2010 Financial Trends Monitoring Report

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CLARK COUNTY
WASHINGTON

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AUDITOR
GREG KIMSEY

August 16, 2011

Honorable Tom Mielke, Chair
Clark County Board of Commissioners
PO Box 5000
Vancouver, Washington

RE: Clark County Financial Trends Monitoring Report

Dear Commissioner Mielke,

The following represents our report of financial trends for Clark County for the ten year period ended December 31, 2010.

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.

FINANCIAL SERVICES
1200 Franklin Street, P.O. Box 5000, Vancouver, WA 98666-5000

(360) 397-2310, Fax (360) 397-6007, www.clark.wa.gov/auditor

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:

- Fifteen of the trend indicators were deemed to be "favorable", up by one from fourteen in 2009, and the same as in 2008. Favorable ratings can be found in all categories except expenditures. There has been a downward trend of the total number of favorable ratings since 2004 as ratings deteriorated along with the decline in new construction revenue in the County; notably, building fees, planning and impact fees, real estate excise tax (REET), and sales tax. In 2010, there was a slight improvement, but still well below 2001-2005 ratings.

  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, 2010. Improvements were seen in the General and Road Fund liquidity as well as Equipment Revolving and Replacement reserves being adequate. Also, intergovernmental revenues (grants) continue to remain stable and enterprise funds continue to have total revenues exceed total expenditures on a consistent basis.

- Twenty-one indicators were deemed to be “mixed”, compared to seventeen in 2009 and 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.

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

  On the expenditure side, six of seven indicators are rated mixed, reflecting expenditure budget cuts, staff lay-offs, and a 1.4% decrease in population in 2010. Governmental expenditures per capita, capital project expenditures per capita, as well as General Fund and Road Fund expenditures per capita are rated as mixed. The cost cutting measures taken by the County resulted in decreased per capita spending in most areas by the County. Two personnel trends were also rated as mixed: employees per capita and personnel expenditures.

Five of nine indicators of operating position are rated as mixed. Fund liquidity for the Community Development Fund improved after fee increases and General Fund support. Insurance Reserve net assets received a mixed rating, as unemployment, industrial insurance, and general liability reserves may need additional funding. The fund balance of the General Fund and Permanent Reserve Fund was rated mixed as the minimum six percent permanent reserve requirement has not been met since 2002 as established by fiscal policy.
The General Fund surplus and deficit trend shows a surplus in 2010 as the General Fund continues to recover from the worst deficit in the ten year period covered by this report in 2008.

Two out of five indicators in the debt category were rated mixed. Although total debt service costs have remained stable since 2005, when adjusted for inflation, they have increased by 60% since 2001. Overlapping debt per capita has increased every year, with the exception of 2006, in the ten years covered in this report which 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.

Finally, there is one mixed rating for the economic base for residential and commercial development as building permits for residential units increased from 2009 but still well below 2007 and prior years levels.

- Seven trends were identified as "unfavorable" which is down from twelve in 2009, and eleven in 2008.

For revenues, there was one "unfavorable" rating for Capital project revenues which have declined sharply for the past five years (after adjusting for a one-time return from the city of Vancouver) due to decreases in real estate excise taxes and impact fees, as a result of the slowdown in the housing market and decline in building activity.

There was one unfavorable expenditure rating in 2010 for employee benefit costs, where benefit costs per FTE grew about 7.9 percent annually over the last ten years.

Debt and leave liabilities had one unfavorable rating. Unused vacation leave liability per FTE has been increasing since 2006 (32%), and with a smaller work force (due to lay-offs) and the continued freeze on vacation buy-back, it may continue to increase.

Four unfavorable trends can be found in the economic base. Clark County's median household income, adjusted for inflation, has decreased for each of the last four years and is lower than it was ten years ago. The County's unemployment rate, which nearly doubled in 2008, was at a ten year high of 13.7% at the end of 2010 and continues to be higher than the Portland metropolitan area and Washington State rates. Total assessed property values in Clark County decreased again by $2.9 billion in 2010. This is the second year in a row that we have seen decreases in assessed property values. Finally, after adjusting for inflation, retail sales have declined over the last 5 years by 30% in unincorporated Clark County and by 21% in cities.

SUMMARY

During 2008 and 2009 the full effect of the Great Recession was felt on the County's finances and economic environment. Indicators were predominately mixed or unfavorable reflecting the weakest financial positions in the ten years covered by this report. For 2010, we noticed a slight improvement in some areas as significant cost cutting measures were instituted by the County.

The year 2008 was the first time that combined mixed and unfavorable ratings exceeded favorable ratings. This decline was stabilized in 2009, and that success has continued in 2010.

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

Sincerely,

Greg Kimsey
Clark County Auditor

CLARK COUNTY FISCAL POLICIES

As of December 31, 2010

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.

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

Net assets for enterprise funds are positive at the end of 2010. However, the Sanitary Sewer Fund reports restricted fund balance $118.2 million ($3.1 million for debt service and $115.1 million invested in capital assets, net of related debt), which leaves a negative amount of $1.1 million in unrestricted net assets in that Fund.

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

At December 31, 2010, uncollected delinquent property tax amounted to $2.6 million, which is 2.9% of the current tax levy. During the last ten years the percent collected has never been less than 96%.

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

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

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

The County maintains two revolving funds that provide for 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. The replacement of the County's human resource and payroll system was completed in 2005; the replacement of the Assessment and Tax Collection system was completed in 2009; and funding to replace the custody management system has been approved in 2011. In addition, the County's financial system will experience a significant upgrade in 2011/2012. In the past 10 years, the County has significantly upgraded its facilities completing construction of the Public Service Center, the Community Health Center and the Exposition Center and significant remodels of the Courthouse, Juvenile Detention facilities, and the Elections and Auto Licensing Building. The latest building upgrades include energy conservation and electrical generation by means of solar panels.

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

The Permanent Reserve Fund provides for operational and catastrophic needs. At December 31, 2010, the balance in the Permanent Reserve Fund amounted to $6.6 million or 5.18% of the

General Fund operating budget. The County has failed to maintain the minimum 6% standard for each of the last eight years. Liquidity reserves are established in each fund. For the past three years, the liquidity reserves of the General Fund have been inadequate to prevent the need for short term borrowing. The County belongs to the Washington State Risk Pool for general liability coverage. The County has established capital reserves for vehicle and computer equipment replacements financed by charges to user departments.

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

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

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

The capital facilities element of the comprehensive plan addresses infrastructure and utility needs and is augmented by more detailed plans such as the six year transportation Improvement program and open space acquisition programs supporting the expenditure of Conservation Futures funds. The Parks Department has a plan to complete the development of undeveloped parks as funding becomes available over the next few years.

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 2010, the County's non-voted debt limit was $570 million. Outstanding General Obligation Bond Debt subject to this limit at the end of 2010 was $121 million (compared to $127 million in 2009), or 21% of the debt limit. Additional governmental debt subject to the non-voted debt limit includes public works trust fund loans, special assessment debt, and capital leases. Total net debt applicable to the limit was $148 million at December 31, 2010, a 3% decrease from $152 million at December 31, 2009.

