2009 Financial Trends Monitoring Report

Table of Contents

proud past, promising future

CLARK COUNTY
WASHINGTON

AUDITOR
GREG KIMSEY

July 28, 2010

Honorable Steve Stuart, Chair
Clark County Board of Commissioners
PO Box 5000
Vancouver, Washington

RE: Clark County Financial Trends Monitoring Report

Dear Commissioner Stuart,

The following represents our report of financial trends for Clark County for the ten year period ended December 31, 2009.

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.

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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:

- Fourteen of the trend indicators were deemed to be "favorable", down from fifteen in 2008, and twenty-one in 2007. Favorable ratings can be found in all categories. There has been a downward trend of the total number of favorable ratings for the past several years as several ratings have 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, 2009. Also, intergovernmental revenues (grants) continue to remain stable and enterprise funds continue to have total revenues and other sources of funds exceed total expenditures on a consistent basis.

- Seventeen indicators were labeled "mixed", up from sixteen in 2008. 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.

  Four of ten revenue indicators are rated as mixed, reflecting the uncertainty related to the current economic slowdown that we are experiencing. Road Fund revenue per capita; restricted operating revenues; 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.

  On the expenditure side, five ratings were mixed, reflecting expenditure budget cuts, staff lay-offs, and a 1.6% increase in population. Governmental expenditures per capita, as well as General Fund and Road Fund expenditures per capita are rated as mixed. Two personnel trends were also rated as mixed: employees per capita and personnel expenditures (where the average cost per FTE increased 20% in the last five years).

  Five of nine indicators of operating position are rated as mixed. The General Fund's liquid assets were the lowest they have been since 2002 , while the Road Fund's liquid assets are the highest they have been in the last ten years. Fund liquidity for both the Community Development Fund and the Equipment Rental and Replacement Fund have a mixed rating. Insurance Reserve net assets received a mixed rating, as unemployment and general liability reserves may need additional funding. The General Fund surplus and deficit trend shows a deficit for the third year in a row, however the operating deficit for 2009 shows a $5.5 million improvement over 2008, indicating that recovery is being made as expenditures were curtailed in 2009. Furthermore, undesignated fund balance increased in 2009 by $1.3 million, partly due to a $2.8 million designation in 2008 to fund losses incurred in the Department of Community Development.

Two out of five indicators in the debt category were rated mixed. Although total debt service costs have declined since 2005 and remained stable for the last three years, when adjusted for inflation, they have increased by 46% since 2003. Overlapping debt per capita has increased from $1.8 thousand in 2000 to $2.4 thousand in 2009 and could be a deterrent for voters to pass future bond measures. In addition, other public entities are increasing their debt levels as they address infrastructure needs associated with growth and the subsequent demand for services. This “overlapping debt” per capita increased every year covered in this report, except 2006.

Finally, there is one mixed rating for the economic base. The Port of Vancouver shows declines in the number of ship calls and metric tons in both 2008 and 2009. However, operating revenues have outpaced operating expenditures each year since 2005.

- Twelve trends were identified as “unfavorable” which is up from eleven in 2008, and five in 2007.

Four out of ten revenue trends fall into this category. General Fund revenue per capita, when adjusted for inflation, declined for the last four years in a row. Taxes had little growth in 2008 and declined in 2009, which hinders the operations of the County. As a result, tax revenue per capita was unfavorable as it declined for the last two years (adjusted for inflation, it has declined for the past four years). Capital project revenues have declined sharply for the past four years due to decreases in real estate excise taxes and impact fees, as a result of the slowdown in the housing market and decline in building activity. Operating revenue per capita for governmental funds declined by 8% in 2009, while total governmental operating revenue decreased by $22 million (or 7%).

There was one unfavorable expenditure rating in 2009 for employee benefit costs, where benefit costs per FTE have more than doubled in the last ten years and in 2009 increased by 11% over 2008.

Operating position had one unfavorable rating. The ending fund balance in the Permanent Reserve Fund fell short of the minimum six percent of General Fund operating budget called for in the fiscal policies, for the sixth year in a row, while the General Fund undesignated fund balance was at an all time low in both 2008 and 2009.

Debt and leave liabilities had one unfavorable rating. Unused vacation leave liability per FTE has increased for the third year in a row, and with a smaller work force (due to lay-offs in 2009) and the continued freeze on vacation buy-back, it may continue to increase in 2010.

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 three years and is lower than it was ten years ago. It has been below the State median income for the last six years. Residential development has been on the downswing in the County as the number of units permitted decreased for the sixth year in a row. The County's unemployment rate, which nearly doubled in 2008 and increased another 3% in 2009, continues to be higher than the Portland metropolitan area and Washington State rates. Total assessed property values in Clark County decreased by $7.5 billion (or 16%) in 2009. Finally, the taxable sales of goods and services were unfavorable as they declined by 28% in the unincorporated area since 2005. Clark County unincorporated taxable sales went down by 15% from 2008, following a 10% decline the previous year.

SUMMARY

This is the first Financial Trends Report reflecting the full effect of the Great Recession on the County's finances and economic environment. As such, the predominant indicators continue to be mixed/unfavorable and both 2008 and 2009 reflect the weakest financial positions of the ten years covered by this report.

However, the County did act promptly by making significant expenditure cuts three times in 2009, the latest being effective in January 2010. The biggest percentage cuts were in the Community Development Fund and the highest dollar cuts were in the General Fund. Operating deficits in 2008 of $4.1 million and $6.5 million respectively in these two funds were addressed in 2009, with Community Development achieving break-even and the General Fund adding $1.3 million to it's undesignated fund balance.

Having said this, restrictions imposed by property tax limitations, high local unemployment, and the long term slow growth prospects of the economy continue to provide a difficult environment for the future. The ongoing challenges facing the County are considerable:

- manage service levels within available resources
- constrain costs, most notably medical costs which have increased considerably each year for the 10 years covered by this report.
- re-build 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, 2009

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. Parks has a construction plan through 2012.

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.

<u>Policy 5</u>
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 2009. However, the Sanitary Sewer Fund reports restricted fund balance $118.7 million ($3.1 million for debt service and $115.6 million invested in capital assets, net of related debt), which leaves a negative amount of $1.7 million in unrestricted net assets in that Fund.

<u>Policy 6</u>
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, 2009, uncollected delinquent property tax amounted to $3.3 million, which is 3.6% of the current tax levy. During the last ten years the percent collected has never been less than 96%.

<u>Policy 7</u>
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.

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

The County finances two revolving funds that provide for the maintenance, repair, and orderly replacement of heavy equipment, vehicles, and personal computers. In addition, the County has adopted long-term major maintenance programs for facilities and parks, although the latter suffered significant budget cuts in 2009. The replacement of the County's financial system was completed in 2005; the replacement of the Assessment and Tax Collection system was completed in 2009; and plans to replace Law and Justice information systems are under consideration. 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 and significant remodels of the Courthouse, Juvenile Detention facilities, and the Elections and Auto Licensing Building.

<u>Policy 9</u>
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 <u>reserves</u>, to provide limited emergency funds in the event of natural or manmade disasters; 2) <u>Operational reserves</u>, to provide additional funds for limited, unexpected service needs; 3) <u>Liquidity reserves</u>, to provide funds sufficient to insure smooth running of the County and pay current obligations; and 4) <u>Capital reserves</u> 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 established capital reserves for vehicle and computer equipment. Liquidity reserves are established in each fund. For the past two years, the liquidity reserves of the General Fund have been inadequate to prevent the need for short term borrowing. The County has a General Liability Fund to purchase insurance from the Washington State Risk Pool and has established a Permanent Reserve Fund to provide for operational and catastrophic needs. At December 31, 2009, the balance in the Permanent Reserve Fund amounted to $6.6 million or 4.8% of the General Fund operating budget. The County has failed to maintain the minimum 6% standard for each of the last seven years.

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 Parks Department has a plan to complete the development of undeveloped parks by 2012, although restricted funding is causing this date to be extended.

Multi-year funding plans have been developed for: law and justice capital facilities (juvenile, work release, and courthouse); the Public Service Center; the Center for Community Health; and Exhibit Hall at the fairgrounds. Funding sources are a portion of Real Estate Excise Tax revenues and tenant rents. Both of these sources are under stress and may require a re-allocation of REET revenues or General Fund Support.

Research is ongoing to replace analogue radio systems with digital equipment at the 911 center by 2014.

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 2009, the County's non-voted debt limit was $623 million. Outstanding General Obligation Bond Debt subject to this limit at the end of 2009 was $127 million (compared to $133 million in 2008), or 20% 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 governmental long-term debt (not including proprietary funds) was $150 million at December 31, 2009, a 4% decrease from $157 million at December 31, 2008.

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 2009, excluding enterprise funds, was $13.2 million, no change from 2008. Debt service paid from the General Fund equaled 0.01% of General Fund revenue. In 2009, General Fund debt service requirements were transferred to real estate excise tax funds. Following is a listing of debt service paid by County funds in 2009, as a percentage of the operating revenues of the issuing fund and the General Fund, combined: County Road Fund 0.7%; Conservation Futures Fund 1.3%; Real Estate Excise Tax (REET) Fund 5.5%; the 911 Tax Fund 0.6%; Tri Mountain O&M Fund 0.04%; Campus Development Fund 0.3%; Community Services Grants Fund 0.2%; Technology Reserve Fund 0.5%; CAD/800 MHz Replacement Fund 0.3%; Central Services Fund 0.06%and the Exhibition Hall Dedicated Revenue Fund 0.9%. In 2009, total debt service requirements for governmental funds, as a percentage, were 6.7% of total revenues generated in all paying funds and General Fund, combined, excluding Community Services Grant Fund, whose revenues are grant driven.

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 $186 million in total outstanding long-term debt at December 31, 2009. Of that, $19 million, or 10%, 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 2000-2009. 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 does 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

At the end of 2009, Clark County experienced a financial downturn as the result of the weakening 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 declined in 2009 for the second consecutive year. Property tax limitation measures, flat intergovernmental revenues, excise, and sales tax revenues contributed to the decline. Governmental operating expenditures per capita in 2009 decreased by eight percent from 2008, 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 has declined in both actual and real (when adjusted for inflation) terms for the first time in five years.

General Fund Revenue Per Capita: unfavorable
General Fund revenue per capita declined in 2009 and when adjusted for inflation has declined the last four years.

Road Fund Revenue Per Capita: mixed
Road Fund revenue per capita declined in 2009 after increasing the previous three years. 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: mixed
Restricted revenue as a percent of operation revenue indicates an ability to attract funds for specific purposes, however, this lessens the County's flexibility in addressing discretionary programs.

Tax Revenue Per Capita: unfavorable
Tax revenue per capita declined in 2009 and when adjusted for inflation has declined the last four years.

Intergovernmental Revenue Per Capita: favorable
The general trend over ten years for intergovernmental revenues continues to increase.

Capital Project Revenue: unfavorable
Capital project revenue dropped to a ten year low due to the decreases in real estate excise taxes and impact fees.

Licenses & Permit and Charges for Services Revenues as a Percent of Operating Revenue: mixed
Licenses and permit and charges for services revenues showed a small decline in 2009 after three consecutive years of growth from 2006 to 2008.

Enterprise Revenue and Expenses: favorable
Expenses exceed revenues in 2008 and 2009 with a planned spend down of reserves. The ten year trend has been revenues exceeding expenses.

General Fund Revenue Variances: mixed
With the exception of 2000 and 2008, the difference between actual and final budgeted General Fund revenue has been positive. The 2007-2008 budget had the largest negative variance at $5.5 million.

Expenditures

Governmental Expenditures per Capita: mixed
Expenditures per capita decreased 8% in 2009. The largest percentage decreases were in transportation and culture/recreation.

Capital Project Expenditures per Capita: favorable
Capital expenditures increased 78% in 2009 over 2008. This was primarily due to expenditures on parks and open spaces from

dedicated funds accumulated in previous years.

