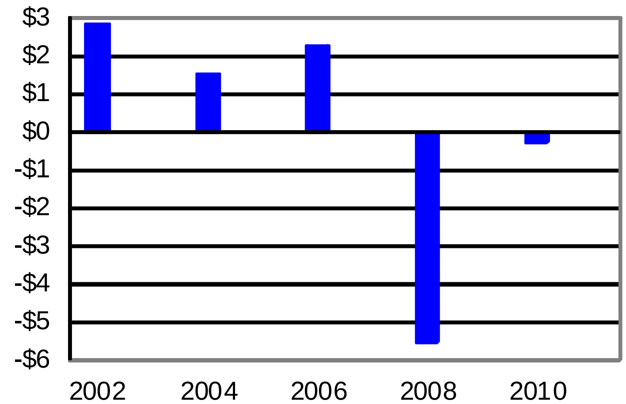
◆Since 2002, expenses, adjusted for inflation, have increased from $6.7M to $14.9M (approximately a 122% increase).

◆The fund balance for the Clean Water Fund has continued to decline and is now approximately $4M. Since 2002, the Solid Waste Fund expenses have exceeded operating revenue by $9.3M, however grants have kept the fund positive.

Indicator Explanation. Enterprise activities generates revenue to cover some or all operating expenses. It does not include interest income, grant revenue, capital contributions or transfers from other funds. Enterprise activities include Sanitary Sewer, Solid Waste, and Clean Water.

Importance. Enterprise funds are intended to be self sustaining. Prolonged deficits might mean that fee increases are necessary or support from other funding sources required. **Rating: mixed**

GENERAL FUND REVENUE VARIANCE



Analysis

◆The General Fund has had a positive revenue variance in three of the last six budgeting periods.

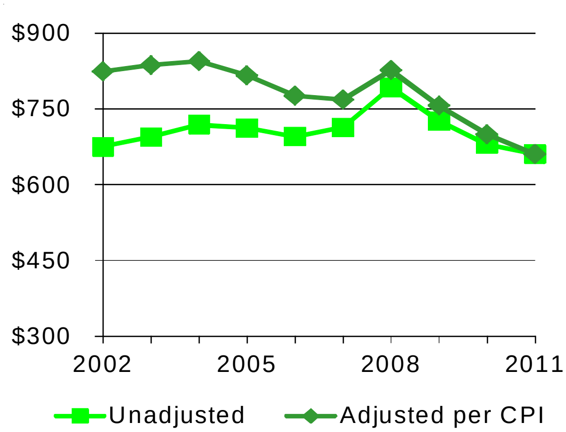
◆In 1999, the County changed budgeting methodology, going from annual to biennial budget periods.

◆In 2007-2008, taxes and fees and charges were significantly below budget, contributing to a $5.5M revenue deficit. Approximately $3M of the deficit related to lower than expected revenue due to economic conditions.

Indicator Explanation. A comparison of actual General Fund revenues to projected (budgeted) revenues. The comparison is made between the final revenue reported in the comprehensive annual financial report (CAFR) and the final revenue budget.

Importance. General Fund revenue variance is an indicator of the County's ability to accurately estimate it's available revenue resource. **Rating: mixed**

GOVERNMENT EXPENDITURES PER CAPITA



Analysis

♦ Total governmental expenditures were lower by 2.3% (or $6.5M) in 2011 than in 2010. Expenditures are down 16% since 2008.

♦In 2011 public safety accounted for 25% of the total expenditures, transportation for 12.9%, health and human services for 20.9%, and general government for 12.8%.

♦County-wide government expenditures per capita, adjusted for inflation, were $660 in 2011, down from $699 in 2010.

Indicator Explanation. Expenditures of funds for government programs, including law & justice, roads, community development, parks & recreation, social services, public health, general government, capital, and debt service. Does not include internal service fund expenses, enterprise fund expenses, or interfund transfers.

Importance. A decline in expenditures per capita might indicate an economic downturn that constrains revenue, requiring the County to better manage service delivery with fewer resources. **Rating: mixed**

CAPITAL PROJECT EXPENDITURES PER CAPITA

Analysis

♦Capital expenditures in 2011 were $13.7M primarily on parks and open spaces ($11.4M).

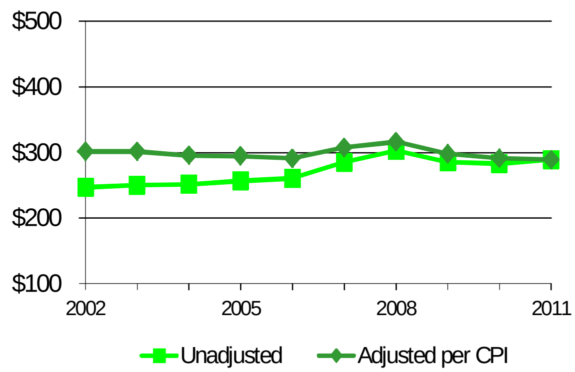
♦ From 2002 to 2005 the County spent $70.7M on building projects including the Public Service Center, the Center for Community Health, and the Fairground Exposition Center.

♦ From 2002 to 2011, the County spent $72.2M on parks and open spaces.

Indicator Explanation. Includes capital expenditures in the capital funds. Does not include capital projects in the Road fund, enterprise funds, or internal service funds. Capital expenditures include costs to repair, maintain, and improve long term assets such as equipment, buildings, and vehicles.

Importance. A decline in capital expenditures may indicate a backlog in County facility needs. Deteriorating infrastructure and capital assets may discourage business activity, reduce property values, and increase operating expenses. **Rating: mixed**

GENERAL FUND EXPENDITURES PER CAPITA



Analysis

♦General Fund expenditures increased 2.7% ($2.2M) from 2010 to 2011. The change is largely attributable to an increases in environmental services spending.

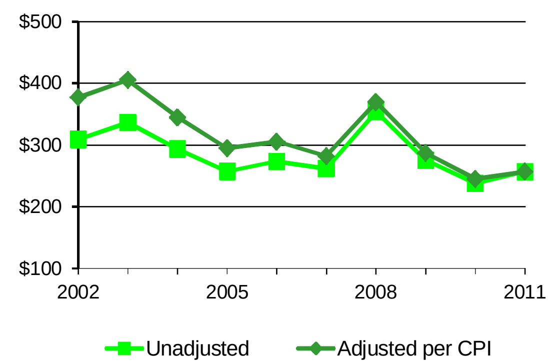
♦In 2011, general government expenditures increased $.2M, public safety expenditures increased $1.7M, and all other activities, combined, increased by $1.3M.

♦ Per capita cost, adjusted for inflation, decreased by 2.1% in 2011 ($289) from 2010 ($291).

Indicator Explanation. The County's General Fund expenditures include law & justice, parks & recreation, general government operations, capital expenditures and debt service. They do not include any interfund transfers.

Importance. General Fund accounts for all financial resources except those required to be accounted for in another fund. As such, it is a barometer of general county government viabiltiy. Consistent levels of expenditures per capita may mean that the county is managing resources to match the growing population.
Rating: mixed

ROAD FUND EXPENDITURES PER CAPITA



Analysis

♦Road Fund expenditures were $52.5M in 2011, up $4.2M from 2010.

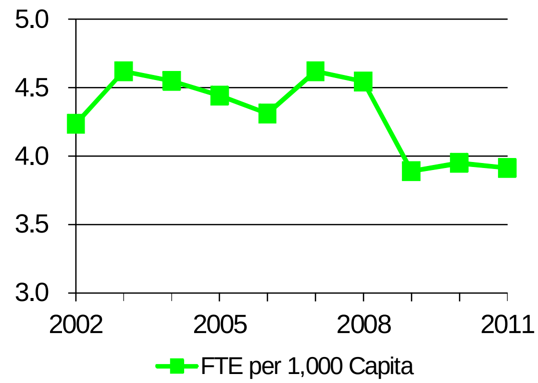
♦ Road Fund per capita expenditures increased to $250 in 2011, compared to $230 in 2010.

♦In 2011, Road Fund capital expenditures were $7.7M higher than in 2010 ($21.6M from $13.9M in 2010) and operating expenditures in 2011 were $.3M higher than in 2010 ($36.9M from $36.6M in 2010).

Indicator Explanation. Expenditures from the County's Road Fund include road maintenance, and design and construction of new transportation projects in unincorporated parts of the County. They also include expenditures for work done in other jurisdictions that are reimbursed to the County.

Importance. Road Fund expenditures generally are project driven and are limited by budgetary constraints. A reduction in expenditures may be the result of a decline in development and a corresponding reduction in resources available to execute projects.
Rating: mixed

EMPLOYEES PER 1,000 CAPITA



Analysis

♦From 2001 to 2008, there was an average of 4.45 County employees per 1,000 residents. Since then, the average has declined to 3.92.

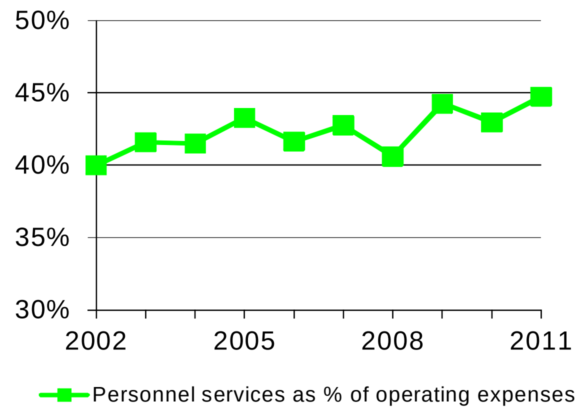
♦In 2011 there were 1,675 budgeted full-time equivalent positions in the County, down from the peak in 2008 (1,926) by 251 FTEs.

♦Law and Justice employees make up 48% of the County workforce. Public Works has 17% of employees and General Government has 12%. All other functional areas make up the remaining 23%.

Indicator Explanation. The number of budgeted full-time equivalent (FTE) positions in all Clark County programs and funds.