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 2010, excluding enterprise funds, was $13 million, compared to $13.2 in 2009. In 2010, total debt service for governmental funds as a percentage of total revenues generated in all paying funds and General Fund (excluding Community Services Grant Fund whose revenues are grant driven) was 6.6%. 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 2010, as a percentage of the operating revenues of the issuing fund and the General Fund, combined: County Road Fund 0.8%; Conservation Futures Fund 1.2%; Real Estate Excise Tax (REET) Fund 4.1%; the 911 Tax Fund 0.2%; Tri Mountain O&M Fund 0.04%; Campus Development Fund 1.7%; Community Services Grants Fund 0.2%; Technology Reserve Fund 0.5%; CAD/800 MHz Replacement Fund 0.3%; Central Services Fund 0.2% and the Exhibition Hall Dedicated Revenue Fund 0.9%.

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

The County (including proprietary funds) had $178 million in total outstanding long-term debt at December 31, 2010. Of that, $17 million, or 9.5%, 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 2001-2010. 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

In 2010, Clark County experienced minimal revenue growth as the result of the weak economy and the housing industry downturn in 2008 and 2009. This report reflects the current financial stresses of the County resulting from the economic slowdown that started in 2005.

Tax revenues per capita increased slightly in 2010 after two consecutive years of decline. Property tax limitation measures, flat intergovernmental revenues, excise, and sales tax revenues contributed to the minimal improvement. Governmental operating expenditures per capita in 2010 decreased by eight percent from 2009, 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: mixed
Operating revenue per capita increased, the first increase in three years, but is still below 2007 levels.

General Fund Revenue Per Capita: mixed
General Fund revenue per capita increased minimally in 2010 in both adjusted and unadjusted measures.

Road Fund Revenue Per Capita: mixed
Road Fund revenue per capita declined in 2010 for the second consecutive year. 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 decreased for the past two years. It indicates an ability to attract funds for specific purposes, however, this lessens the County's flexibility in addressing discretionary programs.

Tax Revenue Per Capita: mixed
Tax revenues per capita increased slightly in 2010 after two consecutive years of decline. When adjusted for inflation there was a four year decline prior to 2010.

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 in 2009 and without the one-time return of REET revenue from the City of Vancouver would have remained at this low level in 2010.

Licenses & Permit and Charges for Services Revenues as a Percent of Operating Revenue: mixed
Licenses and permit and charges for services revenues continue a slow, declining trend in 2010. The decline in economic activity is impacting development related fees and outsourcing in the Health Department is affecting charges for services.

Enterprise Revenue and Expenses: favorable
Revenues continue a slight upward trend in 2010, and expenses are slightly lower than annual revenues.

General Fund Revenue Variances: mixed
The 2010 General Fund revenue variance was just slightly negative. With the exception of 2000 and 2008, the difference between actual and final budgeted General Fund revenue has been positive.

Expenditures

Governmental Expenditures per Capita: mixed
Expenditures per capita decreased for the past two years and decreased 7.7% in 2010 from 2009.

Capital Project Expenditures per Capita: mixed
Capital expenditures decreased 47% in 2010 from 2009. This was primarily due to a 49% reduction in park's capital.

General Fund Expenditures per Capita: mixed
2010 General Fund unadjusted expenditures per capita decreased by 2.2% over 2009. The 5 year average increase in per capita cost adjusted for inflation is about 1%.

Road Fund Expenditures per Capita: mixed
Per capita expenditures decreased to their lowest point in ten years at $238. Total Road Fund expenditures were down 16% from 2009.

Employees per 1,000 Capita: mixed
The number of budgeted FTEs increased by 2 from 1,677 in 2009 to 1,679 in 2010.

Personnel Expenditures: mixed
Personnel expenditures, as a percentage of total expenditures, increased 9.7% over the ten year period.

Employee Benefits Costs: unfavorable
Benefit costs grew about 7.9% annually over the last ten years.

Operating Position

General Fund Surplus or Deficit: mixed
General Fund experienced a $7 million deficit in 2008, which was reduced to a $1.5 million deficit in 2009. In 2010, an $8.7 million surplus was recorded as expenditures were curtailed and debt service costs transferred to capital funds.

Fund Balance – General Fund & Permanent Reserve Fund: mixed
General Fund undesignated fund balance was $10.9 million up from $7.4 million in 2009. Permanent Reserve Fund balance does not meet the minimum six percent amount of General Fund operating budget per fiscal policy number 9.

Fund Balance – Road Fund: favorable
Fund balance has fluctuated over the past ten years, but has been generally increasing. The 2010, fund balance ($24.7 million) is the highest it's been in the ten years covered by this report.

Fund Liquidity - General Fund and Road Fund: favorable
General Fund's liquidity increased from a low in 2009 to $18 million in 2010 while the Road Fund's liquidity was adequate at $20 million.

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

Fund Liquidity – ER&R Fund: favorable
Liquidity of the equipment replacement fund remained at about $4 to $5 million from 2001 until 2008, when it dropped to $2.3, but has been steadily increasing to $3.9 million in 2010.

Enterprise Funds - Change in Net Assets: mixed
Enterprise funds net assets decreased by $1.8 million in 2010 as certain capital assets were not owned by the County as previously thought and subsequently removed.

Enterprise Funds operating income: favorable
Operating income (adjusted for CPI) has been declining slightly every year except in 2006 and reached a ten year low in 2008, but has climbed back to previous levels of $5 million.

Net Assets – Insurance Reserves: mixed
The General Liability Fund does not have enough reserves set aside to satisfy reserve requirements in the most recent actuarial study. Unemployment insurance claims dropped in 2010 from the ten year high in 2009 and will need to be monitored in the future. Industrial insurance has exhausted all of its reserves and will be implementing a rate hike in 2011 to replenish reserves.

Debt Structure & Leave Liabilities

Short Term Debt: favorable
Short term debt increased from $263,140 at 12/31/09 to $386,559 at 12/31/10. Short term debt will continue to be closely monitored in 2011.

Long-Term Debt: favorable
Long term debt per capita, adjusted for inflation, decreased from $344 in 2009 to $336 in 2010. Total long term debt has decreased by $22M since 2005.

Debt Service Cost: mixed
Debt Service, as a percentage of operating revenues, decreased from 4.35% in 2009 to 4.23% in 2010, as total debt service decreased by 2%. Although annual debt service, adjusted for inflation, has remained fairly stable since 2005, it has increased by 60% since 2001.
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Overlapping Debt Per Capita: mixed
Overlapping debt per capita has increased every year, with the exception of 2006, in the ten years shown in this report. The result is a 17% increase between 2001 and 2010. 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 13% in 2010, and at $4,968 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 3% in 2010 and other repair and maintenance costs decreased by 1%, as a result of continuing budget restraints. Road maintenance cost per mile in 2010 ($12,541, adjusted for inflation) was 8% 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 2010, compared to a five year average of 8.1%

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

Capital Assets: favorable
Capital asset value continues to grow. Land and infrastructure account for 71% (mostly roads and stormwater facilities) and buildings and other improvements account for 25% of total capital asset costs.

Economic Base

Population of Cities & County: favorable
The population increased slightly less than State estimates according to the 2010 census. (425,363 v. 431,200). That is still 23% growth in the last 10 years reflecting a desirable quality of life in the area.

K-12 School Enrollment: favorable
School enrollment decreased (1.6%) in 2010 for the first time in over 10 years.

Median Household Income: unfavorable
Median household income decreased slightly (0.8%) in 2010. Household income has declined 6.2% since 2007 when it was at its highest point.

Registered/Participating Voters: favorable
The number of registered voters increased in 2010 slightly (2%). The number of participating voters was higher in 2010 due to mid-term elections.