General Fund Expenditures per Capita: mixed
2009 General Fund unadjusted expenditures per capita decreased by 5.6% over 2008. The 5 year average increase in per capita cost adjusted for inflation is about 1%.

Road Fund Expenditures per Capita: mixed
Maintenance costs decreased 18%, capital outlay decreased 25%, and administrative costs were unchanged from 2008. Total Road Fund expenditures were down 21% from 2008.

Employees per 1,000 Capita: mixed
The number of budgeted FTEs decreased in 2009 due to budget cuts necessitated by lower revenues resulting from the recession.

Personnel Expenditures: mixed
Personnel expenditures, as a percentage of total expenditures, increased from 38.5% in 2008 to 44% 2009. This is primarily due to the Commissioner's directive to preserve jobs and reduce other expenditures during the budget reduction process.

Employee Benefits Costs: unfavorable
Benefit costs per employee increased by 10.8% over 2008 due primarily to higher health care costs.

Operating Position

General Fund Surplus or Deficit: mixed
General Fund experienced a $7 million deficit in 2008. This was reduced to a $1.5 million deficit in 2009, after paying $2.8 million to the Community Development Fund to cover losses in that fund.

Fund Balance – General Fund & Permanent Reserve Fund: unfavorable
General Fund undesignated fund balance ranked at an all time low in 2008 and 2009. Permanent Reserve Fund balance does not meet the minimum six percent amount of General Fund operating budget policy.

Fund Balance – Road Fund: favorable
Fund balance fluctuated over the past ten years, but has been generally increasing. The 2009 fund balance is the highest it's been in the ten years covered by this report.

Fund Liquidity - General Fund and Road Fund: mixed
General Fund's liquidity was the lowest it has been since 2002 while the Road Fund's liquidity was adequate to meet short-term obligations.

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: mixed
Liquidity of the equipment replacement fund remained at about $4 to $5 million from 2001 until 2008, when it dropped to $2.3, but increased to $3.2 million in 2009.

Enterprise Funds Net Assets and Operating Income (two trends combined): favorable
Enterprise funds net assets should be monitored as contributed assets may impact future maintenance expenses. Operating income, adjusted for CPI, has been declining slightly every year except in 2006, and reached a ten year low in 2008.

Net Assets – Insurance Reserves: mixed
Unemployment insurance claims are projected to increase and will need to be monitored in the future. The General Liability Fund does not have enough reserves set aside to address the issues raised in the most recent actuarial study.

Debt Structure & Leave Liabilities

Short Term Debt: favorable
Short term debt decreased from $3 million at 12/31/08 to $263,140 at 12/31/09. Given the continuing economic downturn, short term debt will need to be closely monitored in 2010.

Long-Term Debt: favorable
Long term debt per capita, adjusted for inflation, decreased from $369 in 2008 to $349 in 2009. Total long term debt has decreased by $14M since 2005.

Debt Service Cost: mixed
Debt Service, as a percentage of operating revenues, increased from 4% in 2008 to 4.35% in 2009, due to a $20M drop in revenues in 2009. Although annual debt service, adjusted for inflation, has remained stable since 2007 it has increased by 46% since 2003.

Overlapping Debt Per Capita: mixed
Although overlapping debt per capita has been stable since 2006, it increased from $1,802 in 2000 to $2,432 in 2009. 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 3.4% in 2009, and at $4,400 is higher than it has been in the last ten years. With a freeze on vacation buy-back, it may continue to increase. The obligation is fully funded in proprietary funds and 25% of fund balance is designated for the liability in governmental funds.

Condition of Capital Assets

Repair and Maintenance Costs: favorable
Repair and maintenance costs for roads decreased by 18% in 2009 and other repair and maintenance costs decreased by 17%, as budgets were cut due to revenue declines. Road maintenance cost per mile in 2009 ($12,983, adjusted for inflation) was only 5% under the most recent five year average, Other maintenance and repair costs, as a percentage of the cost of capital assets being depreciated was 7.1% in 2009, compared to a five year average of 8.2% (13% decline).

Funding for Capital Outlay: favorable
The County has been able to continue to fund software upgrades, road projects, and park acquisitions and improvements.

Capital Assets: favorable
The value of capital assets continues to grow, with land and infrastructure (mostly roads and stormwater facilities) accounting for 65%, and buildings and improvements accounting for 24%, of total capital asset costs.

Economic Base

Population of Cities & County: favorable
Population has been steadily increasing in the last 10 years reflecting a desirable quality of life in the area.

K-12 School Enrollment: favorable
School enrollment has increased in each of the last 10 years. However, the rate of growth in student population decreased in 2009.

Median Household Income: unfavorable
Median household income decreased in 2009. Household income has declined the last 3 years and has been below the State median income since 2004.

Registered/Participating Voters: favorable
The number of registered voters and participating voters decreased in 2009 because it was a non-presidential election year.

Assessed Property Values: unfavorable
Assessed real property value decreased nearly $7.5 billion in 2009 from 2008 (a 16% decrease). New construction added only $386 million, less than any other year in the ten years covered by this report.

Residential and Commercial Development: unfavorable
The value of residential and commercial development permitted was $158 million in 2009, compared to $210 million in 2008 (a 25% decrease). This trend shows decreasing values since the peak in 2005, with an overall 71% decrease from 2005 to 2009.

Port of Vancouver Activity: mixed
Ship calls declined 19.9% in 2009 but operating revenue remained at 114% of operating expenses including depreciation.

Community Employment: unfavorable
The unemployment rate increased to 13.7% from 10.5% in 2008. The local unemployment rate continued to be higher than the State and Metro area rates.

Taxable Sales of Goods and Services: unfavorable
Unincorporated County sales tax revenue has declined almost 27% in the last 5 years (15.3% in 2009). Total taxable sales in Clark County were down 14.6% in 2009 from 2008.

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.

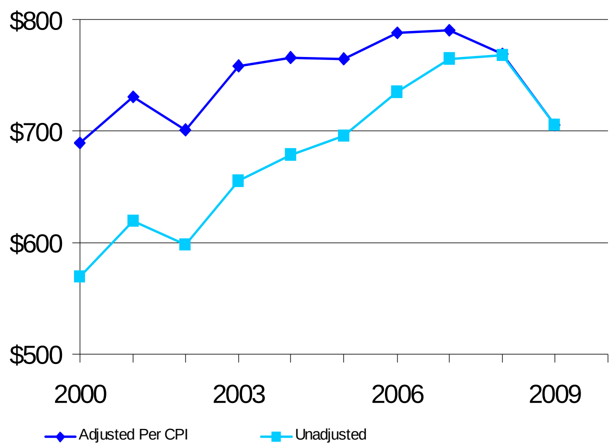
Excluded from the definition of general government operations are enterprise and internal service funds. However, we have included selected indicators for the water, sewer, and solid waste enterprise funds and the equipment, repair, and replacement (ER&R) and insurance reserves internal service funds.

Sources of data:

- Clark County's Comprehensive Annual Financial Reports (CAFR) and County financial records provided most 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 Department 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 2009, 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 $22M in 2009, down significantly from the $8.6M increase in 2008. In 2009, adjusted operating revenue per capita decline for the second consecutive year and the third time since 2002.

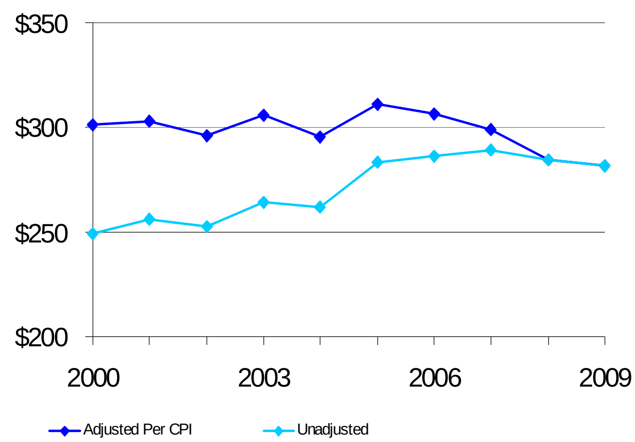
◆The average revenue growth rate over the past 5 years has been 5.3% per year which equals 1.3% when adjusted for inflation.

◆In 2002 operating revenues decreased due to a $12M decrease in state and federal grants in the Road Fund. 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, 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

◆General Fund revenue growth per capita has slowed and when adjusted for inflation has declined for the past four years.

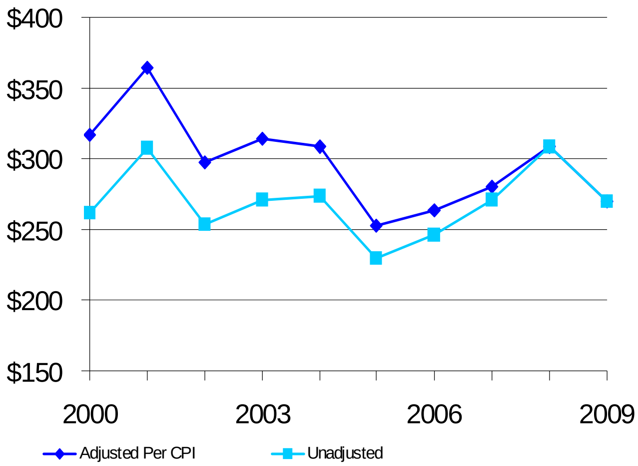
◆Unadjusted revenue growth per capita has averaged 3.9% per year for the past 5 years, however, 2009 growth has slowed to 0.7%. Adjusted for inflation revenues increased 0.6% in 2009.

◆Tax revenues have declined from 64% of General Fund revenues in 2000 to 60% in 2009. In the same period, charges for services have increased from 7.7% to 15.4% 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: unfavorable**

ROAD FUND REVENUE PER CAPITA



Analysis

◆Road Fund revenue per capita, after four consecutive years of increase, have dropped back to 2007 levels.

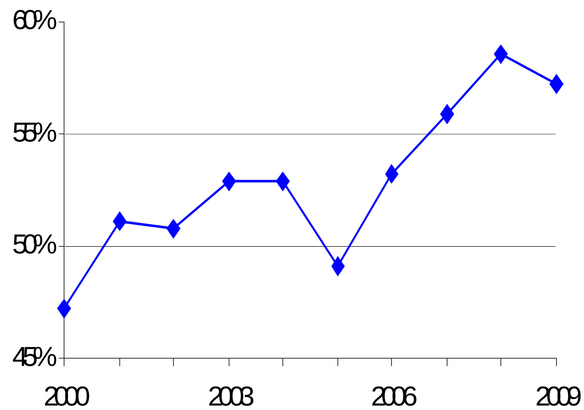
◆In 2002, Road Fund revenues decreased due to a $12M decrease in state and federal grants. Grant revenue is dependant on the nature and timing of road department projects.

◆Road Fund charges for services decreased 56% in 2009. Charges for services contributed 10% of Road Fund revenue.

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. A long term decline in road Fund revenues would suggest a slowdown in the local or state economy and will inhibit future growth in the community. **Rating: mixed**

RESTRICTED REVENUE AS A PERCENT OF OPERATING REVENUE



Analysis

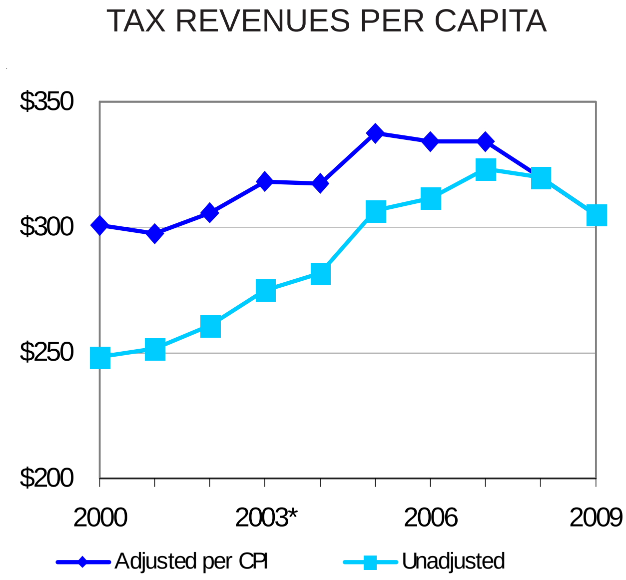
◆Restricted revenue as a percent of operating revenue decreased slightly from 2008. In 2009 restricted revenues were 57.2% of operating revenues compared to 58.6% in 2008.