Importance. Changes in the number of employees may be a positive trend if increases relate to providing more services to citizens or decreases signify increasing efficiency. Conversely, changes could be a negative trend if they indicate a reduction of services or a decline in productivity. **Rating: mixed**

PERSONNEL EXPENDITURES



Analysis

♦Personnel expenditures increased to 44.7% of total expenditures in 2011 from 43.0% in 2010.

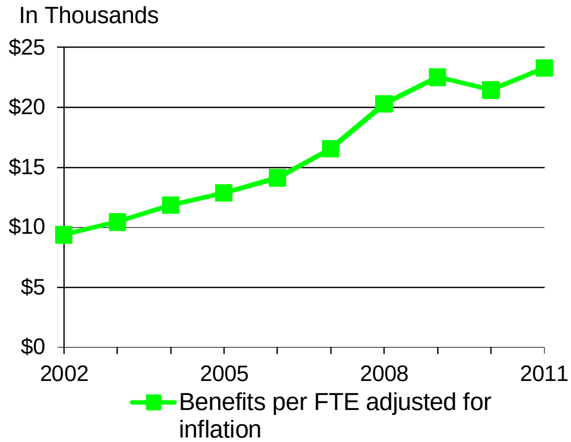
♦Personnel expenditures, adjusted for inflation, decreased 1.66% in 2011 from 2010.

♦Personal service costs per capita were $328.2 in 2011, below the 5 year average of $337.9.

Indicator Explanation. Personnel expenditures include salaries, wages, employee benefits (including clothing, vehicle allowance, accrued leave, and health insurance), and employer portion of taxes and PERS (retirement).

Importance. Changes in personnel costs as a percentage of operating expenses may be due to increases in personnel costs or a reduction in other expenditures. **Rating: mixed**

EMPLOYEE BENEFIT COSTS



Analysis

♦Average benefit costs per FTE were $23,283 in 2011, an increase of 5.5% over 2010.

♦Benefit costs, as a percentage of total personnel costs, were relatively flat in 2011 at 25.8% compared to 25.1% in 2010.

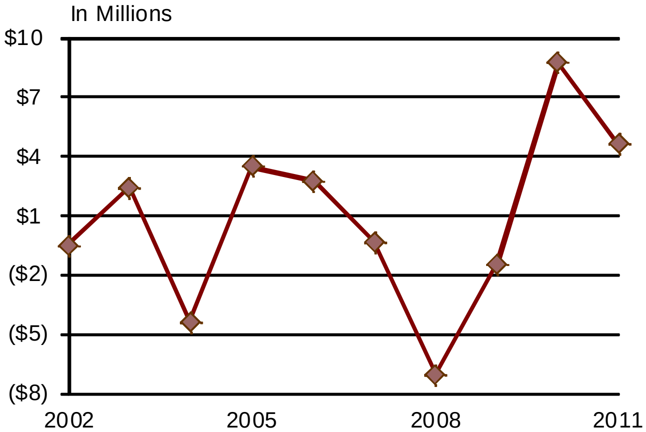
♦According to the US Bureau of Labor Statistics, state and local government benefits generally comprise 34.5% of total compensation.

♦Benefits per FTE grew about 8% annually over the last 10 years.

Indicator Explanation. Employee benefits include health insurance and employer contributions for other benefits such as social security taxes and retirement.

Importance. Increases in benefit costs may be a reflection of the economy in general, such as the burgeoning cost of health care or attempts to manage an unfunded gap in pension liabilities. **Rating: unfavorable**

GENERAL FUND SURPLUS OR DEFICIT



Analysis

◆The General Fund continued to recover from 2008 when the worst deficit during this ten year trend was recorded. The surplus for 2011 amounted to $4.6 million due to modest revenue growth and flat expenditures.

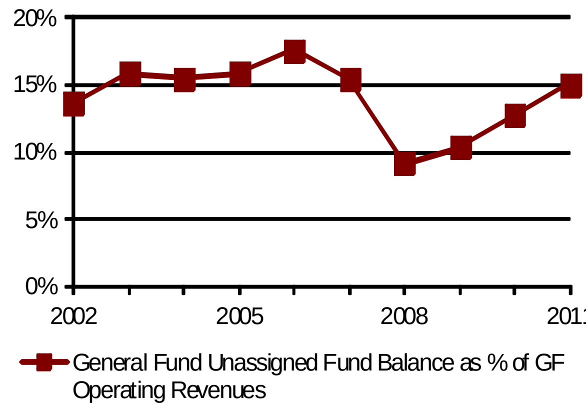
◆The 2008 operating deficit of $7.1 million was caused by the weakening economy which affected real estate and housing construction related revenues.

◆The deficit for 2004 was $4.3 million, mainly the result of one time transfers to eliminate operating deficits in other funds and for technology capital projects.

Indicator Explanation. Consists of the annual change in fund balance for General Fund revenues and other resources minus General Fund expenditures and other uses.

Importance. Repeated operating deficits might indicate an inability to sustain services in the long term. **Rating: favorable**

FUND BALANCE - GENERAL FUND (& PERMANENT RESERVE)



Analysis

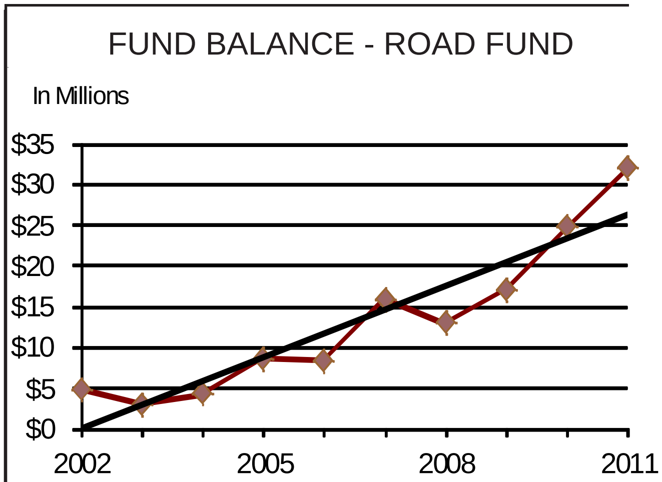
◆Accounting rule changes in 2011 require the General Fund and Permanent Reserve fund balances to be combined for reporting purposes.

◆The total unassigned General Fund fund balance continues to improve and at the end of 2011 was approximately 15% of annual revenues.

◆Best practices indicate the General Fund ending fund balance should be between 15% -20% of annual revenues. In 2011, the unassigned General Fund fund balance reached the lower end of this range.

Indicator Explanation. Unreserved/ uassigned fund balance for the General Fund (and Permanent Reserve Fund).

Importance. Declining or low balances are a warning trend that a government may not be able to meet service needs in an economic downturn or financial emergency. High balances may indicate that the County is collecting more revenues than it needs or is deferring expenditures. **Rating: favorable**



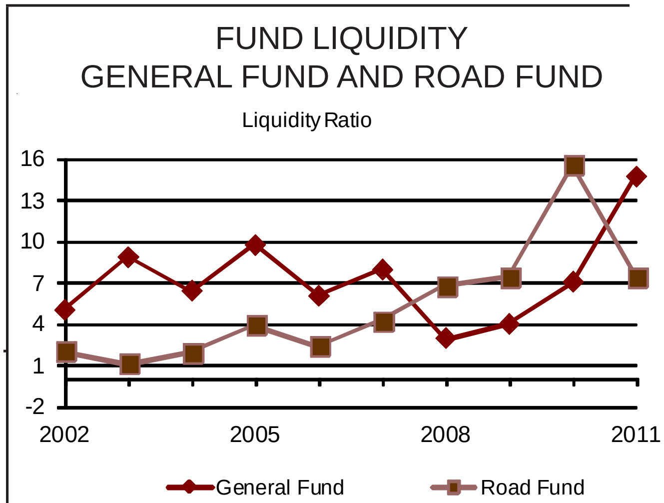
Analysis

◆Fund balance for the Road Fund was $32.0 million, up from $24.7 million in 2010 (a $7.3 million increase). The increase in fund balance was due in part to $3.0 million in unspent Public Works Trust Fund loans that were drawn in 2011. Also, there were $2.0 million in carry-forward projects that were not completed in 2011.

◆Road fund balance can fluctuate with the timing of capital related road projects and as intergovernmental grants are received for such road projects.

Indicator Explanation. Annual year end fund balance of the County Road Fund.

Importance. Declining or low balances are a warning trend that a government may not be able to meet service needs in an economic downturn or financial emergency. Very high balances may indicate that the County is collecting more revenues than it needs or is deferring expenditures. **Rating: favorable**



Analysis

◆General Fund's liquidity ratio was fifteen to one in 2011, up from 2010 and 2009. In 2008 it was at the lowest point in the last ten years, as the result of declining cash and investments.

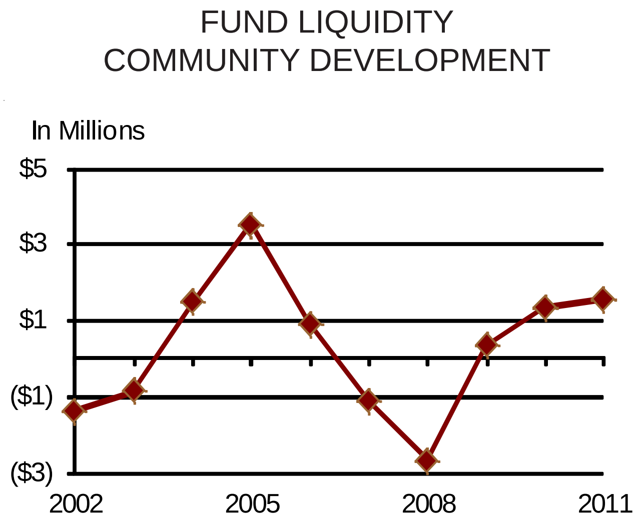
◆General Fund liquidity ratio has ranged from a low of three to one in 2008 to a high of fifteen to one in 2011. The liquidity ratio has a ten year average of seven to one.