Assessed Property Values: unfavorable
Assessed real property value decreased nearly $2.9 billion in 2010 from 2009 (a 7% decrease). New construction added only $286 million, less than any other year in the ten years covered by this report.

Residential and Commercial Development: mixed

The number of residential permits issued increased in 2010, for the first time since 2003. The value of residential and commercial permits increased in 2010 from 2009.

Port of Vancouver Activity: favorable

Ship calls increased less than 1% but tonnage handled increased 17.5% in 2010. Operating revenue was 113% of operating expenses including depreciation, a slight decline from previous years.

Community Employment: unfavorable

The unemployment rate increased to 12.7% in December 2010 down from 14.4% at the end of 2009. 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 23.5% in the last 5 years but there was a small increase (4.4%) in 2010. Total taxable sales in Clark County were up 3.7% in 2010 from 2009.

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.

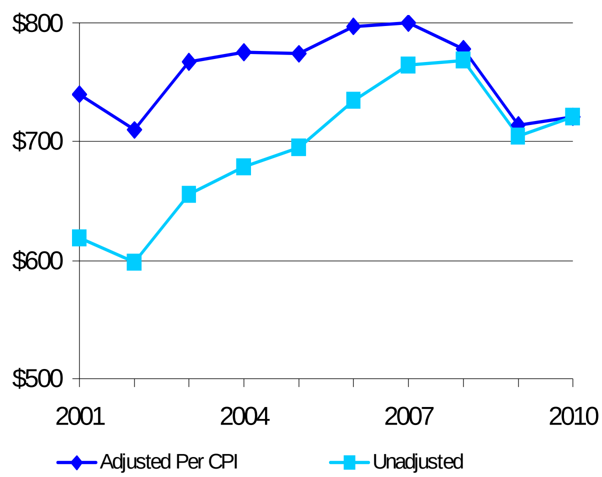
Excluded from the definition of general government operations are enterprise and internal service funds. However, we have included selected indicators for the water, sewer, and solid waste enterprise funds and the equipment, repair, and replacement (ER&R) and insurance reserves internal service funds.

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 2010, 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 increased $2.7M in 2010, the first increase in three years. In 2010, adjusted operating revenue per capita increase to $721 per person, but remains significantly below the 2007 adjusted high of $800 per person.

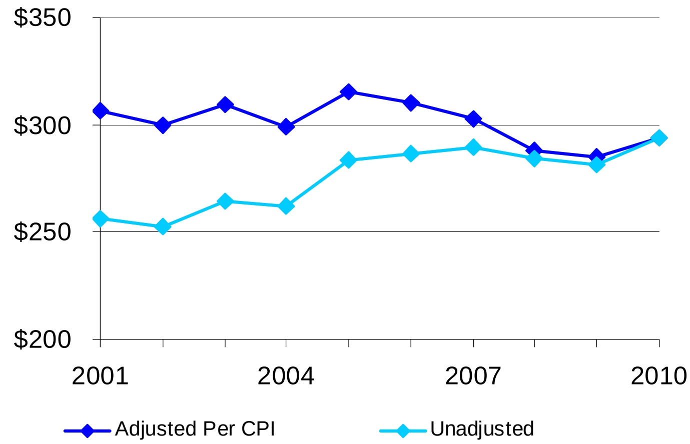
◆Average annual revenue growth over the past 5 years is 2.6%. When adjusted for inflation, average annual growth is just over 0.3%.

◆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, grants, and other miscellaneous sources. It does not include revenue from proprietary activity.

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

GENERAL FUND REVENUE PER CAPITA



Analysis

◆General Fund revenue growth per capita showed a slight improvement in 2010, after four years of steady decline.

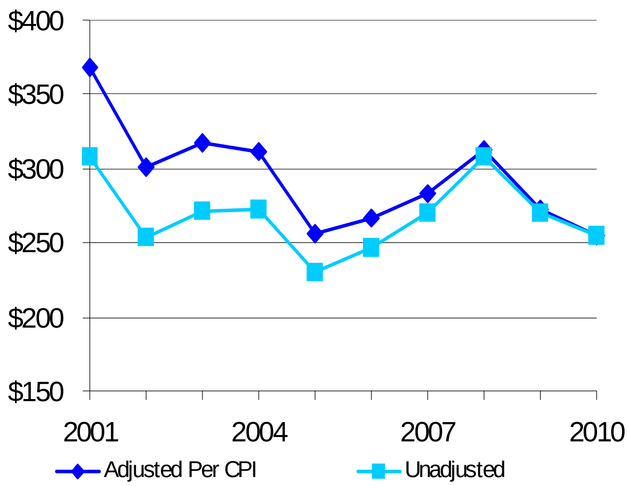
◆Unadjusted revenue growth per capita has averaged 2.5% per year for the past 5 years, however, 2010 growth has slowed to 1.9%. Adjusted for inflation revenues increased 0.3% in 2010.

◆Tax revenues have declined from 64% of General Fund revenues in 2001 to 60% in 2010. In the same period, intergovernmental revenues have increased from 14% to 20% of General Fund revenue.

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

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

ROAD FUND REVENUE PER CAPITA



Analysis

◆Road Fund revenue per capita, are now at 2006 levels, largely due to the decrease in grant funding.

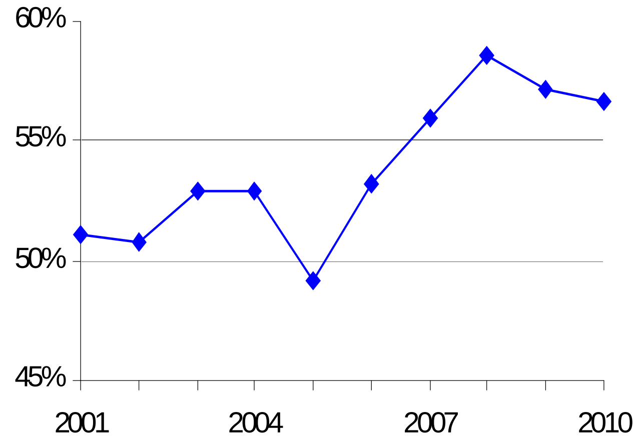
◆In 2002, Road Fund revenues decreased due to a $12M decrease in state and federal grants. Grant revenue is dependant on the nature and timing of road department projects.

◆Charges for services decreased to $4M or 8% of revenue. This revenue has decreased $9M or 70 percent since 2008.

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

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

RESTRICTED REVENUE AS A PERCENT OF OPERATING REVENUE



Analysis

◆Restricted revenue as a percent of operating revenue decreased the past two years. In 2010 restricted revenues were 56.7% of operating revenues compared to 58.6% in 2008.

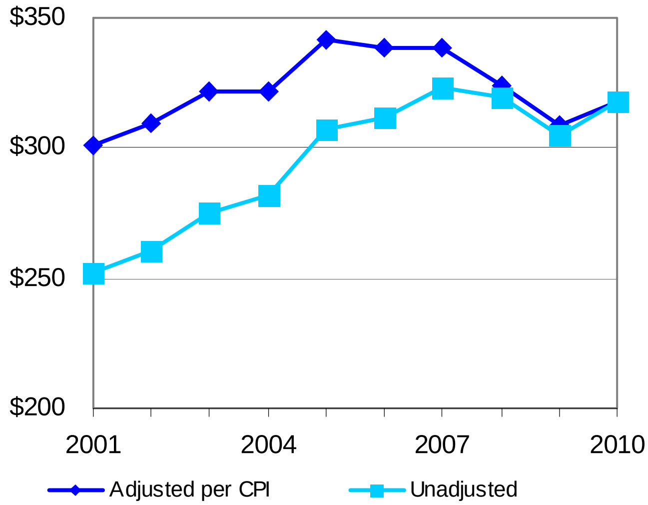
◆In 2003, the County added the Health Department, increasing restricted revenues approximately $18M. In 2006-2007, new funds including sales taxes, Metropolitan Parks District, and Camp Bonneville contributed to the increase.