◆In 2003, the County added the Health Department, increasing restricted revenues approximately $18M. In 2006-2007, new funds including sales taxes, 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 as noted in the previous trend.

Indicator Explanation. Restricted revenues are restricted for special purposes in accordance with state statutes or local ordinances, including Road Fund, 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: mixed**



Analysis

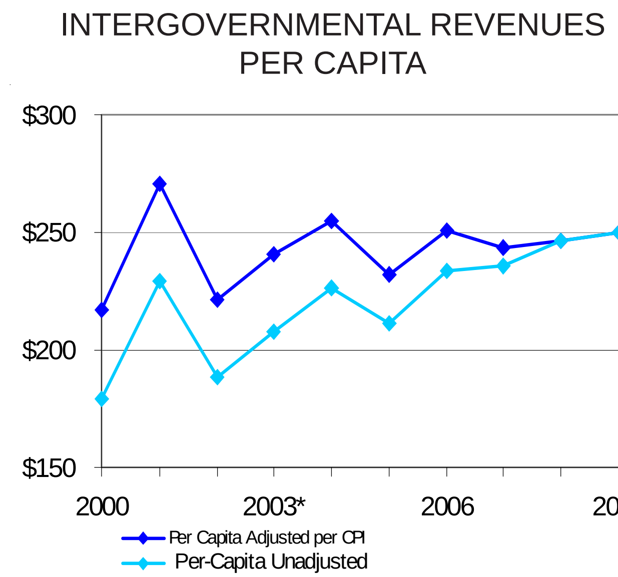
◆ Unadjusted tax revenue per capita declined for the second year in a row. Tax revenue per capita, adjusted for inflation, declined from a high of $337 in 2005 to $305 in 2009.

◆Over the 10 year period from 2000 to 2009, tax revenue per capita, adjusted for inflation has increased only 1.5%.

◆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: unfavorable**



Analysis

◆Intergovernmental revenues per capita continues a slight upward trend in 2009 at $250 compared to 2008 at $246, adjusted per CPI.

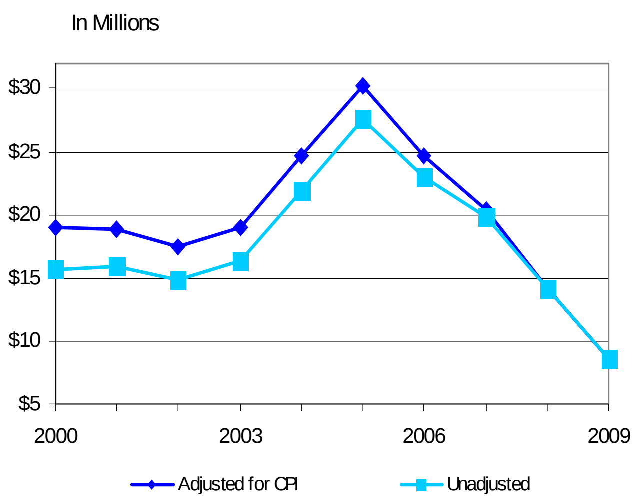
◆The increase in 2001 and subsequent decrease in 2002 was due to a significant increase in Road Fund grants as discussed in previous trends.

◆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: favorable**

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.

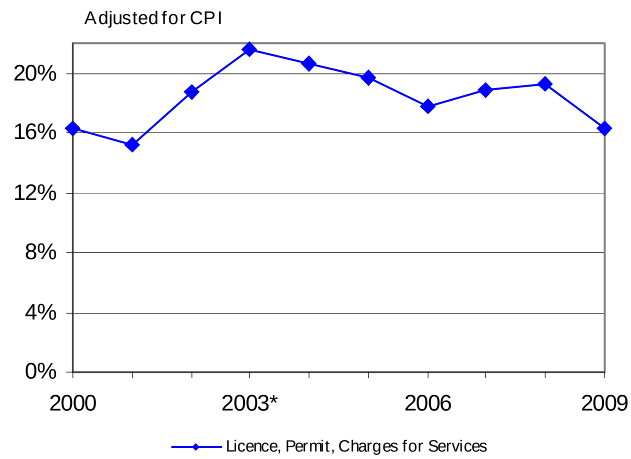
◆Unadjusted capital project revenue reached a high of $27.5M in 2005. In 2009, $8.6M was collected.

◆REET and impact fees are approximately 74% 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 is relatively stable. In 2009, the percent is 16.3%, the same ratio as in 2000.

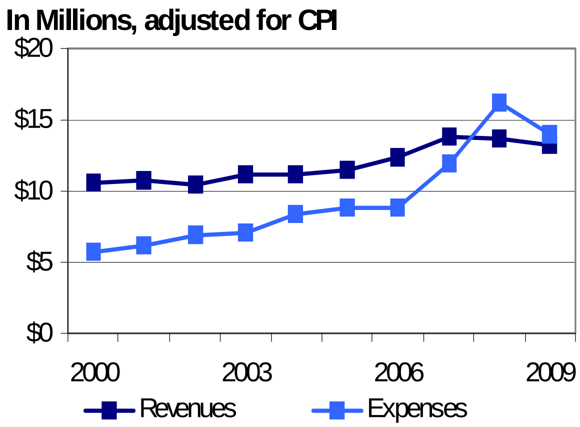
◆The increase in 2002-2004 is due to a high level of construction and development activities, (i.e. development fees and building permits)

◆The 2009 development and building fees and Metropolitan Park District charges declined leading to the overall decrease.

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. The increase in fee revenue as a percent of operating revenue is indicative of this policy. **Rating: mixed**

ENTERPRISE REVENUE AND EXPENSES



Analysis

◆Since 2000, inflation adjusted enterprise revenue, has ranged from $10.5M-$13.7M. In 2009, expenses exceeded revenues by $0.7M.

◆Since 2000, expense, adjusted for inflation, has increased approximately 143%.

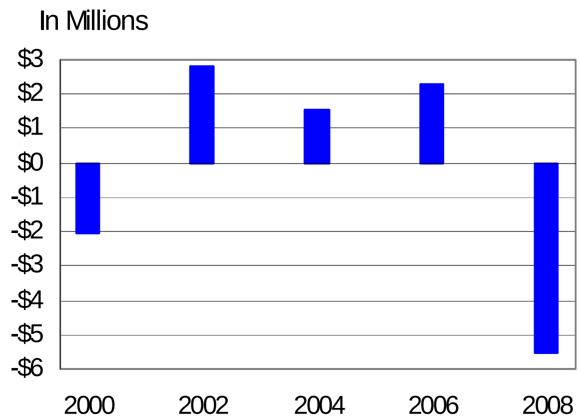
◆The Clean Water Fund, established in 2000 and has a cumulative operating surplus of $9M. Solid Waste has accumulated an operating deficit of $6M since 2000, including a $1M deficit in 2009 and a $4M deficit in 2008.

◆The unrestricted fund balance for the Enterprise Funds is $6M at 12/31/09.

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: favorable**

GENERAL FUND REVENUE VARIANCE



Analysis

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

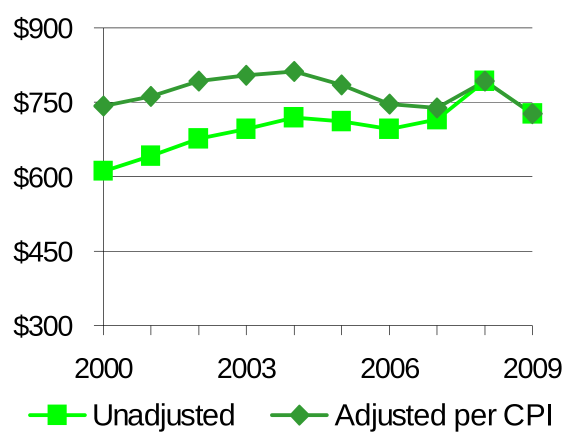
◆In 1999, the County changed budgeting methodology, going from annual to biennial budget periods.

◆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 6.86% (or $23.1M) in 2009 than in 2008.

♦The five year unadjusted average growth rate was 2.8%.

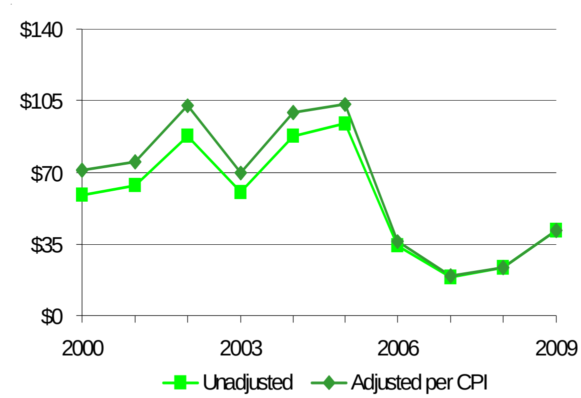
♦In 2009 public safety accounted for 22% of the total expenditures, transportation for 16%, health and human services for 19.9%, and general government for 12.3%.

♦ Debt service, as a percentage of total spending was 4.2% in 2009. The increase from 3.9% in 2008 is primarily due to the lower base used for calculating.

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 2009 were $17.7M primarily on parks and open spaces ($14.3M).

♦In 2002 $22.2M was spent on the new County administration building and $6M on parks and open spaces.

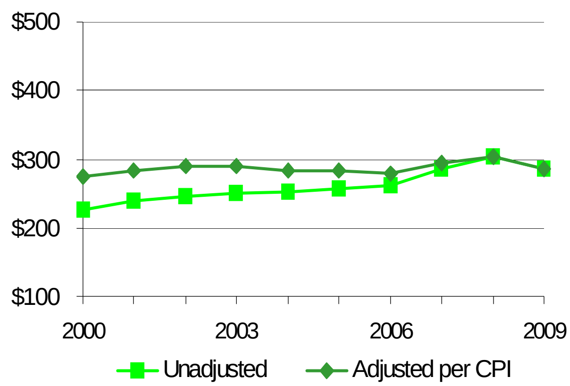
♦In 2004 $11.7M was spent on the new building for the Center for Community Health, $13.2M on the Fairground Exposition Center, and $3.6M on parks and open spaces.

♦In 2005 $23.6M was used to complete the Center for Community Health and $7.1M was spent 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: favorable**

GENERAL FUND EXPENDITURES PER CAPITA



Analysis

♦ General Fund expenditures decreased 4.17% ($5.4M) from 2008 to 2009. The change was due to staffing reductions and cost containment measures put into place to respond to the recession.

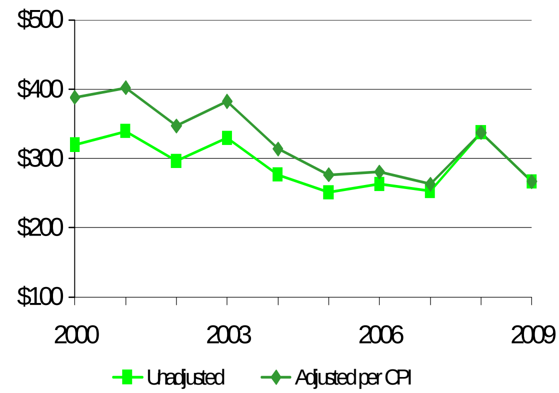
♦ For 2009, general government expenditures decreased by $2.9M, public safety expenditures decreased by $.7M, and all other activities combined decreased by $1.8M.