◆Road Fund has $31.6 million in liquid assets at the end of 2011, up from $20.1 million in 2010. Road fund liquidity has been steadily growing over the last four years.

◆The Road Fund's liquidity ratio has fluctuated from a high of sixteen to one in 2010 to a low of one to one in 2001. Road Fund liquidity is largely determined by the timing of revenues and expenditures for road projects.

Indicator Explanation. Liquid assets (cash and investments to short-term liabilities) for the General Fund and County Road Fund.

Importance. Liquidity is an indicator of the fund's ability to pay its short-term obligations. A liquidity ratio below one to one or a persistently declining trend, may foretell a cash flow problem and increases the need for short-term borrowing. **Rating: favorable**



Analysis

◆Fund liquidity declined steadily between 2005 and 2008 but has been improving since it's lowest point in 2008. The fund is still dependent on transfers from the General Fund.

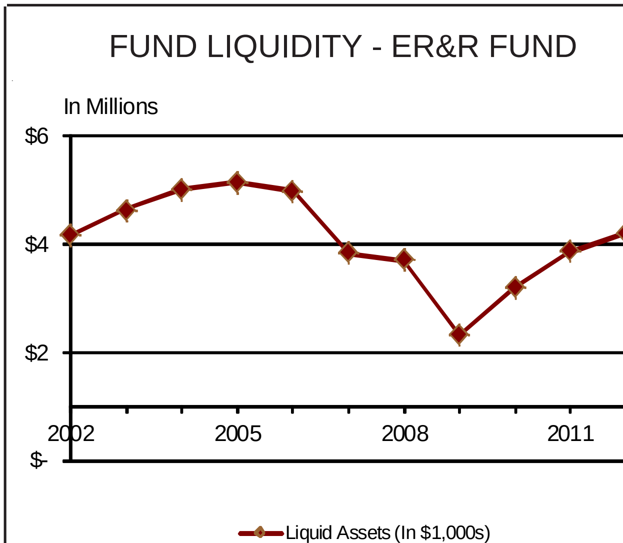
●Liquidity improved in 2009 and continued through 2011 after a major reorganization of the department and reduced staffing. The BOCC also increased development and building fees in 2009.

●Liquidity was at a ten year low, a negative $2.7 million at the end of 2008, the result of declining building and planning activity.

◆In 2005, liquid assets more than doubled from 2004 and reached their highest point in ten years as planning and building activity increased.

Indicator Explanation. Liquid assets (cash and short-term investments to current liabilities) for the Community Development Fund.

Importance. Liquidity is an indicator of the fund's ability to pay its short-term obligations. A liquidity ratio below one to one or a persistently declining trend, may foretell a cash flow problem and increase the need for short-term borrowing. **Rating: mixed**



Analysis

◆Liquid assets increased in 2009 thru 2011; primarily from Road Fund contributions and the result of more scrutiny in replacing capital equipment. Some replacements have been delayed, while some have been eliminated.

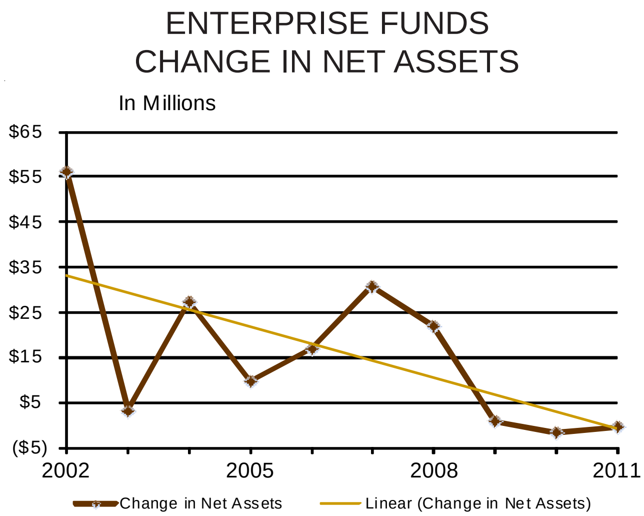
◆Liquid assets have a ten year average of $4.0 million with 2008 being the lowest year, at $2.3 million.

◆Liquid assets were at a ten year low of $2.3 million at the end of 2008, mainly because of the cost involved in rock mining for inventory which will be used in future years.

◆Since 2007, $850,000 in reserves has been returned to County participants, as the fleet was downsized.

Indicator Explanation. Liquid assets (cash and short-term investments to current liabilities) for the ER&R (Equipment Rental and Replacement) Fund.

Importance. Liquidity is an indicator of the fund's ability to pay its short-term obligations. A liquidity ratio below one to one or a persistently declining trend, may foretell a cash flow problem and increase the need for short-term borrowing. **Rating: favorable**



Analysis

◆Net assets grew by $56 million in 2002, primarily from the addition of storm water facilities contributed by developers in prior years to the Clean Water Fund, in accordance with a new accounting policy.

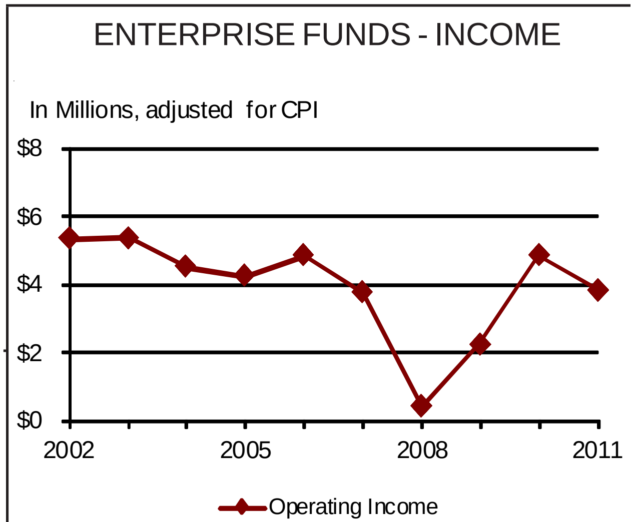
◆In 2004, net assets grew by $27 million; $5 million came from operations, $7 million for a contract prepayment in the sanitary sewer fund and $16 million in prior year adjustments for contributed storm water facilities in the clean water fund.

◆Net assets grew by $31 million in 2007, most of which was from contributed sewer treatment plant and clean water assets.

◆For 2011, total net assets decreased by $0.4 million, mostly due to the Clean Water Fund continuing to spend down fund balance.

Indicator Explanation. Changes in net assets of Sanitary Sewer, Clean Water, and Solid Waste funds.

Importance. Enterprise funds generally use their capital assets to provide services to customers. Contributed assets increase the capital assets used to generate revenues, but there is also a cost of maintaining these capital assets that could impact future operating revenues. **Rating: mixed**



Analysis

◆Adjusted CPI operating income for the three enterprise funds declined in 2011.

◆The Sanitary Sewer operating income has been fairly consistent at about $4 million per year except for 2009, when it dropped to $0.7 million as excess monies from operations were returned to it's customer.

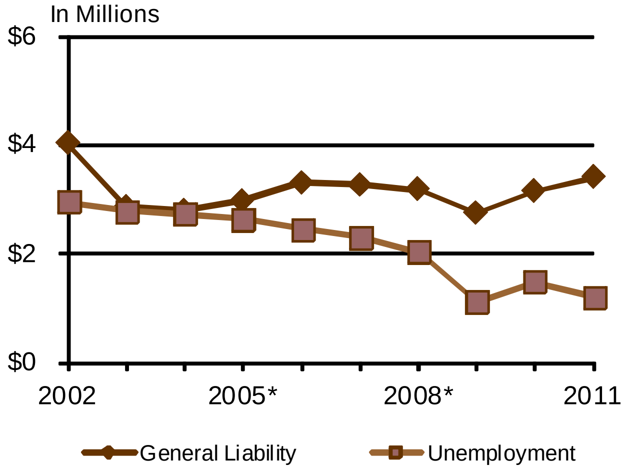
◆Clean Water operating income was consistent at an average of $1.3 million per year until 2007 when the fund began operating at a deficit. The operating deficit is due to stagnant revenues and increased capital and maintenance expenses.

◆The Solid Waste Fund reports an operating deficit every year since 2005. Operating losses are offset by grant revenue. A $4 million loss in 2008 was a planned increase in expenses for purchase of new recycling bins and carts from reserves.

Indicator Explanation. The operating income (excludes depreciation expense and includes operating grants) of Sanitary Sewer, Clean Water, and Solid Waste funds.

Importance. Enterprise funds recover their operating costs by charging fees to their customers. Operating income is an indicator that sufficient rates are set to recover operating costs. **Rating: mixed**

NET ASSETS
INSURANCE RESERVES



Analysis

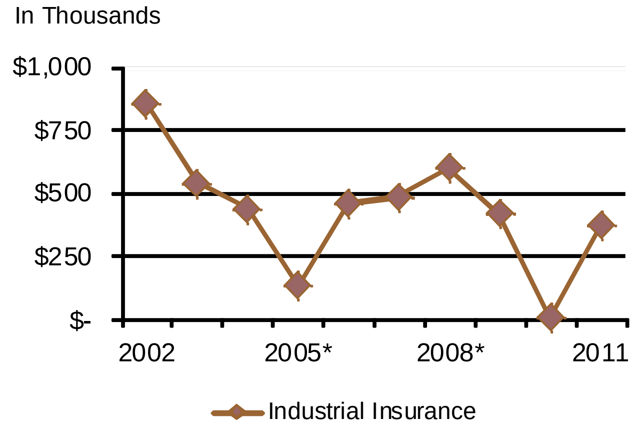
◆General Liability Insurance reserves peaked in 2001 when the County was self-insured. In 2002, the County joined the State risk pool and excess cash reserves were transferred to the General Fund in 2002 and 2003.

◆State Risk Pool members acquire $20 million (with another $5 million optional) of joint liability coverage on a “per occurrence” basis for 3rd-party bodily injury, personal injury, property damage, errors and omissions, and advertising injury. Clark County has a $500,000 deductible in 2011.