◆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**

TAX REVENUES PER CAPITA



Analysis

◆ Tax revenue per capita rebounded slightly in 2010. Tax revenue per capita, adjusted for inflation, declined from a high of $341 in 2005 to $318 in 2010.

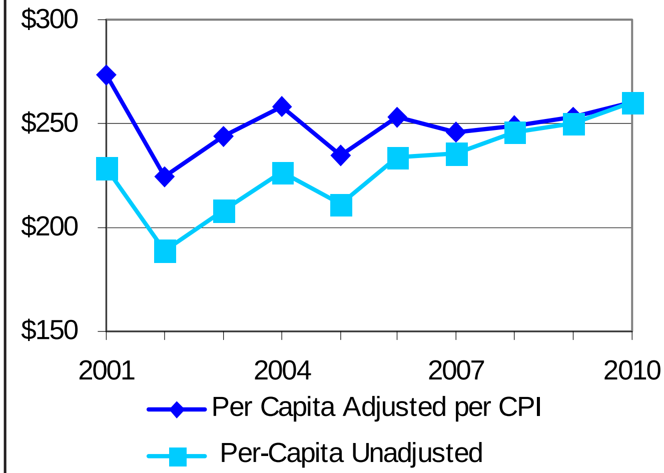
◆Over the 10 year period from 2001 to 2010, tax revenue per capita, adjusted for inflation has increased 0.6% annually.

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

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

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

INTERGOVERNMENTAL REVENUES PER CAPITA



Analysis

◆Intergovernmental revenues per capita continues a slight upward trend in 2010 at $260.

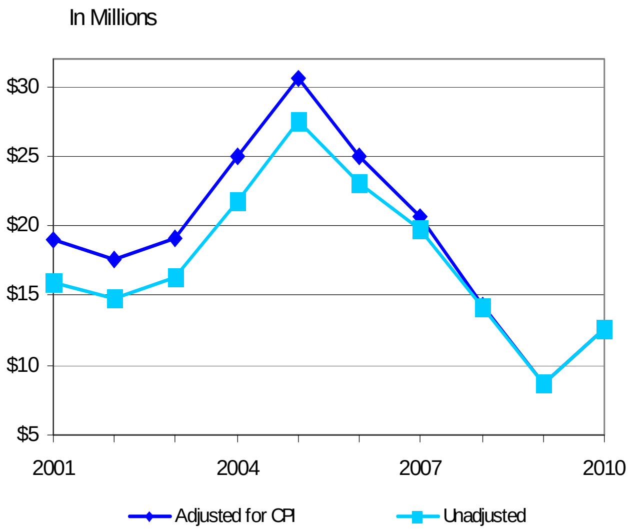
◆The increase in 2001 and subsequent decrease in 2002 was due to a significant increase in Road Fund grants as discussed in previous trends.

◆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.

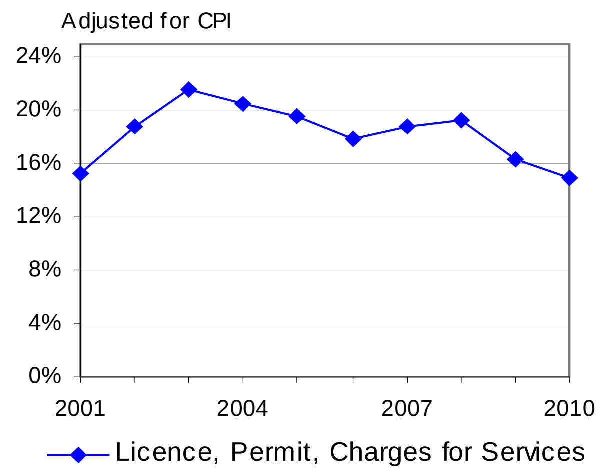
◆2010 includes a $3.5M return of REET from Vancouver. Without the one-time return, REET revenue would have declined and capital project revenues would have only a small increase

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

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

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

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



Analysis

◆Licenses & permit and service revenue as a percent of operating revenue continues to decline. In 2010, license and permit revenue is 15% of total revenues, the same as in 2001.

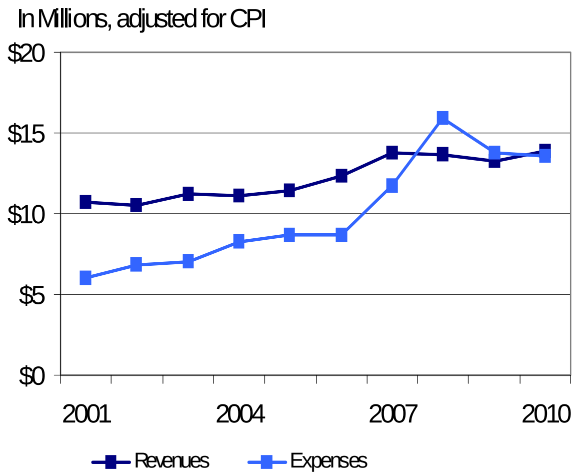
◆The declining trend is due to the decrease in building and development activity and the Health Department's outsourcing of services.

◆In 2010, in addition to the decline in building and development activity and the Health Department, Road Fund charges for sevices also declined $1.7M.

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 2001, inflation adjusted enterprise revenue, has ranged from $10.5M-$13.9M. In 2010, expenses exceeded revenues by $0.3M.

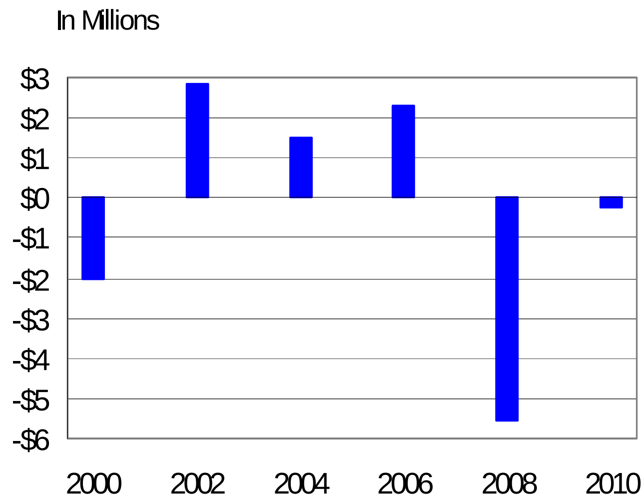
◆Since 2001, expenses, adjusted for inflation, have increased from $6M to $13.6M approximately 124%.

◆The Clean Water Fund, established in 2000 has a cumulative operating surplus of $9M. In this same period, Solid Waste expenses have exceeded revenue by $8M.

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 six budgeting periods.