♦ Per capita cost, adjusted for inflation, decreased by 5.8% in 2009 ($286) from 2008 ($303).

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 actual expenditures were $57.9M in 2009, down $15.3M from 2008. The reduction was due to lower volume of road projects in process during the year. Some projects were rescheduled to be completed in later periods.

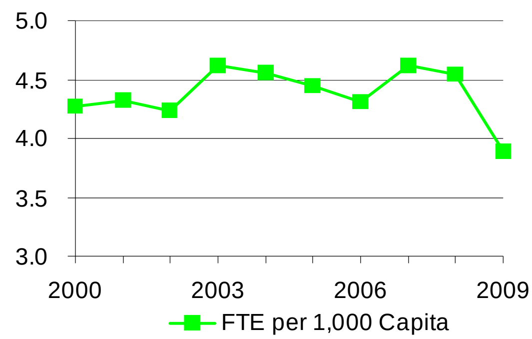
♦ Road Fund per capita expenditures decreased to $275 in 2009 compared to $354 in 2008 after adjusting for inflation.

♦ In 2009, Road Fund capital expenditures were $10.2M lower than 2008 and operating expenditures were $5.0M lower than 2008.

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

♦Until 2009, the number of County employees per 1,000 residents of the County remained relatively stable.

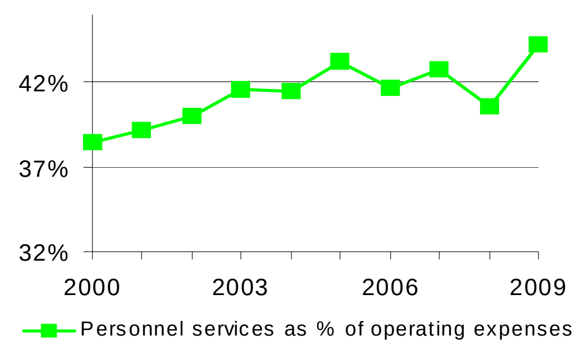
♦In 2009 there were 1,677 budgeted full-time equivalent positions in the County, a decrease of 224 FTEs over 2008.

♦The economic downturn reduced revenue support for the County, which necessitated reductions in the County workforce to balance the budget. The biennial budget for 2009-2010 was revised 3 times during 2009 resulting in a significant reduction in head count. About half of the positions eliminated were filled.

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 have increased from 38.5% of total expenditures in 2000 to 44.3% in 2009, which is an increase of 15% in 10 years.

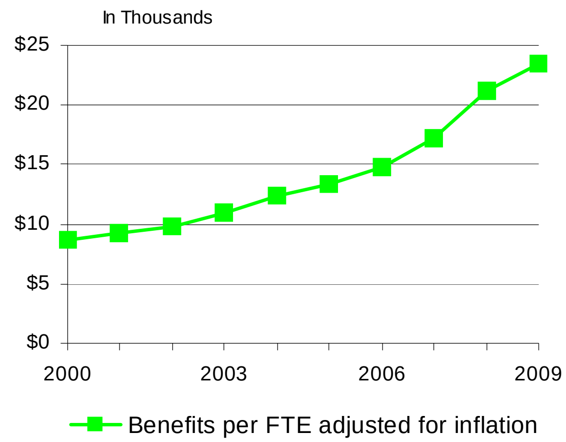
♦Personnel expenditures are currently above the 5 year average of 42.5%. This is primarily due to reductions in overall expenditures.

♦The average salary/wages per FTE (not including benefits) has increased from $57,033 in 2005 to $68,299 in 2009, an increase of 19.76% in 5 years. The increase is partly due to changes in composition of the County workforce with more highly compensated positions funded recently by voter approved public safety related taxes.

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 $23,457 in 2009, an increase of 10.8% over 2008.

♦Benefit costs as a percentage of total personnel costs increased about 3% in 2009 to 25.6% compared to the previous 10 year annual average of 21.01%.

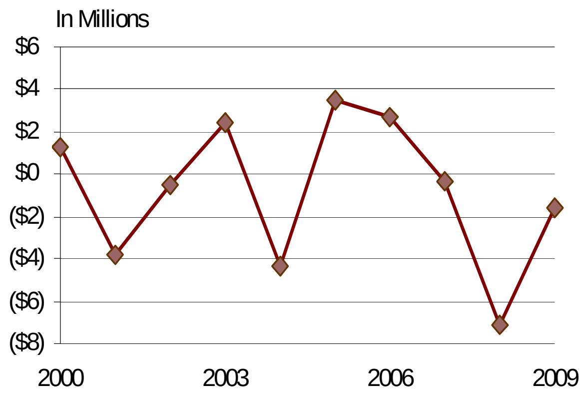
♦According to the US Bureau of Labor Statistics, state and local government benefits generally comprise 34.1% of total compensation.

♦Benefits per FTE grew about 9.5% 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 operating deficit for 2009 was $1.5 million compared to a deficit of $7.1 million in 2008 indicating a slow recovery as expenditures were curtailed and position eliminated in 2009.

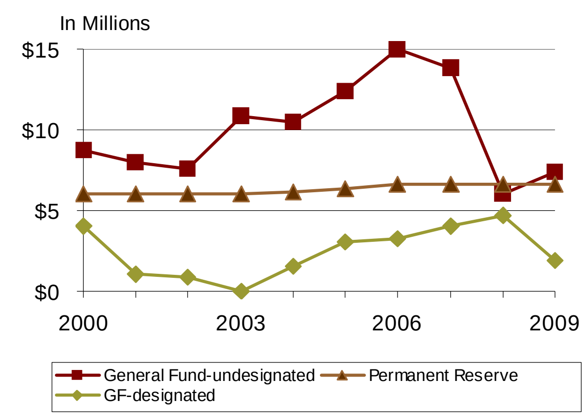
◆The deficit for 2004 was $4.3 million, mainly the result of one time transfers to eliminate operating deficits in other funds and for technology capital projects.

◆The deficit in 2001 reflects a BOCC decision to reduce fund balance to finance parks acquisitions, the Community Development Fund, GIS Fund expansion, and a financial information system replacement.

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

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

FUND BALANCE - GENERAL FUND & PERMANENT RESERVE



Analysis

◆General Fund unreserved/undesignated fund balance was $7.4 million at the end of 2009, up from $6.1 million in 2008 when it was the lowest it has been in ten years.

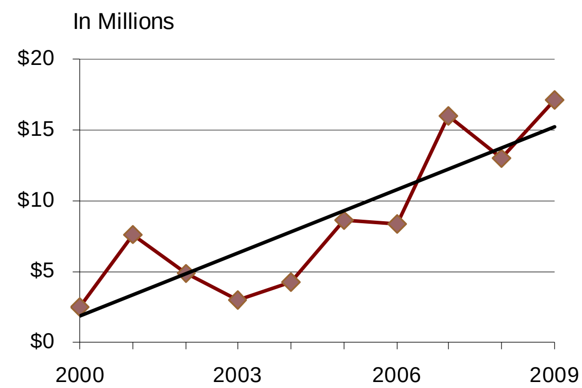
◆Permanent Reserve fund balance has been constant at about $6 million dollars for the last ten years.

◆County financial policy states that the Permanent Reserve fund balance should be between six and ten percent of General Fund operating budget. Permanent Reserve fund balance has been below the six percent level since 2002 as a percentage of General Fund operating expenditures and interfund transfers.

Indicator Explanation. Unreserved/undesignated 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: unfavorable**

FUND BALANCE - ROAD FUND



Analysis

◆Fund balance for the Road Fund was $17 million, up from $13 million in 2008. Fund balance fluctuated for the past ten years, but has been generally increasing.

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

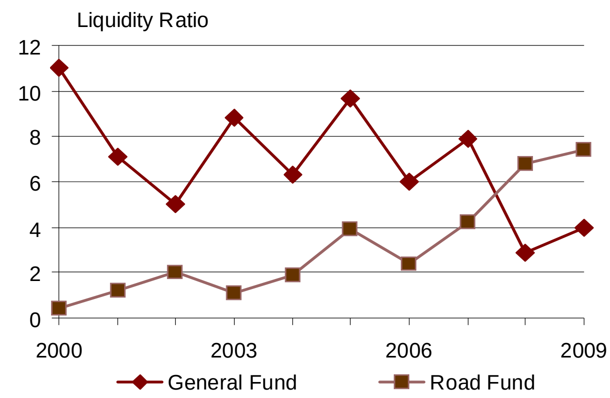
◆Most of the growth in fund balance in 2007 was due to delayed road projects, some of which were started in 2008, and increases in charges for service revenues.

◆Due to the fluctuation in road construction contracts that span more than one year, the Road Fund balance increased by $4.1 million in 2009.

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**

FUND LIQUIDITY
GENERAL FUND AND ROAD FUND



Analysis

◆General Fund's liquidity ratio was four to one in 2009, up from 2008 which was the lowest in the last ten year 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 eleven to one in 2000. The liquidity ratio has a ten year average of seven to one.

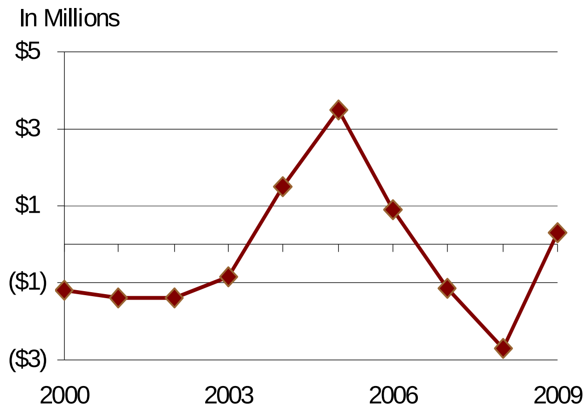
◆Road Fund has $14.6 million in liquid assets at the end of 2009, up from $10 million in 2008.

◆The Road Fund's liquidity ratio has fluctuated from a high of seven to one in 2009 to a low of 0.4 in 2000. 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: mixed**

FUND LIQUIDITY
COMMUNITY DEVELOPMENT



Analysis

◆Fund liquidity has been declining steadily since the ten year high in 2005 but did improve in 2009.

●Liquidity improved in 2009 after a major reorganization of the department and reduced staffing.

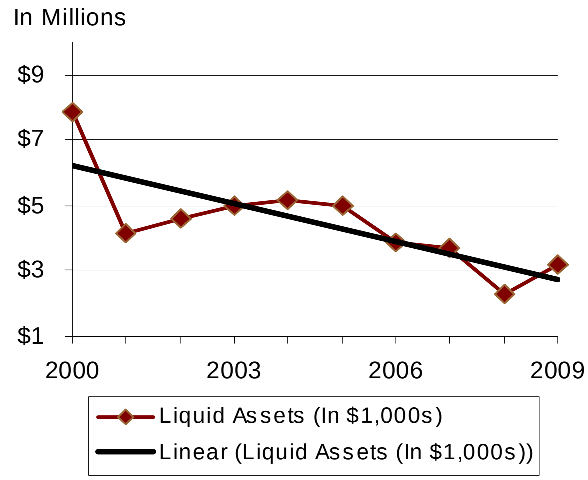
●Liquidity was at a ten year low, a negative $2.7 million at the end of 2008, the result of declining building and planning activity.

◆In 2005, liquid assets more than doubled from 2004 due to an increase in planning and building activity.

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**

FUND LIQUIDITY - ER&R FUND



Analysis

◆Liquid assets have averaged about $4.5 million from over the past ten years except in 2008.

◆Liquid assets were at a ten year low at $2.4 million at the end of 2008 mainly because of the cost involved in rock mining for inventory which will be sold in future years.