◆General liability has maintained cash reserves of about $3 million since 2002. In 2011 cash reserves are just above the estimated claims liability needed per the risk pool.

◆Unemployment insurance reserves have remained fairly constant at about $2.6 million until 2008 when they dropped to $2 million. In 2009 reserves dropped further to $1 million as unemployment claims increased from layoffs. In 2011, reserves of approximately $1.5 million are consistent with the prior two years.

NET ASSETS
INSURANCE RESERVES
(continued)



Analysis

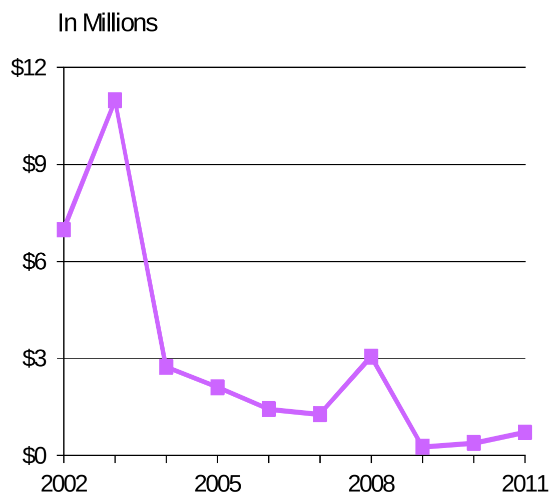
◆Industrial insurance (worker’s compensation) net assets decreased to a ten year low in 2010 of about $5,000. In 2007, contribution rates were increased and net assets reached $598,000 In 2008 (climbing from a low of $131,00 in 2005). In 2010, industrial insurance costs exceeded contributions by about $212,000 and reserves dropped to a ten year low. Increased rates in 2011 rebuilt the current reserves.

◆The County maintains a $1 million commercial policy for excess worker’s compensation claims, with a $750,000 deductible.

Indicator Explanation. Includes year-end net assets for the County’s insurance reserve funds (General Liability, Industrial, and Unemployment Insurance) with adjustment to General Liability for accrued claims payable obligation.

Importance. Adequate reserves or insurance coverage is necessary to meet claims as they may occur. **Rating: mixed**

SHORT-TERM DEBT



Analysis

♦Only the County Fair Fund ($678,507) and the Community Services Fund ($32,858) had short term borrowing at the end of 2011.

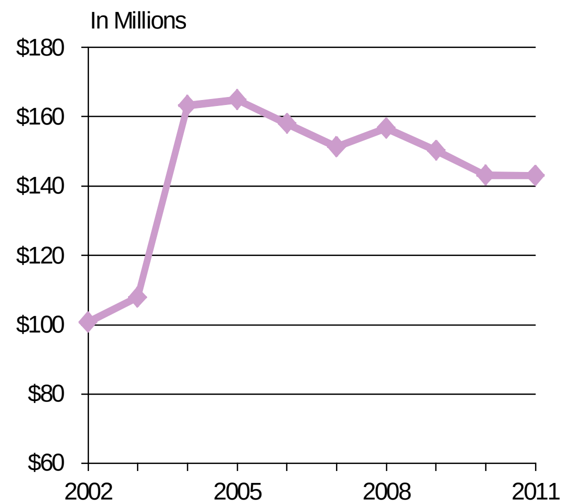
♦Community Development had borrowing of $1.2M in 2007 and $2.6M in 2008, mostly due to construction activity decline. In 2009 and 2010 the General Fund increased cash transfers to Community Development.

♦In 2003 the Building Construction Fund had a $3M borrowing, prior to acquiring long-term financing. Central Support Services and 911 Emergency Services Funds, combined, had $5M in borrowing.

Indicator Explanation. Short term debt consists of registered warrants, lines-of-credit, and other short term financing instruments. Also included in this trend are interfund loans. This does not include bonds, accrued liabilities, vouchers payable, or due to other funds.

Importance. Increasing amounts of short-term debt can be an indication that programs using this type of borrowing are short of cash to pay operational costs, and that further analysis of revenue sources and operational expenditures are warranted. **Rating: favorable**

LONG-TERM DEBT



Analysis

♦Long term debt amounts did not change from 2010 to 2011.

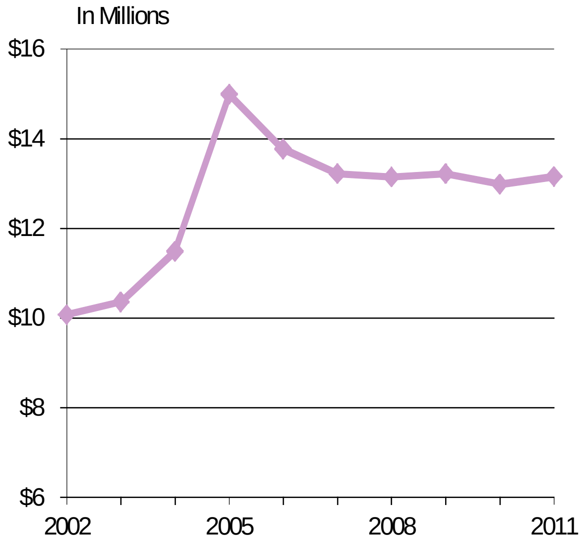
♦In 2004, a $57M debt increase funded construction of the commmunity health building and the fairgrounds exposition center, as well as park acquistions

♦Long term debt per capita has steadily decreased, from $426 in 2004 to $334 in 2011.

Indicator Explanation. Long Term debt includes general obligation bonds, special assessment bonds, capital lease agreements, and advances (loans) due to other governments. Special revenue bonds and other enterprise fund debt is not included.

Importance. High and increasing levels of debt could eventually strain repayment options, affect future interest rates, and hinder future ability to borrow funds for capital repairs and improvements. **Rating: favorable**

DEBT SERVICE COST



Analysis

♦Debt service cost decreased from a high of $15M in 2005 to $13M in 2007 and has remained stable since then.

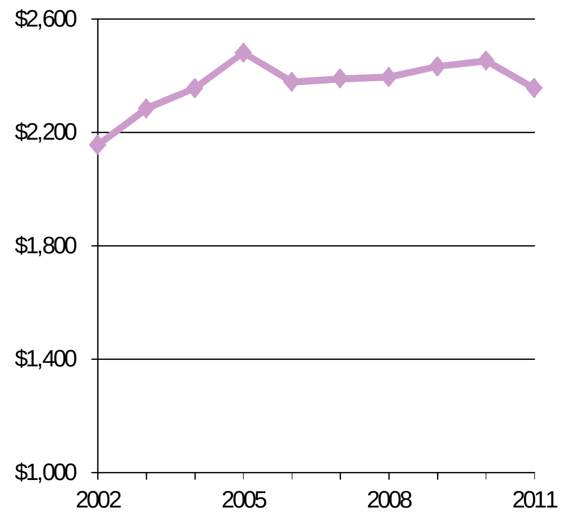
♦In 2004, $57M in general obligation bonds were issued, resulting in substantially higher debt service payments, beginning in 2005.

♦Adjusted for inflation, debt service has increased by 58% since 2002, but has remained fairly stable (ranging from $12.4M to $13.2M) since 2005.

Indicator Explanation. This includes expenditures for the retirement of long term debt from the governmental funds. This does not inlcude retirements of special assessment bonds, short term debt, or proprietary fund debt.

Importance. High or increasing amounts of debt service can become a factor in bond ratings and can also encumber cash available for ongoing operating expenditures. **Rating: mixed**

OVERLAPPING DEBT PER CAPITA



Analysis

♦Overlapping debt per capita had steady increases until 2005, decreased by 4% in 2006, had small annual increases until 2010, and decreased by 4% in 2011.

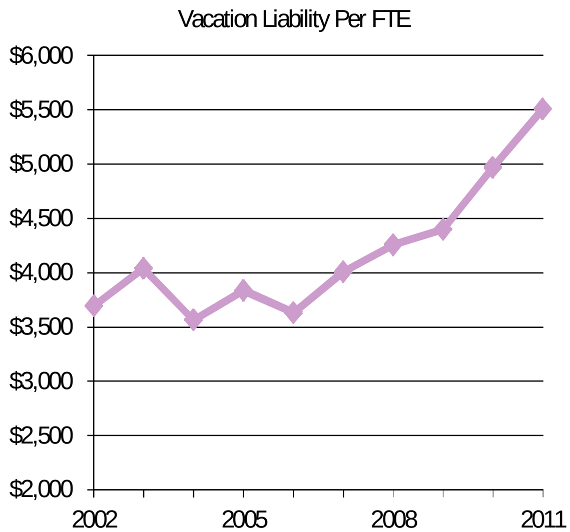
♦At December 31, 2011, school districts account for 54% of total overlapping debt, cities for 18%, and the County for 14%. The remaining debt belongs to fire districts, port districts, and libraries.

♦Total overlapping debt decreased by $34.6M between 2010 and 2011 (3.3% decrease).

Indicator Explanation. This includes general obligation bonds for all taxing districts in Clark County, as well as bond anticipation notes and long term loans within the County's governmental funds. It does not include the County's proprietary fund debt, contracts payable, capital leases, special assessment bonds, or long term compensation payables.

Importance. At some point, high levels of overlapping debt will strain taxpayers ability and willingness to pay more. This will make future levies and bonds requiring voter approval difficult to pass. **Rating: mixed**

VACATION LEAVE LIABILITY



Analysis

♦ Unused vacation leave per FTE has increased by 49% since 2002 (11% increase in 2011). The spike in 2003 was due to the addition of health department employees and their accrued leave banks.