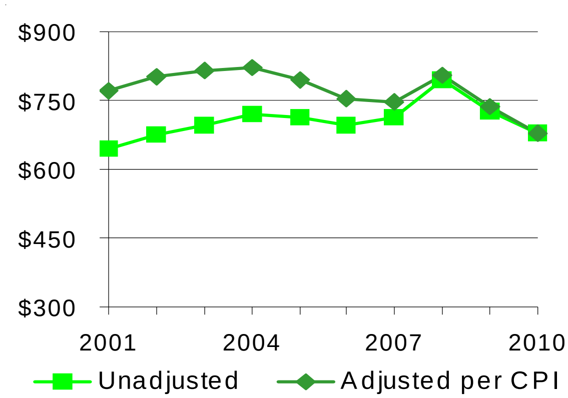
◆In 1999, the County changed budgeting methodology, going from annual to biennial budget periods.

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

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

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

GOVERNMENT EXPENDITURES PER CAPITA



Analysis

♦ Total governmental expenditures were lower by 7.7% (or $24M) in 2010 than in 2009. Expenditures are down 14% in the last 2 years.

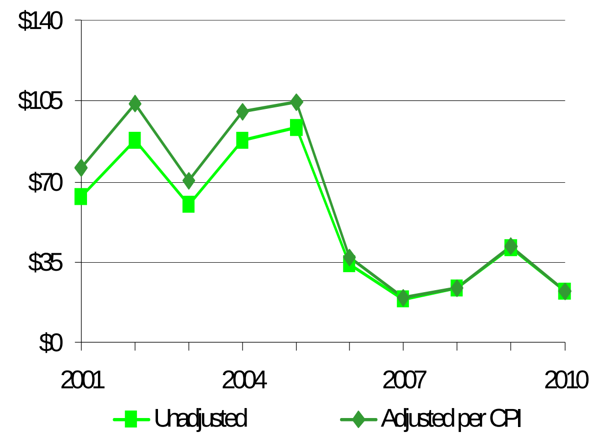
♦In 2010 public safety accounted for 23% of the total expenditures, transportation for 16.5%, health and human services for 20.8%, and general government for 12.5%.

♦Operating expenditures per capita were $626 in 2010, which is about the same level that they were in 2006.

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 2010 were $9.4M primarily on parks and open spaces ($7.2M).

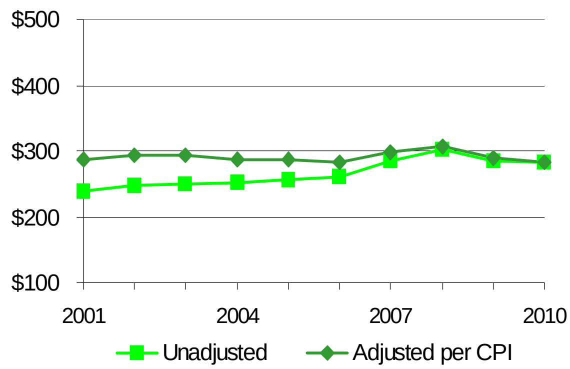
♦ From 2002 to 2005, the County spent $70.7M on building projects including the Public Service Center, the Center for Community Health, and the Fairground Exposition Center.

♦ From 2001 to 2010, the County spent $63.8M on parks and open spaces.

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

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

GENERAL FUND EXPENDITURES PER CAPITA



Analysis

♦General Fund expenditures decreased 2.3% ($2.8M) from 2009 to 2010. The change was due to staffing reductions and cost containment measures put into place to respond to the recession.

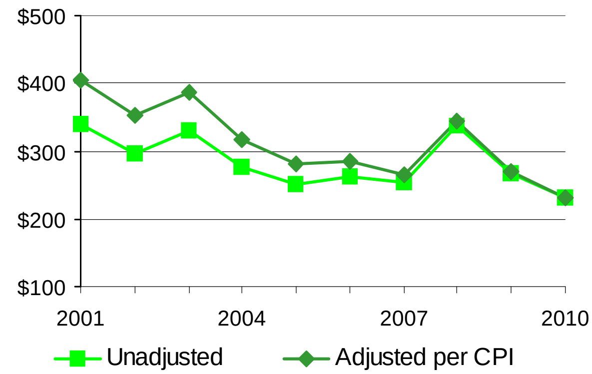
♦For 2010, general government expenditures decreased by $2.5M, public safety expenditures decreased by $1.3M, and all other activities combined increased by $1.03M.

♦ Per capita cost, adjusted for inflation, decreased by 2.2% in 2010 ($283) from 2009 ($289).

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 $48.4M in 2010, down $9.6M from 2009. The reduction was due to lower volume of road projects in process during the year.

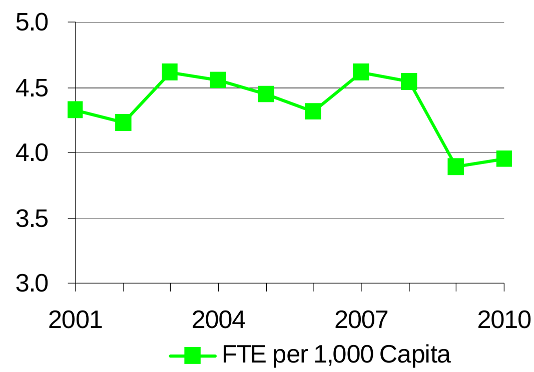
♦ Road Fund per capita expenditures decreased to $238 in 2010 compared to $354 in 2008 and $275 in 2009.

♦In 2010, Road Fund capital expenditures were $9.4M lower than 2009 ($13.9M from $23.3M) and operating expenditures in 2010 ($36.6M) were $4.2M higher than 2009 (32.4M).

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: unfavorable

EMPLOYEES PER 1,000 CAPITA



Analysis

♦From 2001 to 2008, there was an average of 4.45 County employees per 1,000 residents. For 2009 and 2010, that average has declined to 3.92.

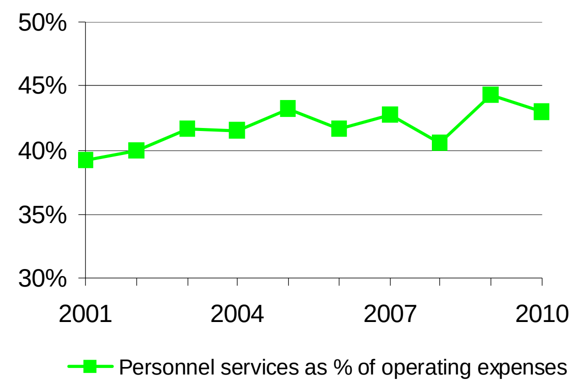
♦In 2010 there were 1,679 budgeted full-time equivalent positions in the County, about the same as in 2009 (1,677) and lower than 2008 (1,926) by 247 FTEs.

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

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

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

PERSONNEL EXPENDITURES



Analysis

♦Personnel expenditures have increased from 39.2% of total expenditures in 2001 to 43% in 2010, which is an increase of 9.7% in 10 years.

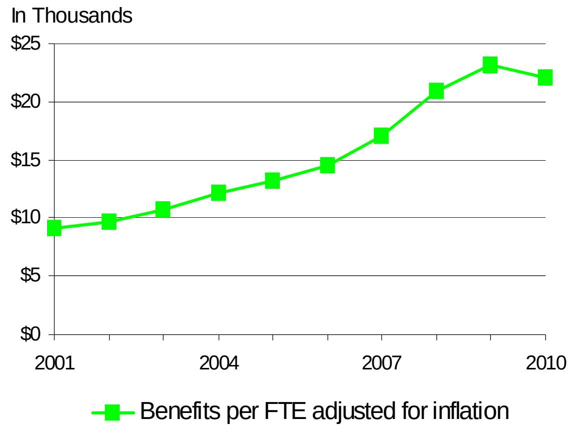
♦Personnel expenditures currently approximate the 5 year average of 42.4%.