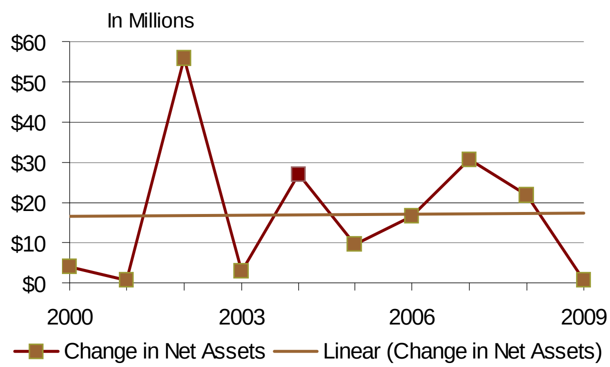
◆In 2000, liquid assets peaked at $8 million as excess reserves built up over the years.

◆In 2001, $4.1 million was returned to the Road and General funds when excess reserves were returned to participants.

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: mixed**

ENTERPRISE FUNDS
CHANGE IN NET ASSETS



Analysis

◆Net assets grew by $56 million in 2002. $54 million was from the addition of contributed storm water facilities from prior years in the clean water fund in accordance with a new accounting policy. The remaining $2 million was from operations in the three enterprise funds.

◆In 2004, net assets grew by a total of $27 million; $11 million came from operations, primarily made up of $8 million in the sanitary sewer fund for a contract prepayment on the treatment plant and the remainder was a prior year adjustment of $16 million for contributed storm water facilities in the clean water fund.

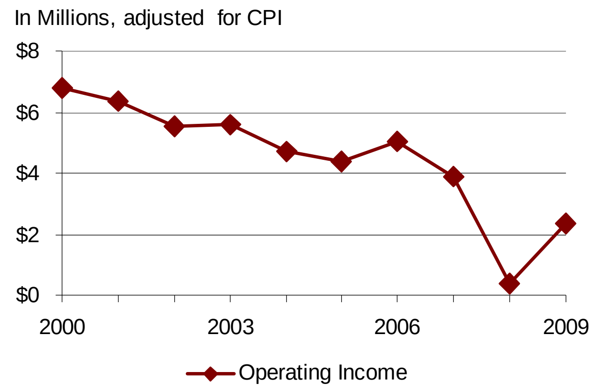
◆Net assets grew by $31 million in 2007, most of which was from contributed sewer treatment plant and clean water assets.

◆For 2008, net assets increased by $22 million mostly from contributed sewer treatment plant assets.

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: favorable**

ENTERPRISE FUNDS -INCOME



Analysis

◆Adjusted CPI operating income for the three enterprise funds has been declining every year, except for a slight increase in 2006, to its lowest point in 2008. In 2009 there was a slight increase from 2008.

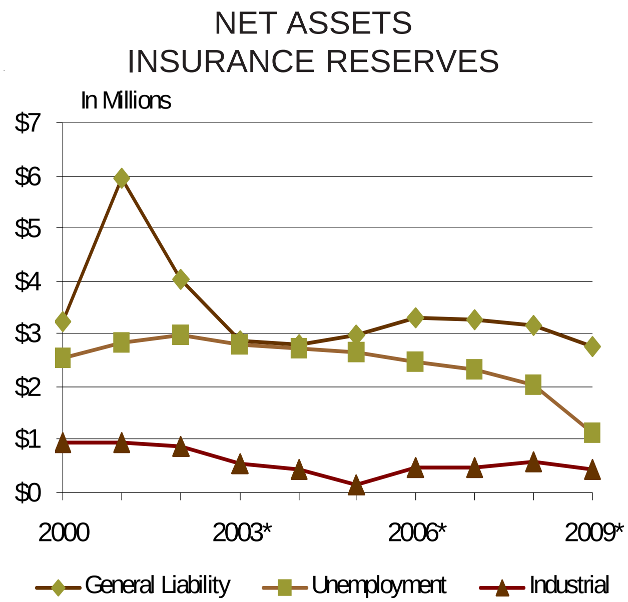
◆The Sanitary Sewer operating income has been fairly consistent at about $4 million per year until 2009 when it dropped to $730,000 as excess monies from operations were returned to customers.

◆Clean Water operating income was consistent at an average of $1.3 million per year until 2007 when operating income declined. The fund recorded operating losses of $0.6 million and $0.5 million in 2009 and 2008 as labor costs increased.

◆The Solid Waste Fund reports an operating deficit most years since 2005. A $4 million deficit in 2008 was a planned 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: favorable**



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 2009.

◆General liability has maintained cash reserves of about $3 million since 2002.

◆Unemployment insurance reserves have remained fairly constant at about $2.6 million until 2008 when they dropped to $2 million and are down to $1.1 million at the end of 2009 as unemployment claims increased.

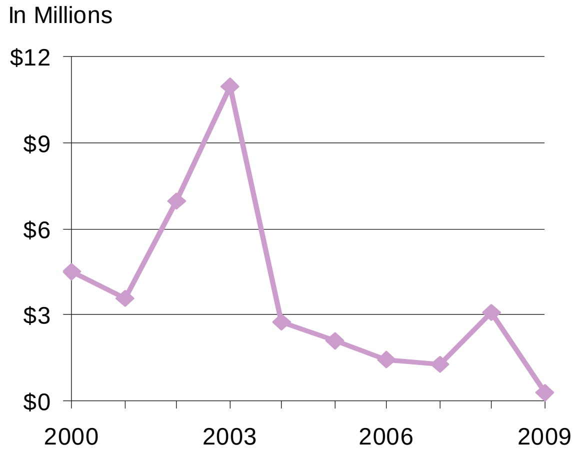
◆Industrial insurance (worker's compensation) net assets decreased to a low in 2005 of about $131,000 but contribution rates have been increased and net assets reached $418,000 in 2009.

◆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

♦ Short term borrowing for Community Development increased fom $1.2M in 2007 to $2.6M in 2008, mostly due to a slowdown in construction activity.

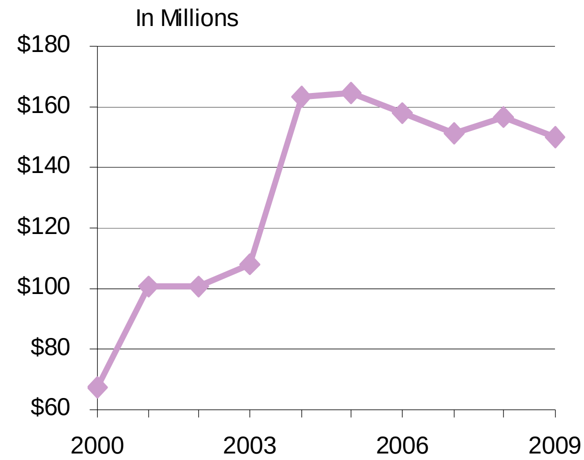
♦The only short-term borrowing at 12/31/09 was $263,140 by the County Fair Fund.

♦In 2003 the Building Construction Fund had a $3M borrowing, prior to acquiring long-term financing, and the Central Support Services and 911 Emergency Services Funds, combined, accounted for $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 decreased by $6.4M in 2009.

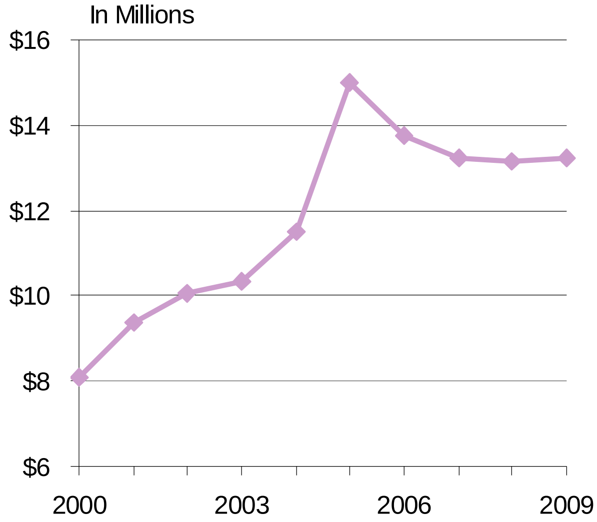
♦ A $33M increase in 2001 funded the construction of the public service building and other campus development.

♦ A $57M increase in 2004 funded park acquistions, construction of the commmunity health building, and the fairgrounds exposition center.

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 $15M in 2005 to $13.2M in 2007 and has remained stable since then.

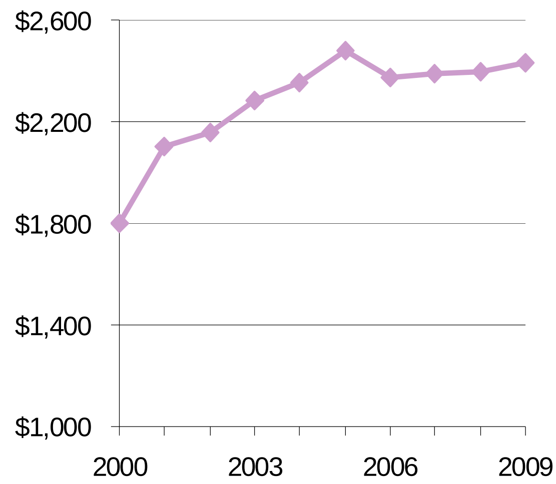
♦In 2004, $57M in general obligation bonds were issued, resulting in substantially higher debt service payments, beginning in 2005.

♦Adjusted for inflation, debt service has increased by 46% since 2003.

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 has remained stable since 2006, following a steady increase between 2000 and 2005.

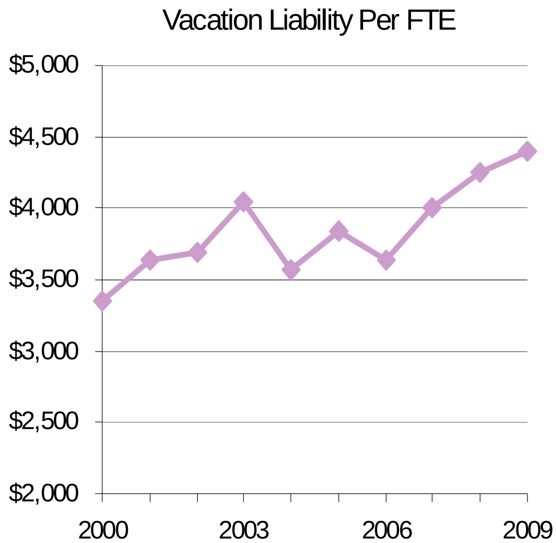
♦At December 31, 2009, School Districts account for 58% of total overlapping debt, cities for 16% and the County for 14%, with the remaining debt belonging to Fire Districts, Port Districts, and Libraries.

♦Total overlapping debt has averaged 3.2% growth per year, over the last five years.

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 24% since 2000 (3.4% increase in 2009). The spike in 2003 was due to the addition of the health department employees and their accrued leave banks.

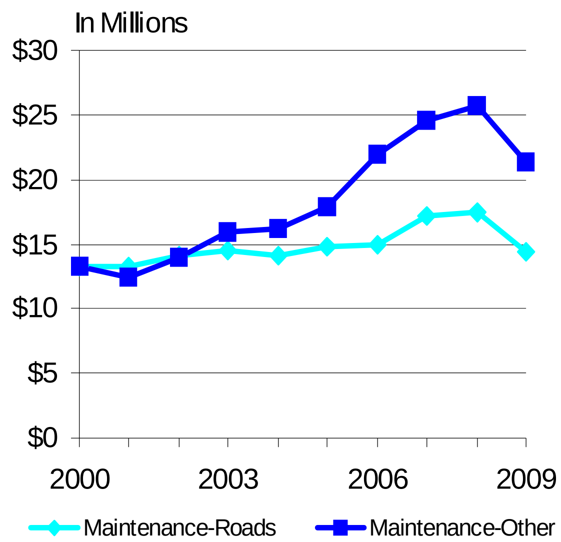
♦Total unused vacation liability increased by 30% from 2006 to 2008. There was a 10% decrease in 2009, due to lay-offs.