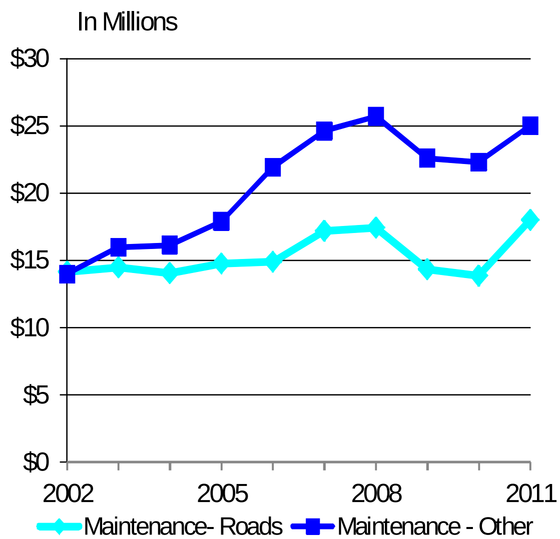
♦ Total unused vacation liability has increased by 46% from 2006 to 2011 (11% increase in 2011).

♦ Factors such as employee buy-back of vacation time (which was suspended for most employee groups in 2009), increases and reductions in staffing, and the retirement of long-time employees affect vacation liability.

Indicator Explanation. This includes all earned and unused vacation leave for all County employees. It does not include other unused compensations, such as holiday pay, sick leave, or other related benefits.

Importance. High leave balances per FTE can be an indicator of low turnover and high employee satisfaction. Higher levels of leave balance should be monitored, as they may represent a sizable unfunded liability. **Rating: unfavorable**

REPAIR AND MAINTENANCE COSTS



Analysis

♦Road maintenance costs ranged from $14M to $17M from 2002 to 2010. 2011 costs were just under $18 million.

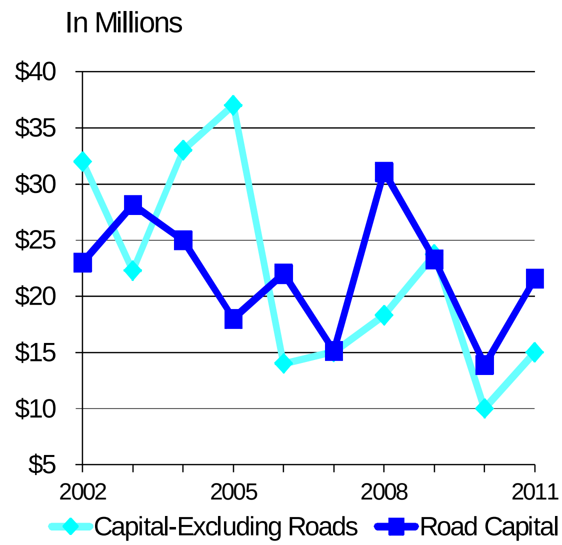
♦ Road maintenance cost (including overlays) per mile, adjusted for inflation, averaged $11,148 per year from 2002 to 2006, compared to a $14,052 average over the last five years.

♦Other maintenance costs nearly doubled from 2002 to 2008 and decreased by 13% by 2010, due to budget restraints. Costs increased by 11% in 2011, over 2010. Fleet maintenance accounts for 53%, while facilities maintenance accounts for 21%.

Indicator Explanation. Includes repair and maintenance expenditures for buildings, fleet and data processing equipment and parks and road maintenance. This does not include major capital projects, acquisitions, or activity in enterprise funds.

Importance. A persistent decline could indicate deferred maintenance that could result in deterioration of infrastructure and other capital assets. Maintenance should remain fairly constant in relationship to the cost of assets maintained. **Rating: mixed**

CAPITAL EXPENDITURES



Analysis

♦Non-Road capital costs have been relatively low since 2005. Park acquisitions and improvements drove the 2009 increase. Parks have accounted for between 59% and 82% of annual costs since 2006 (77% in 2011).

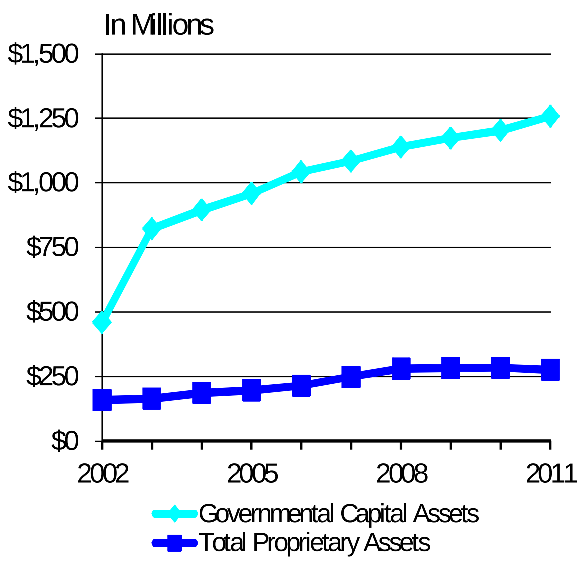
♦Higher costs in previous years were for construction of the center for community health, downtown campus development , and the fairgrounds exposition center.

♦Road capital costs fluctuate with grant revenues, other available resources and the County's capital road plan.

Indicator Explanation. This includes expenditures for the acquisition or construction of buildings, facility improvements, equipment, and infrastructure in governmental funds. This does not include any maintenance or repair activity, nor any activity in proprietary funds.

Importance. A persistent decline over years can be an indicator that capital replacement needs are being deferred, resulting in obsolete equipment and the creation of unfunded future liabilities. **Rating: favorable**

CAPITAL ASSETS



Analysis

♦Governmental increases between 2002 and 2003 reflect the addition of contributed county roads, which were previously not included as capital assets.

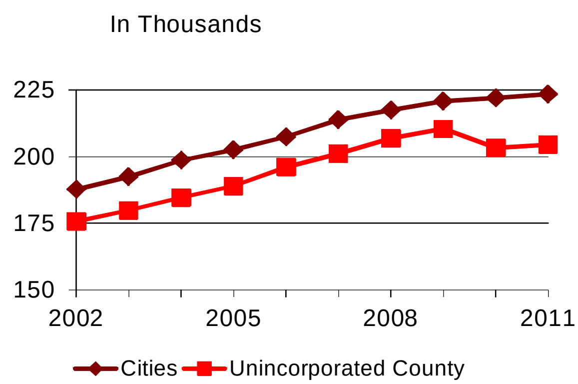
♦Of the $436M increase in governmental capital assets from 2003 to 2011, $378M is in infrastructure (mostly roads) and land.

♦Proprietary capital assets increased by $117M from 2002 to 2011. Construction of sewer treatment plant expansions added $76M, while stormwater land and infrastructure added $27M.

Indicator Explanation. Included here are all capital assets, including land, buildings, equipment, infrastructure (such as roads, stormwater facilities, bridges, etc.), other improvements, and construction in progress.

Importance. Total cost of capital assets can be an indication of future maintenance and repair expenditure requirements, as well as an indicator for future capital outlay requirements for replacement, as assets become obsolete. **Rating: favorable**

POPULATION OF CITIES AND COUNTY



Analysis

♦The population of Clark County is estimated to have grown slightly in 2011 to 428,000 from the 2010 census figure of 425,363, an increase of just over 0.5%.

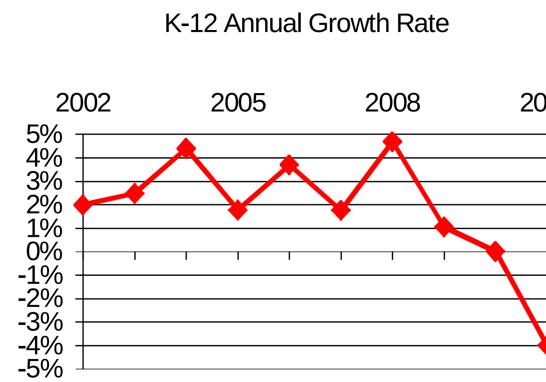
♦Approximately 48% of the population lives in unincorporated areas of the County.

♦Population in the entire County has grown 21.3% over the last 10 years. Increases were slightly higher in incorporated areas at 22%, than in unincorporated areas, which grew at a rate of 20%.

Indicator Explanation. Population of incorporated and unincorporated areas in the County, based on census, if available, or as estimated by the Washington Office of Financial Management as of April 1 of the year reported.

Importance. Population change generally follows the perceived health of the local economy. Growth in population may reflect a more attractive tax structure than surrounding areas and be a favorable indicator.
Rating: mixed

K - 12 SCHOOL ENROLLMENT GROWTH



Analysis

♦Student enrollment in the K-12 school system was down 4% in 2011 from 2010.

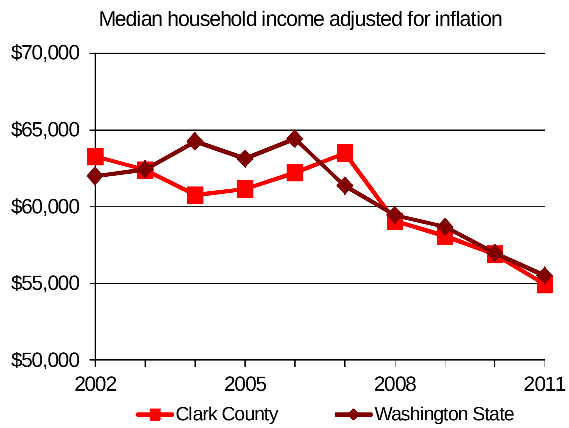
♦This is the second year of decline in student population. However, even with the decline, growth in student population for the last 10 years is almost 24%.

♦Enrollment per thousand population decreased in 2011, as would be expected with an increase in general population and a decrease in student population.

Indicator Explanation. Enrollment in all schools within Clark County, in grades kindergarten ("K") through 12th grade.

Importance. Growth in school enrollment generally follows growth in population.
Rating: mixed

MEDIAN HOUSEHOLD INCOME



Analysis

♦Adjusted for inflation, the County's median income decreased in 2011 for the fourth straight year.

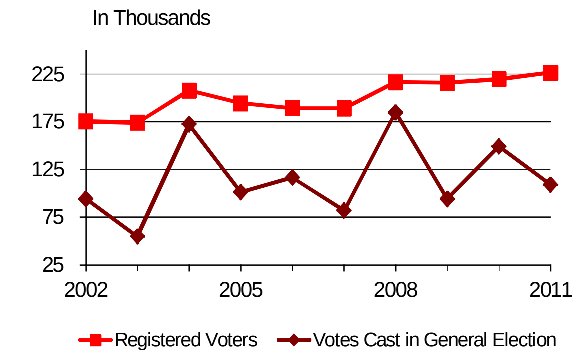
♦ Median household income in Clark County has increased 6.05% in the last 10 years, lagging inflation by over 10%.