♦The average salary/wages costs per FTE (based on filled positions at year end and not including benefits) decreased in 2010 to $66,023 from $68,299 in 2009. The change in costs is slightly influenced by discontinuance of vacation buy-backs.

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 $22,073 in 2010, a decrease of 6% over 2009.

♦Benefit costs as a percentage of total personnel costs were flat in 2010 at 25% compared to 2009. Benefit costs in 2010 were higher than the previous 10 year annual average of 22%.

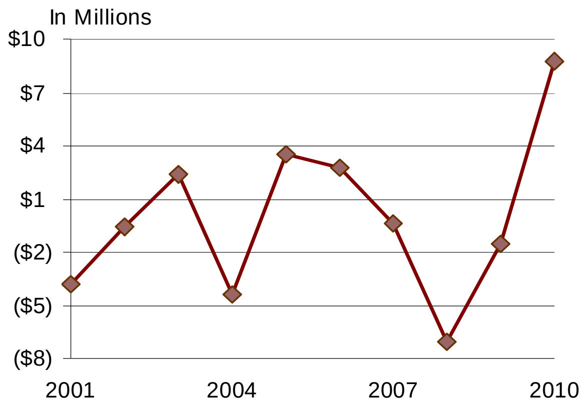
♦According to the US Bureau of Labor Statistics, state and local government benefits generally comprise 34.5% of total compensation.

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

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

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

GENERAL FUND SURPLUS OR DEFICIT



Analysis

◆The General Fund continued to recover from 2008 when the worst deficit during this ten year trend was recorded. The surplus for 2010 amounted to $8.7 million as expenditures were further curtailed. Debt service traditionally paid by the General Fund was paid by Capital Funds in 2009 and 2010. This practice may not be sustainable.

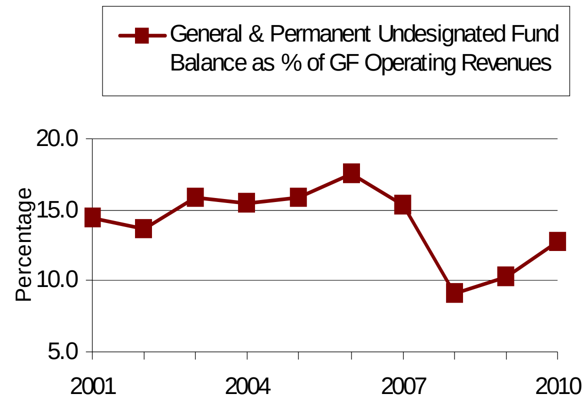
◆The 2008 operating deficit of $7.1 million was caused by the weakening economy which affected real estate and housing construction related revenues.

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

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

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

FUND BALANCE - GENERAL FUND & PERMANENT RESERVE



Analysis

◆General Fund unreserved/undesignated fund balance was $10.9 million at the end of 2010 up from $7.4 million in 2009.

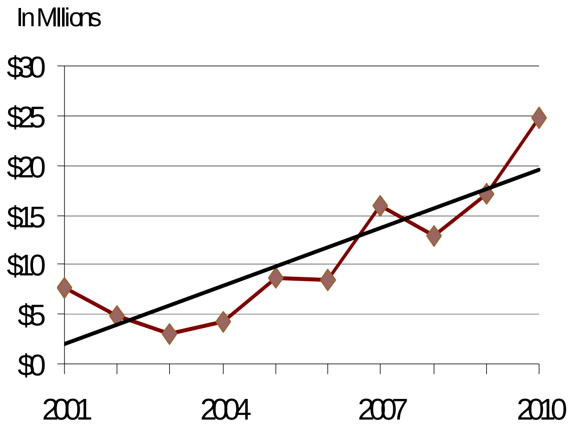
◆Permanent Reserve fund balance has been constant at about $6 to $6.6 million dollars for the last ten years.

◆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. In 2010 it is only at five percent.

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: mixed**

FUND BALANCE - ROAD FUND



Analysis

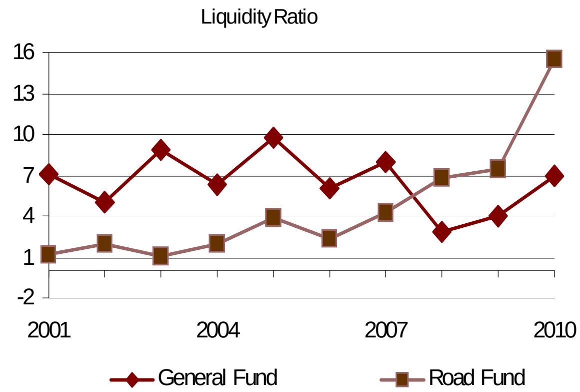
◆Fund balance for the Road Fund was $24.7 million, up from $17.1 million in 2009 (a $7.6 million increase). The increase in fund balance was due in part because expenditures were down for capital outlay and maintenance deceased in 2010. Decreases in parks expenditures also contributed to the surplus in 2010.

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

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

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

FUND LIQUIDITY
GENERAL FUND AND ROAD FUND



Analysis

◆General Fund's liquidity ratio was seven to one in 2010, up from 2009 and 2008 when it 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 ten to one in 2005. The liquidity ratio has a ten year average of six to one.

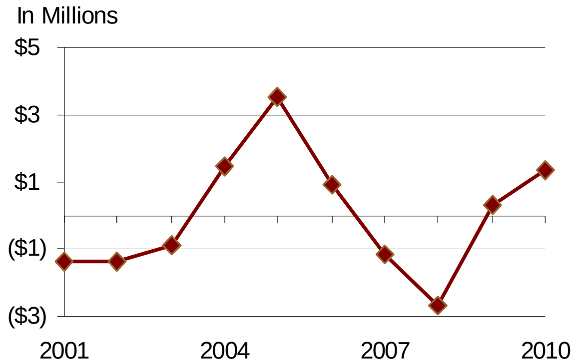
◆Road Fund has $20 million in liquid assets at the end of 2010, up from $14.6 million in 2009. Road fund liquidity has been steadily growing over the last four years.

◆The Road Fund's liquidity ratio has fluctuated from a high of 16 to one in 2010 to a low of one to one in 2001. Road Fund liquidity is largely determined by the timing of revenues and expenditures for road projects.

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

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

FUND LIQUIDITY
COMMUNITY DEVELOPMENT



Analysis

◆Fund liquidity declined steadily between 2005 and 2008 but has been improving since it's lowest point in 2008; the result of one time transfers in from the General Fund.

●Liquidity improved in 2009 and continued in 2010 after a major reorganization of the department and reduced staffing. The BOCC also increased development and building fees in 2009.

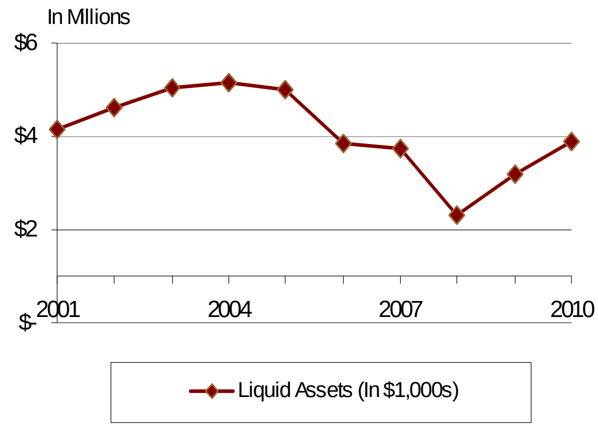
●Liquidity was at a ten year low, a negative $2.7 million at the end of 2008, the result of declining building and planning activity.