♦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,

Importance. High leave balances per FTE can be an indicator of low turnover and higher 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 remained stable from 2000 to 2006, increased by 17% by 2008 (due to petroleum materials cost increases), and decreased in 2009 due to budget restraints.

♦Road maintenance cost per mile, adjusted for inflation, was $12,983 in 2009, compared to a $13,715 average over the last five years.

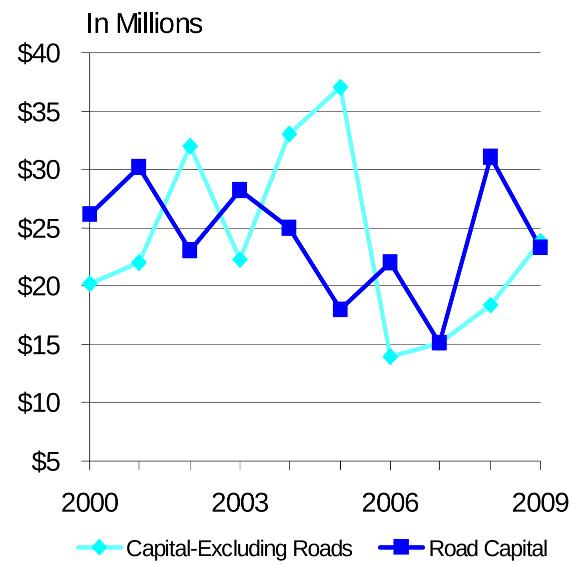
♦Other maintenance costs nearly doubled from 2002 to 2008, and decreased by 17% in 2009, due to budget restraints. Fleet maintenance accounts for 58%, while facilities maintenance accounts for 24%.

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

I

mportance. 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: favorable**

FUNDING FOR CAPITAL OUTLAY



Analysis

♦Non-Road capital costs were relatively low between 2006 and 2008. Park acquisitions and improvements have accounted for over 59% of annual costs since 2006 (82% in 2009).

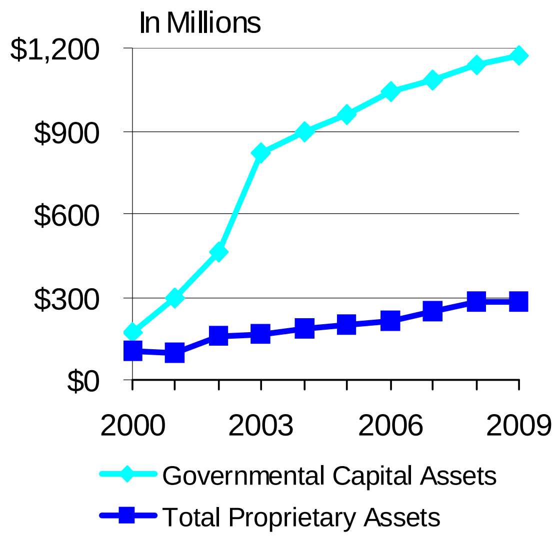
♦Higher costs in previous years were for construction of the center for community health, downtown campus development , and the fairgrounds exposition center.

♦Road capital costs fluctuate with the receipt of grant revenues and are influenced by 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 2001 and 2003 reflect the addition of county roads (previously not included), which were built and acquired from 1980 through 2003.

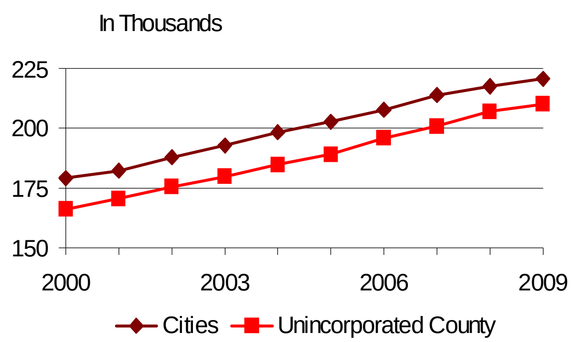
♦Of the $317M increase in governmental capital assets from 2003 to 2008, $260M is in infrastructure (mostly roads) and land.

♦Proprietary capital assets increased by $61M in 2002, when stormwater facilities were initially added. Construction of the sewer treatment plant expansion has added $68M to capital assets since 2002.

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 estimated population of Clark County for 2009 was 431,200, an increase of 7,000 from 2008.

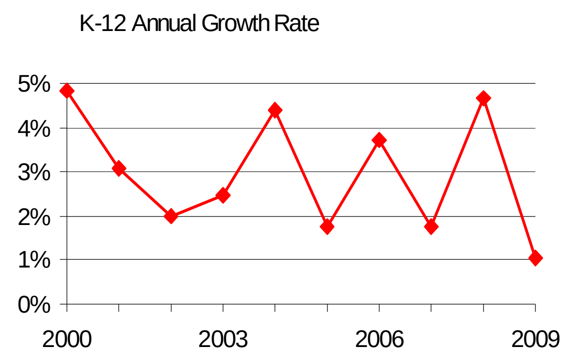
♦Approximately 49% of the population lives in unincorporated areas of the County.

♦Population in the unincorporated areas of the County has grown 11% in the last five years, while countywide population has grown 10.1% in the same period.

Indicator Explanation. Population of incorporated and unincorporated areas in the County, estimated 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: favorable**

K - 12 SCHOOL ENROLLMENT GROWTH



Analysis

♦ Student enrollment in the K-12 school system grew at a rate of 1.0% in 2009.

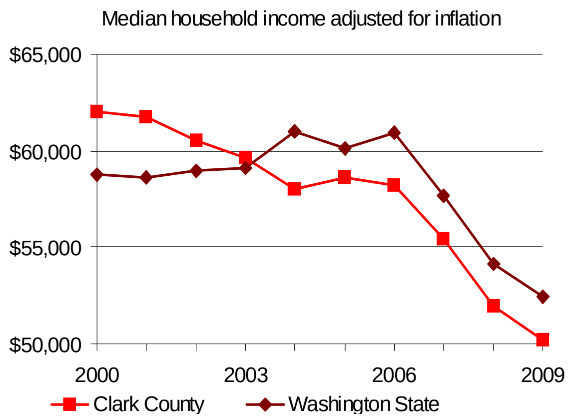
♦The annual growth rate is lower than the average growth rate of 2.6% for the last five years.

♦ Enrollment per thousand population decreased slightly in 2009 to 195.4. Since 2000, enrollment has consistently been between 190 and 196 per thousand population in the County.

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

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

MEDIAN HOUSEHOLD INCOME



Analysis

♦Adjusted for inflation, the County's median income decreased in 2009 for the third year in a row and dipped lower than it was 10 years ago.

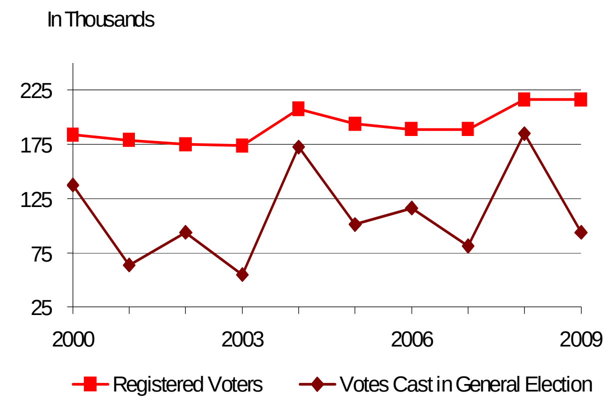
♦ Both Clark County and Washington State's unadjusted median income has decreased nearly 8% since 2006. During the same period, both the County's and the State's median income, adjusted for inflation, has decreased by 14%.

♦Clark County's actual median income has been lower than Washington State's actual median income by about $2,100 on average for the last 5 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

♦As in most non-presidential election years, voter participation in the general election decreased significantly in 2009.

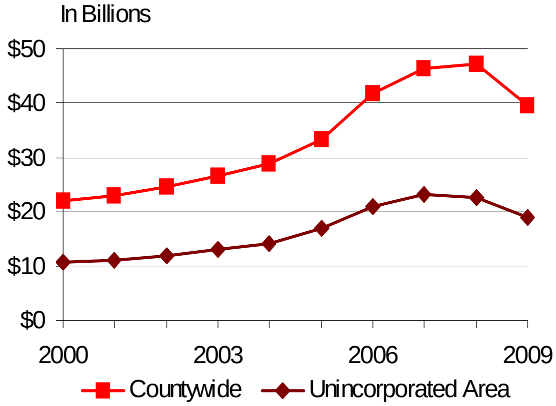
♦In 2009, about 44% of registered voters turned out for the general election.

♦Despite the decrease in 2009, voter participation was still better than in 2003, when at 31.4%, turnout was the lowest it's been the last ten 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

♦Total property values in the County decreased in 2009 compared to previous years. This is a result of the continued slump in the housing and credit markets that have impacted the entire country.

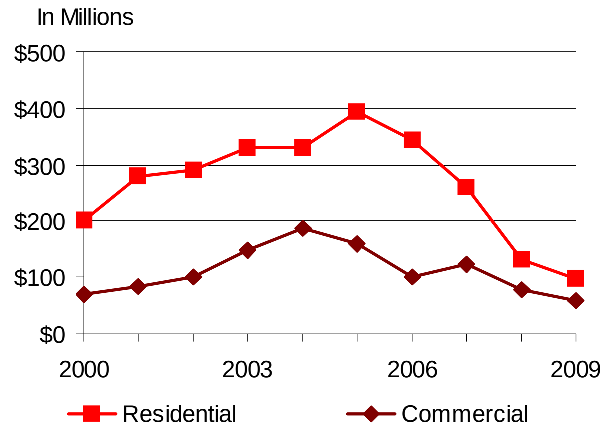
♦In 2009 property values were down $7.471 billion including a decrease in valuation of $7.857 billion and an increase of $386 million due to new construction.

♦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 2009 the number of residential units for which building permits were obtained decreased 29.9% from 2008. The 415 units permitted in 2009 represent an 82% decline since construction peaked in 2003 at 2,408 permits. 2009 is the sixth consecutive year in which construction activity declined.

♦The dollar value for residential development decreased $32M in 2009 from 2008.

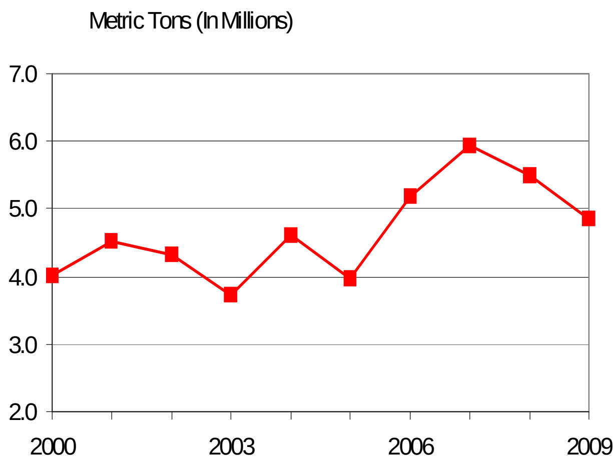
♦The dollar value of commercial development in 2009 decreased by 24.7% from 2008.

♦The number of commercial units permitted increased from 290 units in 2008 to 296 in 2009.

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

♦2009 ship calls decreased by 100 or 19.9% from 2008.

♦Port operating revenue increased by 10.6% in 2009 compared to 2008.