♦Clark County's actual median income has been slightly lower than Washington State's actual median income for eight of the last 10 years.

Indicator Explanation. Median household income for Clark County. This means that half the households in the County have incomes above this level, and half have incomes below.

Importance. Decreasing median income is an unfavorable trend and may be a reflection of the general economy and employment situation. **Rating: unfavorable**

REGISTERED/PARTICIPATING VOTERS



Analysis

♦Voter turnout was low in 2011 at 48%. It was an off year with no major issues or positions contested.

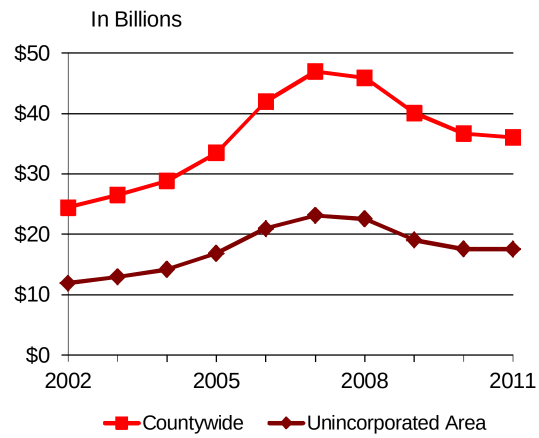
♦The number of registered voters increased slightly to 226,530 in 2011 from 219,616 in 2010 (a 3.1% increase).

♦The pattern of voter participation has been fairly consistent over the last 10 years with low turnout in odd years and the highest turnout for presidential election years.

Indicator Explanation. The number of citizens registered to vote, including those registered as permanent absentee voters, and the percent of total registered voters that voted in the November general election.

Importance. Electoral participation in the general election indicates that the level of engagement and interest of the community in the political process is higher in presidential election years. **Rating: favorable**

ASSESSED PROPERTY VALUES



Analysis

♦Real property values in the County decreased in 2011 for the fourth time in a row.

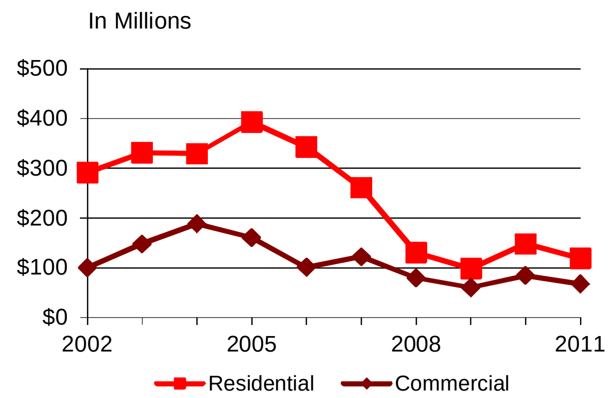
♦In 2011 property values were down over $600 million. New construction added $270 million in value, which was offset by a revaluation decrease of $934 million for existing property.

♦Approximately 48% of the assessed property value lies in the unincorporated portion of the County.

Indicator Explanation. The valuation of all real property located in Clark County as determined by the County Assessor. Does not include real property owned by state and local governments, schools, fire, and other districts, and religious and other exempt organizations.

Importance. Increases in assessed value, especially due to new construction, reflect growth in the local economy and may increase property tax revenues.
Rating: unfavorable

RESIDENTIAL & COMMERCIAL DEVELOPMENT



Analysis

♦In 2011 the number of residential units for which building permits were obtained decreased 32.7% from 2010. 348 residential units were permitted in 2011, a decrease of 169 units from 2010 and the lowest number of units permitted in over 10 years.

♦The dollar value for residential development decreased $28.9M in 2011 from 2010.

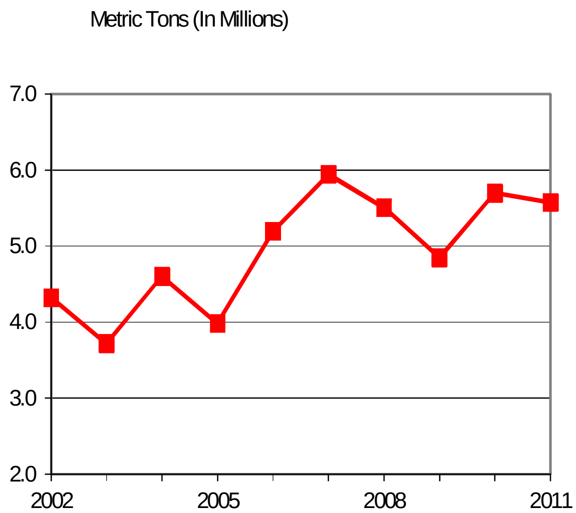
♦The dollar value of commercial development in 2011 decreased by 20.1% from 2010.

♦Even though the dollar value of commercial units decreased, the number of units permitted increased from 232 in 2010 to 281 units in 2011.

Indicator Explanation. The number and value of building permits issued by the Building & Code Division of the Department of Community Development. Includes estimated value of construction at the time of application. Does not include the cost of land or actual cost of development.

Importance. Growth or decline of permits for construction is an indication of the economic vitality of the construction sector of the County's economy. **Rating: unfavorable**

PORT OF VANCOUVER ACTIVITY



Analysis

♦Ship calls increased to 456 in 2011 from 405 in 2010. Total tonnage handled at the Port decreased 5% from 5.7M metric tons in 2010 to 5.6M in 2011.

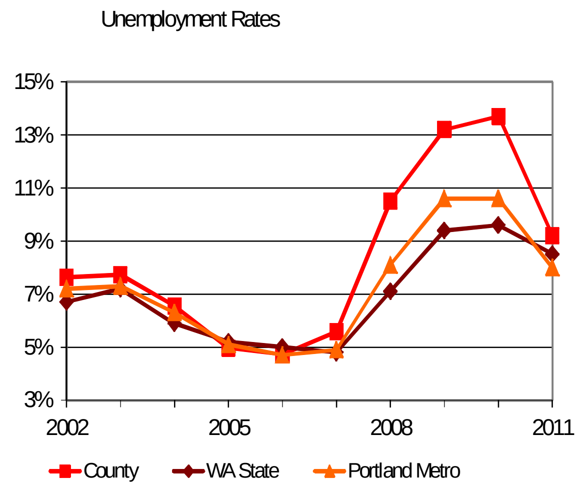
♦Port operating revenue increased by 18.2% in 2011 compared to 2010.

♦2011 expenditures decreased by $1.4M (5.2% decrease) during the same period.

Indicator Explanation. The number of ship calls and volume, in metric tons, of all import and export activity at the Port of Vancouver terminals. Does not include other Port activities.

Importance. Port tonnage and vessel calls are indicators of economic activity and may impact employment. Increasing indicators signal sector vitality. **Rating: favorable**

COMMUNITY EMPLOYMENT



Analysis

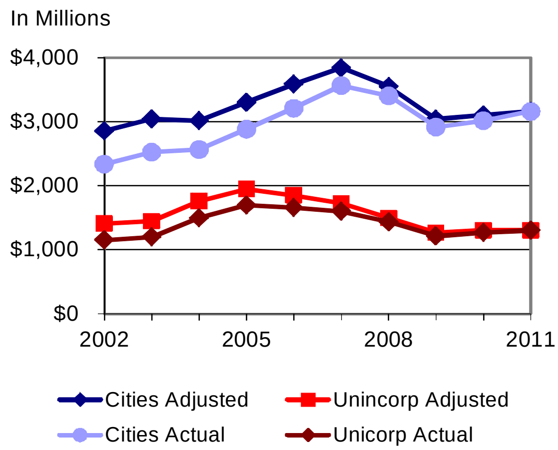
♦The County's annual unemployment rate in 2011 was 9.2%, down from an annual rate of 13.7% in 2010.

♦The County's unemployment rate continued to be higher than the State rate (8.5%) and the Portland Metro Area rate (8.0%) at the end of 2011.

Indicator Explanation. Number of employable individuals (work force), number of work force employed (community employment), number of local jobs, and local and state unemployment rates.

Importance. The unemployment rate may indicate a favorable trend if the workforce and number of jobs are increasing. If the unemployment rate is increasing, it may lead to lower tax revenues, and more demand for social services. **Rating: unfavorable**

TAXABLE SALES OF GOODS AND SERVICES



Analysis

♦In 2011, sales in the County subject to retail sales or use tax were up by 4.2% from 2010. Taxable retail sales in cities and towns increased by 4.8%. Taxable sales in unincorporated areas of the County increased by 2.8%.

♦2011 total retail sales subject to sales or use tax were approximately $4.5 billion compared to $4.3 billion in 2010. Sales in unincorporated areas increased from $1.27 billion in 2010 to $1.3 billion in 2011.

♦Adjusted for inflation, retail sales have declined over the last 5 years by 18.5% in unincorporated Clark County and by 17.7% in cities.

Indicator Explanation. The value of transactions involving the sale or purchase of taxable goods and services. This includes use tax values. Does not include nontaxable transactions.