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

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

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

FUND LIQUIDITY - ER&R FUND



Analysis

◆Liquid assets increased in 2009 and 2010; the result of delaying capital equipment purchases.

◆Liquid assets have a ten year average of $4.1million with 2008 being the lowest year at $2.3 million.

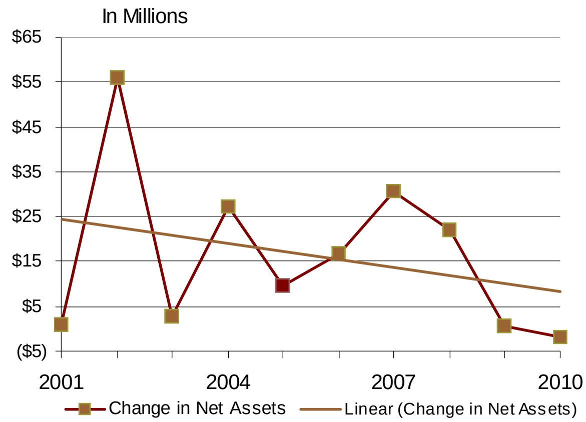
◆Liquid assets were at a ten year low at $2.3 million at the end of 2008 mainly because of the cost involved in rock mining for inventory which will be used in future years.

◆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: favorable**

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

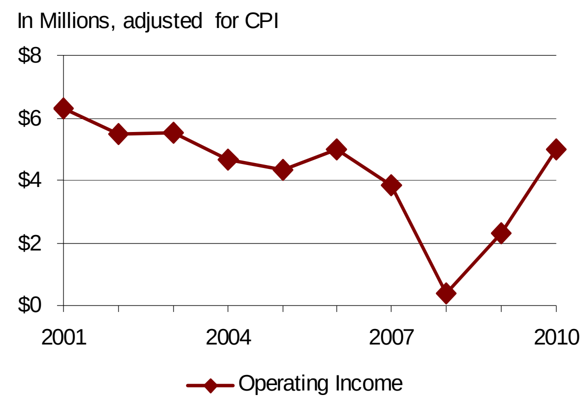
◆Net assets grew by $31 million in 2007, most of which was from contributed sewer treatment plant and clean water assets.

◆For 2010, total net assets decreased by $1.8 million mostly from prior year's adjustment in the clean water fund removing storm water land not owned by the County.

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

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

ENTERPRISE FUNDS - INCOME



Analysis

◆Adjusted CPI operating income for the three enterprise funds declined from 2006 to 2008 but has been increasing since 2008.

◆The Sanitary Sewer operating income has been fairly consistent at about $4 million per year except for 2009 when it dropped to $.7 million when excess monies from operations were returned to it's customer.

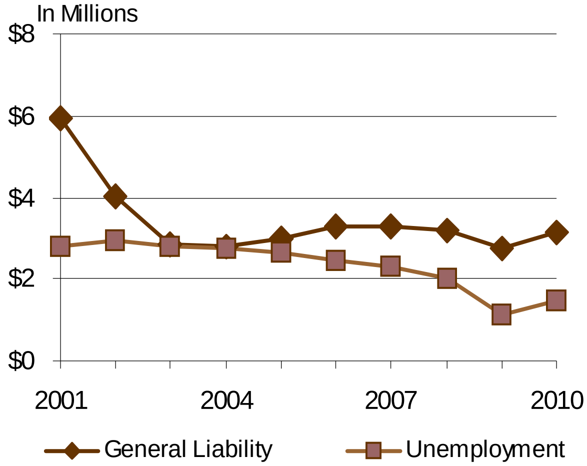
◆Clean Water operating income was consistent at an average of $1.3 million per year until 2007 when operating income declined. The fund recorded operating losses of $0.6 million and $0.5 million in 2009 and 2008 as labor costs increased, while in 2010 it recorded income of $.4 million.

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

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

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

NET ASSETS
INSURANCE RESERVES



Analysis

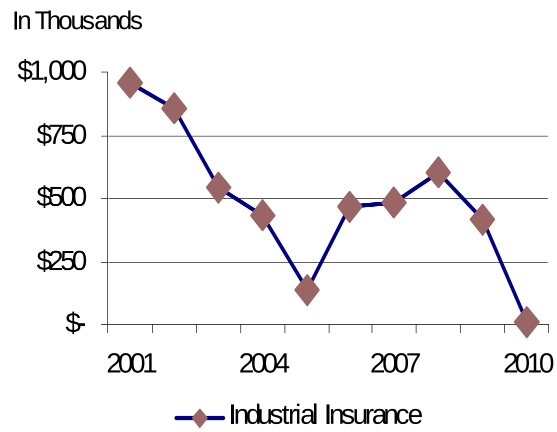
◆General Liability Insurance reserves peaked in 2001 when the County was self-insured. In 2002, the County joined the State risk pool and excess cash reserves were transferred to the General Fund in 2002 and 2003.

◆State Risk Pool members acquire $20 million (with another $5 million optional) of joint liability coverage on a "per occurrence" basis for 3rd-party bodily injury, personal injury, property damage, errors and omissions, and advertising injury. Clark County has a $500,000 deductible in 2010.

◆General liability has maintained cash reserves of about $3 million since 2002 but the cash reserves have been below the estimated claims liability needed per the risk pool since 2008.

◆Unemployment insurance reserves have remained fairly constant at about $2.6 million until 2008 when they dropped to $2 million. In 2009 reserves dropped further to $1 million as unemployment claims increased from layoffs. In 2010, contribution rates were increased and reserves grew to $1.5 million.

NET ASSETS
INSURANCE RESERVES
(continued)



Analysis

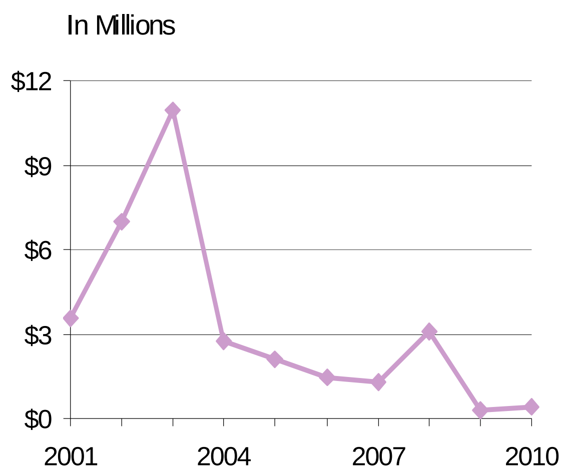
◆Industrial insurance (worker's compensation) net assets decreased to a ten year low in 2010 of about $5,000. In 2007, contribution rates were increased and net assets reached $598,000 in 2009 climbing from a low of $131,00 in 2005. But in 2010, industrial insurance costs exceeded contributions by about $212,000 and reserves dropped to a ten year low. Rates are scheduled to be increased again in 2011 to help build reserves.

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

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

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

SHORT-TERM DEBT



Analysis

♦Only the County Fair Fund and the Workers Compensation Fund had short term borrowing at 12/31/10 ($386,559 in total).