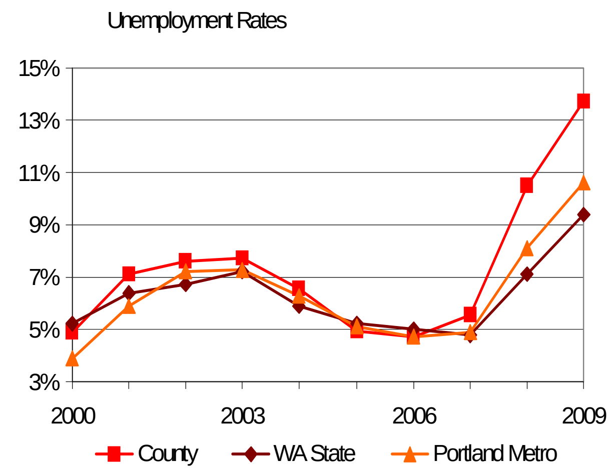
♦2009 expenditures increased by $2.756M (11.2% increase) during the same period.

♦ Operating revenues have outpaced operating expenditures for each of the last five years. Net Operating income in 2009 was $3.7 million.

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: mixed**

COMMUNITY EMPLOYMENT



Analysis

♦The County's unemployment rate increased in 2009 to 13.7% from 10.5% at the end of 2008.

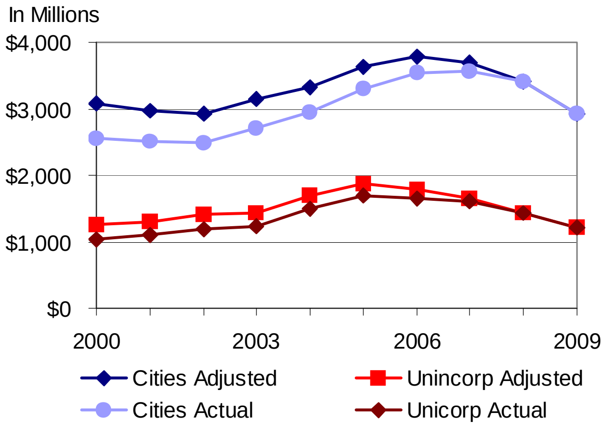
♦The County's unemployment rate is significantly higher than the State of Washington in 2009 (9.4%) and continued to be higher than the Portland Metro Area (10.6%) in 2009.

♦The percentage of the county workforce that works in Clark County increased slightly to 68.3%.

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 2009 sales in the County subject to retail sales or use tax were down by 14.6%. Taxable retail sales in cities and towns declined by 14.3%. Taxable sales in unincorporated areas of the County declined by 15.3%.

♦2009 total retail sales subject to sales or use tax were approximately $4.131 billion compared to $4.835 billion in 2008. Sales in unincorporated areas declined from $1.433 billion in 2008 to $1.214 billion in 2009.

♦Due to declines in the last three years, the average annual rate of change in sales over the last five years, adjusted for inflation is -3.4%.

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

REVENUES

Operating Revenue Per Capita-All Governmental Funds

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total Operating Revenue (in $1,000s)	196,632	218,177	217,260	244,024	260,165	272,351	296,652	317,352	325,903	304,076
Per Capita Revenue	570	619	598	655	679	696	735	765	768	705
Total Operating Revenue (in $1,000s)-Adjusted	238,121	257,885	254,846	282,335	293,466	299,586	318,011	328,142	326,229	304,076
Per Capita Revenue-Adjusted	690	731	701	758	766	765	788	791	769	705

General Fund Revenue Per Capita

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund Revenue (in $1,000s)	85,952	90,418	91,760	98,448	100,394	110,854	115,454	120,074	120,590	121,370
Per Capita Revenue	249	256	253	264	262	283	286	289	284	281
General Fund Revenue (in $1,000s)-Adjusted	104,088	106,875	107,634	113,905	113,245	121,940	123,766	124,157	120,710	121,370
Per Capita Revenue-Adjusted	301	303	296	306	295	311	307	299	285	281

Road Fund Revenue Per Capita

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total Road Fund Revenue (in $1,000s)	43,530	52,485	44,590	48,786	50,450	43,442	48,271	54,472	63,778	56,750
Per Capita Revenue	262	308	254	271	273	230	246	271	308	270
Road Fund Revenue-Adjusted (in $1,000s)	52,715	62,037	52,304	56,445	56,907	47,787	51,747	56,324	63,842	56,750
Per Capita Revenue-Adjusted	317	364	298	314	308	253	264	280	309	270

Resticted Revenue / Operating Revenue

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Restricted Operating Revenue (in $1,000s)	92,880	111,496	110,227	128,996	137,567	133,808	157,735	177,454	190,987	173,917
As % of Total Operating Revenue	47.24%	51.10%	50.74%	52.86%	52.88%	49.13%	53.17%	55.92%	58.60%	57.20%

Tax Revenue Per Capita

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Tax Revenue (in 1,000s)	85,653	88,833	94,638	102,324	107,907	120,106	125,805	134,249	135,629	131,504
Tax Rev Per Capita	248	252	260	275	282	307	312	323	320	305
Tax Rev Per Capita (Adj)	300	298	305	318	318	337	334	334	320	305

APPENDIX

REVENUES

Intergovernmental Revenue Per Capita

	2000	2001	2002	2003*	2004	2005	2006	2007	2008	2009
Intergovernmental Revenue (in $1,000s)	61,927	80,734	68,614	77,496	86,763	82,716	94,290	97,701	104,442	107,870
As % of Total Operating Revenue	28.6%	34.3%	29.0%	29.4%	30.9%	27.8%	31.8%	30.8%	32.0%	35.5%
Per Capita Revenue	179	229	189	208	226	211	234	235	246	250
Per Capita Revenue (Adj)	217	271	221	241	255	232	251	243	246	250

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

Capital Project Revenue

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Capital Project Revenue (in $1,000s)	15,700	15,908	14,866	16,394	21,856	27,510	23,027	19,751	14,138	8,637
Capital Project Revenue (in $1,000s)-Adjusted	19,012	18,803	17,438	18,967	24,654	30,261	24,685	20,423	14,153	8,637

License & Permit and Charges For Services Revenue

	2000	2001	2002	2003*	2004	2005	2006	2007	2008	2009
License & Permit, Charges for Services (in $1,000)	38,719	39,214	47,810	61,153	60,404	58,820	56,708	61,900	63,098	49,520
% of Total Operating Revs.	16.3%	15.2%	18.8%	21.7%	20.6%	19.6%	17.8%	18.9%	19.3%	16.3%

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

Enterprise Revenue and Expenses (Adjusted)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Operating Revenues (in $1,000s)	10,534	10,666	10,501	11,249	11,107	11,418	12,321	13,753	13,681	13,252
Operating Expenses (in $1,000s)	5,696	6,113	6,958	7,114	8,366	8,773	8,761	11,867	16,146	13,991

General Fund Revenue Variance

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Variance (in $1,000s)	(2,040)	N/A	2,841	N/A	1,527	N/A	2.292	N/A	(5.528)	N/A
% of Variance	(1.2%)	N/A	1.6%	N/A	0.8%	N/A	1.0%	N/A	(2.2%)	N/A

APPENDIX

EXPENDITURES

Governmental Expenditures per Capita

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total Expenditures (in $1,000s)	211,127	227,015	245,385	258,594	275,611	278,963	280,546	296,168	336,307	313,238
Per Capita Expenditures	612	644	675	695	719	713	695	714	793	726
Total Expenditures (in $1,000s) Adjusted	255,675	268,331	287,836	299,193	310,889	306,859	300,746	306,237	336,642	313,238
Per Capita Expenditures Adjusted	742	761	792	804	811	783	745	737	793	726

Capital Project Expenditures per Capita

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Capital Expenditures (in $1,000s)	20,283	22,387	31,841	22,353	33,667	36,674	13,717	7,678	9,993	17,770
Capital Expenditures Per Capita	58.8	63.5	87.6	60.0	87.8	93.7	34.0	18.5	23.6	41.2
Capital Expenditures (in $1,000s) Adjusted	24,563	26,461	37,350	25,862	37,977	40,341	14,705	7,939	10,003	17,770
Capital Expenditures Per Capita Adjusted	71.2	75.1	102.8	69.5	99.1	103.0	36.4	19.1	23.6	41.2

General Fund Expenditures per Capita

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund Expenditures (in $1,000s)	78,206	84,352	89,691	93,109	96,359	100,576	105,084	118,353	128,550	123,187
Per Capita Expenditures	227	239	247	250	251	257	260	285	303	286
General Fund Expenditures (in $1,000s) Adjusted	94,708	99,704	105,207	107,727	108,693	110,633	112,650	122,377	128,678	123,187
Per Capita Expenditures Adjusted	275	283	290	289	284	283	279	295	303	286

APPENDIX

EXPENDITURES

Road Fund Expenditures per Capita

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Road Fund Expenditures (in $1,000s)	56,424	58,080	54,272	60,464	54,168	48,575	53,617	52,630	73,267	57,953
Clark County Road Expenditures (in $1,000s)	55,546	57,775	52,169	59,351	51,210	47,519	51,409	51,037	69,899	56,084
Clark County Road Expenditures (in $1,000s) Adjusted	67,266	68,290	61,194	68,669	57,764	52,271	55,110	52,773	69,969	56,084
Clark Co Capital Road Expenditures (in $1,000s)	34,951	35,709	28,564	34,891	27,387	23,161	24,083	15,139	31,069	23,287
Clark Co Capital Road Expenditures (in $1,000s) Adjusted	42,326	42,208	33,506	40,368	30,893	25,477	25,817	15,654	31,100	23,287
Clark County Per Capita Capital	201	210	163	194	148	123	123	75	150	111
Clark County Per Capita Capital Adjusted	244	248	191	224	167	135	132	78	150	111
Clark County Per Capita Maintenance	76	77	80	81	76	78	76	85	84	68
Clark County Per Capita Maintenance Adjusted	92	92	94	93	86	86	81	88	84	68

Employees per 1,000 Capita

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Number of Budgeted FTE's	1,474	1,524	1,538	1,720	1,744	1,736	1,737	1,917	1,901	1,677
FTE's per 1,000 Capita	4.27	4.33	4.23	4.62	4.55	4.44	4.31	4.62	4.54	3.89

Personnel Expenditures

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total Personnel Costs (In $1,000s)	82,640	88,952	96,325	110,652	114,614	119,405	126,929	141,171	149,600	147,550
As % Of Operating Expenditures	38.5%	39.2%	40.0%	41.6%	41.5%	43.3%	41.6%	42.8%	40.6%	44.3%
Average Salary and Wage Costs per FTE	45,548	47,396	51,174	54,600	54,796	57,033	57,271	60,203	64,395	68,299

Employee Benefit Costs

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total Benefit Costs (In $1,000s)	15,491	16,749	17,599	20,742	23,205	24,537	27,398	32,257	37,012	37,720
Average Benefits per FTE	10,508	10,995	11,439	12,596	13,910	14,751	15,765	17,830	21,169	23,457
Benefit Costs as % of Total Personnel Expenditures	18.8%	18.8%	18.3%	18.8%	20.3%	20.6%	21.6%	22.9%	24.7%	25.6%

APPENDIX

OPERATING POSITION

General Fund Surplus or Deficit

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Surplus or Deficit (In $1,000s)	1,314	(3,776)	(532)	2,410	(4,385)	3,497	2,741	(364)	(7,080)	(1,540)
As % of General Fund Revenues	1.5%	(4.2%)	(0.6%)	2.5%	(4.4%)	3.2%	2.4%	(0.3%)	(5.9%)	(1.3%)