Importance. Taxable sales are highly responsive to economic conditions and a direct reflection of consumer confidence. When the economy is perceived to decline, confidence and disposable income trend down, which generally produces lower taxable sales. **Rating: unfavorable**

APPENDIX A

REVENUES

Operating Revenue Per Capita-All Governmental Funds

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Operating Revenue (in $1,000s)	217,260	244,024	260,165	272,351	296,652	317,352	325,903	304,076	306,823	297,321
Per Capita Revenue	598	655	679	696	735	765	768	705	721	695
Total Operating Revenue (in $1,000s)-Adjusted	265,274	294,049	305,694	312,114	331,361	341,789	339,916	316,847	315,720	297,321
Per Capita Revenue-Adjusted	730	790	798	797	821	824	801	735	742	695

General Fund Revenue Per Capita

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund Revenue (in $1,000s)	91,760	98,448	100,394	110,854	115,454	120,074	120,590	121,370	125,128	128,555
Per Capita Revenue	253	264	262	283	286	289	284	281	294	300
General Fund Revenue (in $1,000s)-Adjusted	112,039	118,630	117,963	127,039	128,962	129,320	125,775	126,468	128,756	128,555
Per Capita Revenue-Adjusted	308	319	308	324	320	312	296	293	303	300

Road Fund Revenue Per Capita

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Road Fund Revenue (in $1,000s)	44,590	48,786	50,450	43,442	48,271	54,472	63,778	56,750	51,848	52,576
Per Capita Revenue	254	271	273	230	246	271	308	270	255	257
Road Fund Revenue-Adjusted (in $1,000s)	54,445	58,787	59,279	49,785	53,919	58,666	66,520	59,133	53,352	52,576
Per Capita Revenue-Adjusted	310	327	321	263	275	292	322	281	262	257

Resticted Revenue / Operating Revenue

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Operating	110,227	128,996	137,567	133,808	157,735	177,454	190,987	173,917	169,048	159,494
Total	50.7%	52.9%	52.9%	49.1%	53.2%	55.9%	58.6%	57.2%	55.1%	53.6%

Tax Revenue Per Capita

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Tax Revenue (000)	94,638	102,324	107,907	120,106	125,805	134,249	135,629	131,504	135,262	136,795
Tax Rev Per Capita	260	275	282	307	312	323	320	305	318	320
Tax Rev Per Capita (Adj)	318	331	331	352	348	348	333	318	327	320

APPENDIX A

Revenues

Intergovernmental Revenue Per Capita

	2002	2003*	2004	2005	2006	2007	2008	2009	2010	2011
Intergovernmental Revenue (in $1,000s)	68,614	77,496	86,763	82,716	94,290	97,701	104,442	107,870	110,559	94,819.67
As % of Total Operating Revenue	29.0%	29.4%	30.9%	27.8%	31.8%	30.8%	32.0%	35.5%	36.0%	31.9%
Per Capita Revenue	189	208	226	211	234	235	246	250	260	222
Per Capita Revenue (Adj)	231	251	266	242	261	254	257	261	267	222

*In 2003 added the Health Department - with revenues at $18.8M

Capital Project Revenue

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Capital Project Revenue (in $1,000s)	14,866	16,394	21,856	27,510	23,027	19,751	14,138	8,637	12,599	9,124
Capital Project Revenue (in $1,000s)-Adjusted	18,151	19,754	25,681	31,526	25,721	21,272	14,746	8,999	12,964	9,124

License & Permit and Charges For Services Revenue

	2002	2003*	2004	2005	2006	2007	2008	2009	2010	2011
License & Permit, Charges for Services (in $1,000)	49,766	63,690	62,921	61,279	59,089	64,474	65,746	51,600	47,394	49,469
% of Total Operating Revs.	18.8%	21.7%	20.6%	19.6%	17.8%	18.9%	19.3%	16.3%	15.0%	16.6%

* Health Dept added in 2003 - lic/per $1.9M, Chg for Serv $4.8M

Enterprise Revenue and Expenses (Adjusted)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Operating Revenues (in $1,000)	10,088	10,801	10,663	10,960	11,825	13,204	13,130	12,718	13,481	14,692
Operating Expenses (in $1,000)	6,684	6,831	8,032	8,421	8,408	11,394	15,495	13,427	13,175	14,975

General Fund Revenue Variance

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Variance (in $1,000s)	2,841	N/A	1,527	N/A	2.292	N/A	(5.528)	N/A	(0.247)	N/A
% of Variance	1.6%	N/A	0.8%	N/A	1.0%	N/A	(2.2%)	N/A	(0.1%)	N/A

APPENDIX A

EXPENDITURES

Governmental Expenditures per Capita

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Expenditures (in $1,000s)	245,385	258,594	275,611	278,963	280,546	296,168	336,307	313,238	289,223	282,679
Per Capita Expenditures	675	695	719	713	695	714	793	726	680	660
Total Expenditures (in $1,000s) Adjusted	299,615	311,606	323,843	319,692	313,370	318,973	350,768	326,394	297,610	282,679
Per Capita Expenditures Adjusted	824	837	845	817	777	769	827	757	700	660

Capital Project Expenditures per Capita

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Capital Expenditures (in $1,000s)	31,841	22,353	33,667	36,674	13,717	7,678	9,993	17,770	9,394	13,728
Capital Expenditures Per Capita	87.6	60.0	87.8	93.7	34.0	18.5	23.6	41.2	22.1	32.1
Capital Expenditures (in $1,000s) Adjusted	38,878	26,935	39,559	42,028	15,322	8,269	10,423	18,516	9,667	13,728
Capital Expenditures Per Capita Adjusted	107.0	72.4	103.2	107.4	38.0	19.9	24.6	42.9	22.7	32.1

General Fund Expenditures per Capita

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund Expenditures (in $1,000s)	89,691	93,109	96,359	100,576	105,084	118,353	128,550	123,187	120,406	123,684
Per Capita Expenditures	247	250	251	257	260	285	303	286	283	289
General Fund Expenditures (in $1,000s) Adjusted	106,553	109,124	110,138	112,041	114,121	123,916	130,350	124,788	120,406	123,684
Per Capita Expenditures Adjusted	301	301	295	294	291	307	316	298	291	289

APPENDIX A

EXPENDITURES

Road Fund Expenditures per Capita

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Road Fund Expenditures (in $1,000s)	54,272	60,464	54,168	48,575	53,617	52,630	73,267	57,953	48,354	52,534
Road Fund Expenditures per capita	309	336	293	257	273	262	354	275	238	257
Road Fund Expenditures per capita, adjusted	377	405	345	295	305	282	369	287	245	257
Road Fund Capital Expenditures (in $1,000s)	23,028	28,152	24,582	18,469	22,096	18,034	35,828	25,567	10,485	15,585
Road Fund Capital Expenditures (in $1,000s) adjusted	28,117	33,923	28,884	21,165	24,682	19,422	37,369	26,640	10,789	15,585

Employees per 1,000 Capita

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Number of Budgeted FTE's	1,538	1,720	1,744	1,736	1,737	1,917	1,901	1,677	1,680	1,675
FTE's per 1,000 Capita	4.23	4.62	4.55	4.44	4.31	4.62	4.54	3.89	3.95	3.91

Personnel Expenditures

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Personnel Costs (In $1,000s)	96,325	110,652	114,614	119,405	126,929	141,171	149,600	147,550	138,821	140,482
As % Of Operating Expenditures	40.0%	41.6%	41.5%	43.3%	41.6%	42.8%	40.6%	44.3%	43.0%	44.7%
Average Salary and Wage Costs per FTE	51,174	54,600	54,796	57,033	57,271	60,203	64,395	68,299	66,023	66,782

Employee Benefit Costs

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Benefit Costs (In $1,000s)	17,599	20,742	23,205	24,537	27,398	32,257	37,012	37,720	34,782	36,316
Average Benefits per FTE	11,439	12,596	13,910	14,751	15,765	17,830	21,169	23,457	22,073	23,283
Benefit Costs as % of Total Personnel Expenditures	18.3%	18.8%	20.3%	20.6%	21.6%	22.9%	24.7%	25.6%	25.0%	25.9%

APPENDIX A

OPERATING POSITION

General Fund Surplus (Deficit)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Surplus or Deficit (In $1,000s)	(532)	2,410	(4,385)	3,497	2,741	(364)	(7,080)	(1,540)	8,734	4,595
As % of General Fund Revenues	(0.6%)	2.5%	(4.4%)	3.2%	2.4%	(0.3%)	(5.9%)	(1.3%)	7.0%	3.6%

Fund Balance - General Fund & Permanent Reserve

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund Unreserved/Undesignated Fund Balance (In $1,000s w/Permanent Reserve)	13,670	16,960	16,566	18,803	21,660	20,433	12,699	14,024	17,527	21,149
General Fund Designated Fund Balance	903	23	1,578	3,089	3,223	4,086	4,740	1,886	7,117	8,090
Permanent Reserve as % of General Fund Expenses & Transfers	13.6%	15.8%	15.4%	15.8%	17.5%	15.4%	9.2%	10.3%	12.7%	15.0%

Fund Balance - Road Fund

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Road Fund Balance (In $1,000s)	4,929	3,033	4,307	8,585	8,410	15,964	12,953	17,078	24,748	32,029
As % of Operating Expenses	9.1%	5.0%	8.0%	17.7%	15.7%	30.3%	17.7%	29.5%	51.2%	61.0%

Fund Liquidity - General Fund and Road Fund

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Liquid Assets-General Fund (In $1,000s)	7,986	10,833	13,226	17,399	18,497	18,228	11,921	10,039	17,784	28,969
Liquid Assets-Road Fund (In $1,000s)	4,260	1,032	3,596	7,598	5,619	12,496	10,278	14,623	20,127	31,579
Ratio(to 1)- Cash & Investments to Liabilities-Gen. Fund	5.0	8.8	6.3	9.7	6.0	7.9	2.9	4.0	7.0	14.7
Ratio (to 1) - Cash & Investments to Liabilities-Road Fund	2.0	1.1	1.9	3.9	2.4	4.2	6.8	7.4	15.5	7.4

APPENDIX A

OPERATING POSITION

Fund Liquidity - Community Development Fund

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Liquid Assets- County Building & Planning (In $1,000s)	(1.39)	(0.86)	1.48	3.52	0.91	(1.14)	(2.69)	0.32	1.34	1.55
Ratio (to 1) - Cash & Investments to Liabilities- County Building & Planning	1.2	0.3	8.4	14.9	3.5	0.1	0.3	0.80	15.8	18.05