Fund Balance - General Fund & Permanent Reserve

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund Unreserved/Undesignated Fund Balance (In $1,000s)	8,788	8,002	7,586	10,876	10,438	12,424	15,031	13,804	6,070	7,384
General Fund Designated Fund Balance (In $1,000s)	4,009	1,019	903	23	1,578	3,089	3,223	4,086	4,740	1,886
Permanent Reserve Balance (In $1,000s)	6,084	6,084	6,084	6,084	6,128	6,379	6,629	6,629	6,629	6,640
Permanent Reserve as % of General Fund Expenses & Transfers	6.7%	6.0%	6.0%	5.8%	5.5%	5.5%	5.5%	4.9%	4.5%	4.8%

Fund Balance - Road Fund

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Road Fund Balance (In $1,000s)	2,457	7,584	4,929	3,033	4,307	8,585	8,410	15,964	12,953	17,078
As % of Operating Expenses	4.3%	13.1%	9.1%	5.0%	8.0%	17.7%	15.7%	30.3%	17.7%	29.5%

Fund Liquidity - General Fund and Road Fund

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Liquid Assets-General Fund (In $1,000s)	20,445	14,260	7,986	10,833	13,226	17,399	18,497	18,228	11,921	10,039
Liquid Assets-Road Fund (In $1,000s)	2,642	8,363	4,260	1,032	3,596	7,598	5,619	12,496	10,278	14,623
Ratio(to 1)- Cash & Investments to Liabilities-Gen. Fund	11.0	7.1	5.0	8.8	6.3	9.7	6.0	7.9	2.9	4.0
Ratio (to 1) - Cash & Investments to Liabilities-Road Fund	0.4	1.2	2.0	1.1	1.9	3.9	2.4	4.2	6.8	7.4

APPENDIX

OPERATING POSITION

Fund Liquidity - Community Development Fund

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Liquid Assets- County Building & Planning (In $1,000s)	(1.19)	(1.38)	(1.39)	(0.86)	1.48	3.52	0.91	(1.14)	(2.69)	0.32
Ratio (to 1) - Cash & Investments to Liabilities- County Building &	0.1	0.0	1.2	0.3	8.4	14.9	3.5	0.1	0.3	0.80

Fund Liquidity - ER&R

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Liquid Assets (In $1,000s)	7,841	4,164	4,628	5,022	5,155	4,985	3,841	3,712	2,319	3,187
Ratio (to 1)- Cash & Investments to Current Liabilities	18.2	11.8	8.8	14.9	10.3	10.3	8.0	11.2	2.7	7.8

Enterprise Funds

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Increase/(Decrease) in Net Assets (In $1,000s)	4,067	785	55,875	2,889	27,055	9,684	16,673	30,738	21,878	652
Income -Adjusted for CPI*	6,793	6,354	5,546	5,579	4,703	4,405	5,026	3,897	406	2,334
Income (In Actual $1,000s)*	8,227	7,511	6,505	6,454	5,305	4,846	5,388	4,030	406	2,334

* = adjusted for depreciation expense

Net Assets - Insurance Reserves

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Liability (In $1,000s)*	3,235	5,960	4,022	2,853	2,782	2,974	3,313	3,265	3,172	2,739
Unemployment (In $1,000s)	2,531	2,822	2,958	2,780	2,735	2,635	2,456	2,314	2,025	1,107
Industrial (In $1,000s)	928	954	856	540	436	131	462	484	598	418

APPENDIX

DEBT

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
County Fair	484	479	577	875	0	0	0	0	0	263
Community Development	785	1,194	1,155	36	0	0	0	1,157	2,623	0
Water Quality / Clean Water	1,134	1,008	882	0	0	0	0	0	0	0
County Road Fund	2,035	0	0	956	0	0	0	0	0	0
911 Tax Fund	58	865	1,512	1,975	1,423	1,365	1,108	0	0	0
Building Construction	0	0	0	3,000	0	0	0	0	0	0
Central Services	0	0	1,180	2,696	620	319	0	114	440	0
Other	0	0	1,674	1,441	692	425	323	2	0	0

Long-Term Debt

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Long-Term debt (in $ millions)	67.6	100.6	100.7	107.9	163.2	164.9	158.0	151.3	156.7	150.3
Long-Term debt per capita	196	285	277	290	426	421	392	365	369	349
G.O. Bond Debt subject to non-voted debt limit (in $ millions)	67.0	99.3	94.5	97.7	151.6	150.9	145.0	138.8	133.3	127.5
G.O. Bond Debt as % of non-voted debt limit	19.2%	27.3%	24.4%	23.7%	34.2%	29.4%	22.6%	19.3%	18.7%	20.5%

Direct Debt Service

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Service (in $1,000s)	8,099	9,377	10,067	10,351	11,482	14,984	13,759	13,214	13,141	13,215

Overlapping Debt

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total Overlapping Debt (in $ millions)	621.9	741.1	783.4	850.3	903.0	971.5	959.5	991.8	1,016.1	1,048.5
Overlapping Debt Per Capita	1,802	2,102	2,156	2,284	2,356	2,481	2,378	2,390	2,395	2,432
County Debt as % of Total Debt	10.9%	13.7%	12.1%	11.5%	16.6%	16.9%	16.3%	15.2%	15.5%	14.2%

Vacation Leave Liability

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Unused vacation leave (in $1,000s)	4,937	5,546	5,681	6,949	6,220	6,662	6,309	7,682	8,200	7,379
Unused vacation leave per FTE (in $)	3,350	3,642	3,693	4,040	3,567	3,835	3,632	4,007	4,255	4,400

APPENDIX

CONDITION OF CAPITAL ASSETS

Repair and Maintenance Costs

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Maintenance Costs- Roads, including Overlays (in $1,000s)	13,209	13,194	14,137	14,484	14,039	14,769	14,886	17,171	17,438	14,333
Road Miles Maintained	1,082	1,095	1,103	1,109	1,149	1,075	1,109	1,109	1,106	1,104
Maintenance Costs- Roads, per Road Miles Maintained (in $)	12,208	12,049	12,817	13,061	12,218	13,739	13,423	15,483	15,626	12,983
Maintenance Costs - Other (in $1,000s)	13,255	12,424	13,979	15,969	16,134	17,897	21,917	24,609	25,691	21,415
Maint. Costs- Other, as % of Depreciable Capital Assets	11.5%	8.0%	11.0%	10.6%	7.9%	7.9%	8.1%	8.8%	8.9%	7.1%

Funding for Capital Outlay

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Capital Projects- excl. Roads (in $1,000s)	20,218	21,950	31,841	22,276	32,983	36,502	13,991	15,047	18,316	23,742
Capital Projects- Roads (in $1,000s)	26,177	30,085	23,028	28,152	27,387	23,161	24,083	15,139	31,069	23,287
Total Capital as % of Total Expenditures	22.0%	22.9%	22.4%	19.5%	21.9%	21.4%	13.6%	10.2%	14.7%	15.0%

Capital Assets and Depreciation

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Governmental Capital Assets (in $ millions)	175.4	299.0	459.8	822.3	895.6	959.4	1,043.1	1,084.3	1,139.2	1,173.0
Non- Depreciable Proprietary Assets (in $ millions)	1.9	2.2	60.0	62.8	85.4	93.2	106.9	136.4	167.4	91.3
Depreciable Proprietary Assets (in $ millions)	98.7	96.3	99.2	102.3	101.9	104.9	108.0	112.6	114.0	192.6
% of Accum. Depr. to Depreciable Proprietary Assets	15.7%	17.9%	19.8%	21.1%	23.7%	25.3%	25.8%	27.6%	30.3%	19.1%

APPENDIX

ECONOMIC BASE

Population of Cities and County

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Cities	178,959	182,170	187,690	192,475	198,650	202,545	207,410	213,865	217,370	220,785
Unincorporated County	166,279	170,430	175,710	179,825	184,650	188,955	196,090	201,135	206,830	210,415
County as % of Total	48.2%	48.3%	48.4%	48.3%	48.2%	48.3%	48.6%	48.5%	48.8%	48.8%

K-12 School Enrollment

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total Enrollment	65,950	67,983	69,337	71,053	74,178	75,491	78,282	79,658	83,384	84,255
Annual Growth Rate	4.8%	3.1%	2.0%	2.5%	4.4%	1.8%	3.7%	1.8%	4.7%	1.0%
Enrollment per 1,000 population	191.0	192.8	190.8	190.9	193.5	192.8	194.0	191.9	196.6	195.4

Median Household Income

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Clark County Median Household Income	51,196	52,249	51,591	51,547	51,417	53,267	54,281	53,598	51,929	50,199
Washington State Median Household Income	48,499	49,598	50,242	51,104	54,086	54,618	56,808	55,771	54,086	52,413

Registered/Pariticpating Voters

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Registered Voters in General Election	183,249	179,182	175,414	173,952	207,611	194,211	189,269	188,946	216,508	215,626
Votes Cast in General Election	137,290	63,277	93,975	54,680	172,277	101,149	116,505	81,866	184,698	93,915
% of Registered Voters Casting Ballots	74.9%	35.3%	53.6%	31.4%	83.0%	52.1%	61.6%	43.3%	85.3%	43.6%

APPENDIX

ECONOMIC BASE

Assessed Real Property Values

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Assessed Property Values - Countywide (in $ millions)	22,054	23,001	24,627	26,516	28,846	33,457	41,937	46,274	47,111	39,640
Assessed Property Values - Unincorp. Area (in $ millions)	10,659	11,143	11,901	12,942	14,169	16,820	20,945	23,101	22,537	19,033

Residential & Commercial Development

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Residential Development Dollar Value (in $ millions)	200.8	278.7	291.1	330.9	329.4	392.5	342.5	260.8	130.4	98.26
Number of Residential Units Developed	1,857	2,393	2,179	2,408	2,379	2,144	1,551	1,245	592	415
Commercial Development Dollar Value (in $ millions)	68.7	84.6	100.1	147.9	188.1	160.2	100.5	121.9	79.6	59.9
Number of Commercial Units Developed	300	228	260	225	247	433	391	390	290	296

Port of Vancouver Activity

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Metric Tons (in 1,000's)	4,004	4,522	4,320	3,718	4,603	3,980	5,194	5,943	5,507	4,846
Number of Ship Calls	352	475	482	450	502	526	526	562	503	403
Oper. Revenues (in $1,000's	12,437	13,604	12,945	12,257	13,753	21,607	24,307	27,995	27,313	30,203
Oper. Expenses (in $1,000's	10,791	12,306	12,165	12,850	14,298	20,190	22,261	24,387	23,719	26,475
Operating Revenue as % of Operating Expenses	115%	111%	106%	95%	96%	107%	109%	115%	115%	114%

APPENDIX

ECONOMIC BASE

Community Employment

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Clark County Unemployment Rate	4.9%	7.1%	7.6%	7.7%	6.6%	5.0%	4.7%	5.6%	10.5%	13.7%
Washington State Unemployment Rate	5.2%	6.4%	6.7%	7.2%	5.9%	5.2%	5.0%	4.8%	7.1%	9.4%
Portland Metro Area Unemployment Rate	3.9%	5.9%	7.2%	7.3%	6.3%	5.1%	4.7%	4.9%	8.1%	10.6%
% of County Workforce with Jobs in Clark County	68.1%	70.6%	68.3%	69.4%	66.7%	65.6%	66.9%	66.5%	65.5%	68.3%

County Retail Sales

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Taxable Events - Cities (in $ millions)	2,541	2,508	2,490	2,711	2,936	3,290	3,528	3,563	3,402	2,917
Annual % Change	5.4%	-1.3%	-0.7%	8.9%	8.3%	12.0%	7.2%	1.0%	-4.5%	-14.3%
Taxable Events - Uninc. County (in $ millions)	1,041	1,088	1,192	1,239	1,497	1,699	1,658	1,599	1,433	1,215
Annual % Change	0.7%	4.5%	9.5%	4.0%	20.8%	13.5%	-2.4%	-3.6%	-10.4%	-15.2%
Use Tax Events as a % of Total	7.5%	6.1%	5.2%	5.7%	8.3%	8.2%	6.1%	6.5%	5.9%	5.8%