Fund Liquidity - ER&R

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Liquid Assets (In $1,000s)	4,628	5,022	5,155	4,985	3,841	3,712	2,319	3,187	3,870	4,208
Ratio (to 1)- Cash & Investments to Current Liabilities	8.8	14.9	10.3	10.3	8.0	11.2	2.7	7.8	5.8	3.9

Enterprise Funds

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Increase/(Decrease) in Net Assets (In $1,000s)	55,875	2,889	27,055	9,684	16,673	30,738	21,878	652	(1,832)	(381)
Income -Adjusted for CPI*	5,328	5,356	4,514	4,229	4,824	3,742	390	2,240	4,826	3,827
Income (In Actual $1,000s)*	6,505	6,454	5,305	4,846	5,388	4,030	407	2,334	4,966	3,827

* = adjusted for depreciation expense

Net Assets - Insurance Reserves

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Liability ($1,000s)*****	4,022	2,853	2,782	2,974	3,313	3,265	3,172	2,739	3,137	3,403
Unemployment ($1,000s)	2,958	2,780	2,735	2,635	2,456	2,314	2,025	1,107	1,473	1,208
Industrial ($1,000s)	856	540	436	131	462	484	598	418	5	372

* = adjusted for accrued claims payable

APPENDIX A

DEBT

Short-Term Debt / Interfund Loans (in $1,000s)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
County Fair	577	875	0	0	0	0	0	263	284	678
Community Development	1,155	36	0	0	0	1,157	2,623	0	0	0
Water Quality / Clean Water	882	0	0	0	0	0	0	0	0	0
County Road Fund	0	956	0	0	0	0	0	0	0	0
911 Tax Fund	1,512	1,975	1,423	1,365	1,108	0	0	0	0	0
Building Construction	0	3,000	0	0	0	0	0	0	0	0
Central Services	1,180	2,696	620	319	0	114	440	0	0	0
Other	1,674	1,441	692	425	323	2	0	0	102	33

Long-Term Debt

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Long-Term debt (in $ millions)	100.7	107.9	163.2	164.9	158.0	151.3	156.7	150.3	143.1	143.0
Long-Term debt per capita	277	290	426	421	392	365	369	349	336	334
G.O. Bond Debt subject to non-voted debt limit (in $ millions)	94.5	97.7	151.6	150.9	145.0	138.8	133.3	127.5	121.8	115.9
G.O. Bond Debt as % of non-voted debt limit	24.4%	23.7%	34.2%	29.4%	22.6%	19.3%	18.7%	20.5%	21.4%	20.7%

Direct Debt Service

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Service (in $1,000s)	10,067	10,351	11,482	14,984	13,759	13,214	13,141	13,215	12,979	13,146

Overlapping Debt

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Overlapping Debt (in $ millions)	783.4	850.3	903.0	971.5	959.5	991.8	1,016.1	1,048.5	1,043.3	1,008.7
Overlapping Debt Per Capita	2,156	2,284	2,356	2,481	2,378	2,390	2,395	2,432	2,453	2,357
County Debt as % of Total Debt	12.1%	11.5%	16.6%	16.9%	16.3%	15.2%	15.5%	14.2%	13.6%	14.1%

Vacation Leave Liability

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Unused vacation leave (in $1,000s)	5,681	6,949	6,220	6,662	6,309	7,682	8,200	7,379	8,346	9,226
Unused vacation leave per FTE (in $)	3,693	4,040	3,567	3,835	3,632	4,007	4,255	4,400	4,968	5,508

APPENDIX A

CONDITION OF CAPITAL ASSETS

Repair and Maintenance Costs

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Maintenance Costs- Roads, including Overlays (in $1,000s)	14,137	14,484	14,039	14,769	14,886	17,171	17,438	14,333	13,858	17,819
Road Miles Maintained	1,103	1,109	1,149	1,075	1,109	1,109	1,106	1,104	1,105	1,096
Maintenance Costs- Roads, per Road Miles Maintained (in $)	12,817	13,061	12,218	13,739	13,423	15,483	15,626	12,983	12,541	16,258
Maintenance Costs - Other (in $1,000s)	13,979	15,969	16,134	17,897	21,917	24,609	25,691	22,583	22,297	24,745
Maint. Costs- Other, as % of Depreciable Capital Assets	11.0%	10.6%	7.9%	7.9%	8.1%	8.8%	8.9%	7.5%	7.1%	7.8%

Funding for Capital Outlay

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Capital Projects- excl. Roads (in $1,000s)	31,841	22,276	32,983	36,502	13,991	15,047	18,316	23,742	10,045	14,941
Capital Projects- Roads (in $1,000s)	23,028	28,152	27,387	23,161	24,083	15,139	31,069	23,287	13,894	21,590
Total Capital as % of Total Expenditures	22.4%	19.5%	21.9%	21.4%	13.6%	10.2%	14.7%	15.0%	8.3%	12.3%

Capital Assets and Depreciation

	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Governmental Capital Assets (in $ millions)	459.8	822.3	895.6	959.4	1,043.1	1,084.3	1,139.2	1,173.0	1,204.2	1,258.5
Non- Depreciable Proprietary Assets (in $ millions)	60.0	62.8	85.4	93.2	106.9	136.4	167.4	91.3	91.9	92.9
Depreciable Proprietary Assets (in $ millions)	99.2	102.3	101.9	104.9	108.0	112.6	114.0	192.6	193.5	183.6
% of Accum. Depr. to Depreciable Proprietary Assets	19.8%	21.1%	23.7%	25.3%	25.8%	27.6%	30.3%	19.1%	21.6%	23.6%

APPENDIX A

ECONOMIC BASE

Population of Cities and County

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Cities	187,690	192,475	198,650	202,545	207,410	213,865	217,370	220,785	222,024	223,390
Unincorporated County	175,710	179,825	184,650	188,955	196,090	201,135	206,830	210,415	203,339	204,610
County as % of Total	48.4%	48.3%	48.2%	48.3%	48.6%	48.5%	48.8%	48.8%	47.2%	47.5%

K-12 School Enrollment

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Enrollment	69,337	71,053	74,178	75,491	78,282	79,658	83,384	84,255	84,263	80,896
Annual Growth Rate	2.0%	2.5%	4.4%	1.8%	3.7%	1.8%	4.7%	1.0%	0.0%	-4.0%
Enrollment per 1,000 population	190.8	190.9	193.5	192.8	194.0	191.9	196.6	195.4	198.1	189.0

Median Household Income

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Clark County Median Household Income	51,816	51,776	51,706	53,358	55,702	58,950	56,619	55,744	55,297	54,951
Washington State Median Household Income	50,771	51,808	54,690	55,076	57,675	56,971	56,995	56,317	55,379	55,500

Registered/Pariticpating Voters

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Registered Voters in General Election	175,414	173,952	207,611	194,211	189,269	188,946	216,508	215,626	219,616	226,530
Votes Cast in General Election	93,975	54,680	172,277	101,149	116,505	81,866	184,698	93,915	149,045	108,877
% of Registered Voters Casting Ballots	53.6%	31.4%	83.0%	52.1%	61.6%	43.3%	85.3%	43.6%	67.9%	48.1%

APPENDIX A

ECONOMIC BASE

Assessed Real Property Values

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Assessed Property Values - Countywide (in $ millions)	24,434	26,511	28,847	33,456	41,937	46,970	45,894	40,089	36,686	36,022
Assessed Property Values - Unincorp. Area (in $ millions)	11,901	12,942	14,169	16,820	20,945	23,101	22,537	19,033	17,543	17,533

Residential & Commercial Development

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Residential Development Dollar Value (in $ millions)	291.1	330.9	329.4	392.5	342.5	260.8	130.4	98.26	147.76	118.84
Number of Residential Units Developed	2,179	2,408	2,379	2,144	1,551	1,245	592	415	517	348
Commercial Development Dollar Value (in $ millions)	100.1	147.9	188.1	160.2	100.5	121.9	79.6	59.9	84.13	67.22
Number of Commercial Units Developed	260	225	247	433	391	390	290	296	232	281

Port of Vancouver Activity

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Metric Tons (in 1,000's)	4,320	3,718	4,603	3,980	5,194	5,943	5,507	4,846	5,696	5,575
Number of Ship Calls	482	450	502	526	526	562	503	403	405	456
Oper. Revenues (in $1,000's	12,945	12,257	13,753	21,607	24,307	27,995	27,313	30,203	31,296	37,013
Oper. Expenses (in $1,000's	12,165	12,850	14,298	20,190	22,261	24,387	23,719	26,475	27,620	26,198
Operating Revenue as % of Operating Expenses	106%	95%	96%	107%	109%	115%	115%	114%	113%	141%

APPENDIX A

ECONOMIC BASE

Community Employment

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Clark County Unemployment Rate	7.6%	7.7%	6.6%	5.0%	4.7%	5.6%	10.5%	13.2%	13.7%	9.2%
Washington State Unemployment Rate	6.7%	7.2%	5.9%	5.2%	5.0%	4.8%	7.1%	9.4%	9.6%	8.5%
Portland Metro Area Unemployment Rate	7.2%	7.3%	6.3%	5.1%	4.7%	4.9%	8.1%	10.6%	10.6%	8.0%
% of County Workforce with Jobs in Clark County	68.3%	69.4%	66.7%	65.6%	66.9%	66.5%	65.5%	68.3%	67.2%	66.1%

County Retail Sales

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Taxable Events - Cities (in $ millions)	2,490	2,711	2,936	3,290	3,528	3,563	3,402	2,917	3,016	3,160
Annual % Change	-0.7%	8.9%	8.3%	12.0%	7.2%	1.0%	-4.5%	-14.3%	3.4%	4.8%
Taxable Events - Uninc. County (in $ millions)	1,192	1,239	1,497	1,699	1,658	1,599	1,433	1,215	1,268	1,303
Annual % Change	9.5%	4.0%	20.8%	13.5%	-2.4%	-3.6%	-10.4%	-15.2%	4.4%	2.8%
Use Tax Events as a % of Total	5.2%	5.7%	8.3%	8.2%	6.1%	6.5%	5.9%	5.8%	5.8%	6.0%