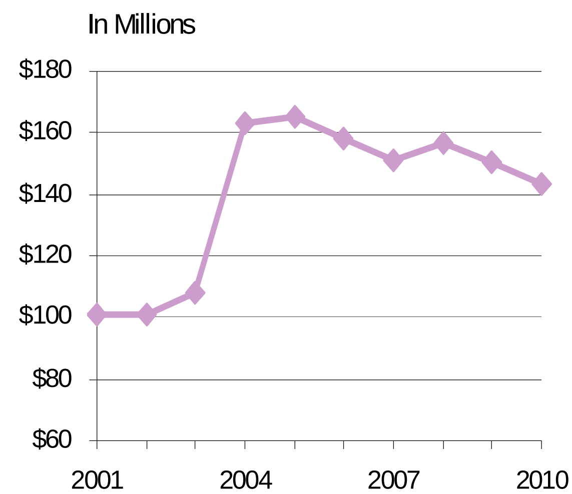
♦Community Development had borrowing of $1.2M in 2007 and $2.6M in 2008, mostly due to construction activity decline. In 2009 and 2010 the General Fund increased cash transfers to Community Development .

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

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

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

LONG-TERM DEBT



Analysis

♦Long term debt decreased by $7.2M in 2010.

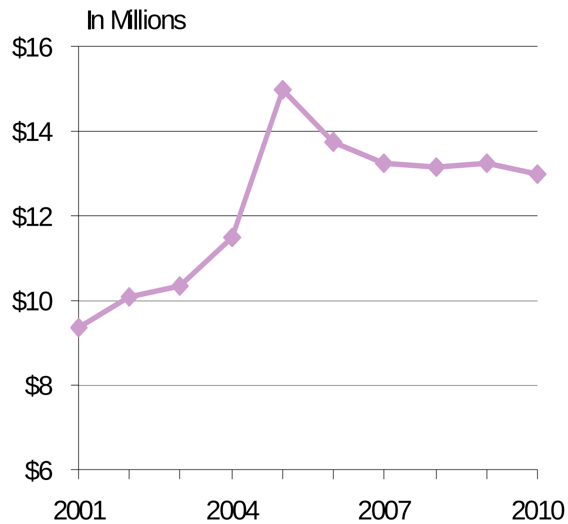
♦In 2004, a $57M debt increase funded construction of the commmunity health building and the fairgrounds exposition center, as well as park acquistions

♦Long term debt per capita has steadily decreased, from $426 in 2004 to $336 in 2010.

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

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

DEBT SERVICE COST



Analysis

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

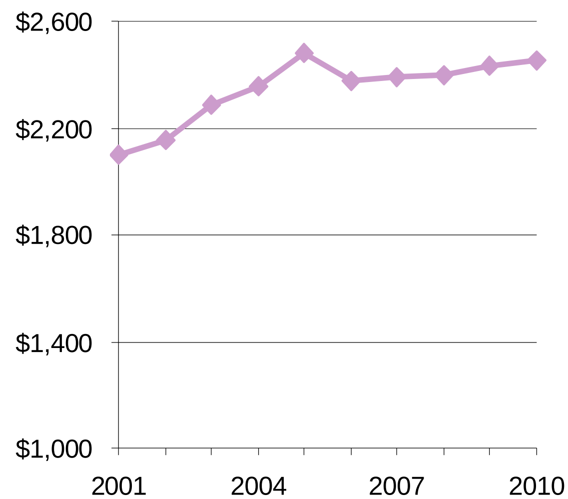
♦In 2004, $57M in general obligation bonds were issued, resulting in substantially higher debt service payments, beginning in 2005.

♦Adjusted for inflation, debt service has increased by 60% since 2001, but has decreased by 4% since 2005.

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

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

OVERLAPPING DEBT PER CAPITA



Analysis

♦Overlapping debt per capita had steady increases between 2001 and 2005, and decreased by 4% in 2006. Since then there have been slight increases each year.

♦At December 31, 2010, school districts account for 56% of total overlapping debt, cities for 16%, and the County for 14%. The remaining debt belongs to fire districts, port districts, and libraries.

♦Total overlapping debt decreased by $5.2M between 2009 and 2010 (0.5% decrease).

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

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

VACATION LEAVE LIABILITY

Analysis

♦Unused vacation leave per FTE has increased by 26% since 2001 (12.9% increase in 2010). The spike in 2003 was due to the addition of health department employees and their accrued leave banks.

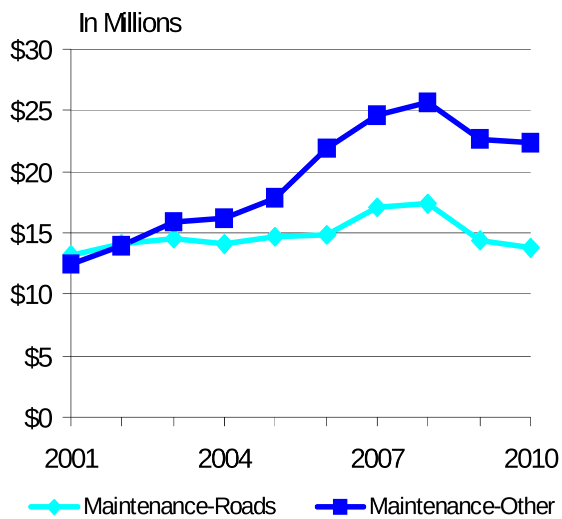
♦Total unused vacation liability increased by 32% from 2006 to 2010 (13% increase in 2010).

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

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

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

REPAIR AND MAINTENANCE COSTS



Analysis

♦Road maintenance remained stable from 2001 to 2006, increased by 17% by 2008, and decreased to the previous level in 2009 and 2010, due to budget restraints.

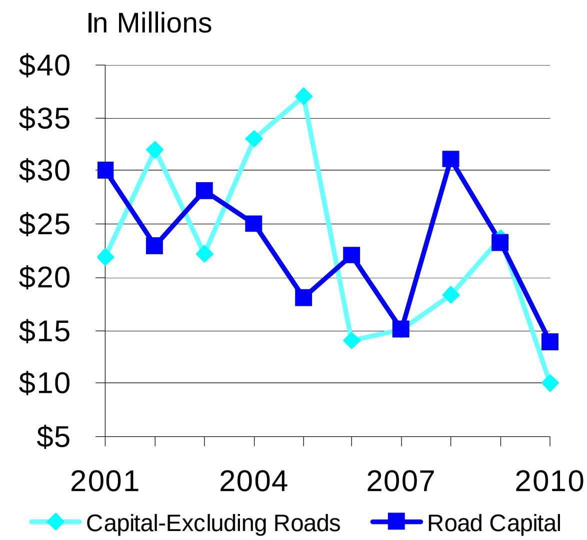
♦ Road maintenance cost (including overlays) per mile, adjusted for inflation, averaged $12,685 in 2009 and 2010, compared to a $14,098 average over the previous five years.

♦Other maintenance costs doubled from 2001 to 2008, and decreased 13% by 2010, due to budget restraints. Fleet maintenance accounts for 52%, 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,

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

FUNDING FOR CAPITAL OUTLAY



Analysis

♦Non-Road capital costs were relatively low between 2006 and 2008. Park acquisitions and improvements drove the 2009 increase. Parks have accounted for over 59% of annual costs since 2006 (75% in 2010).

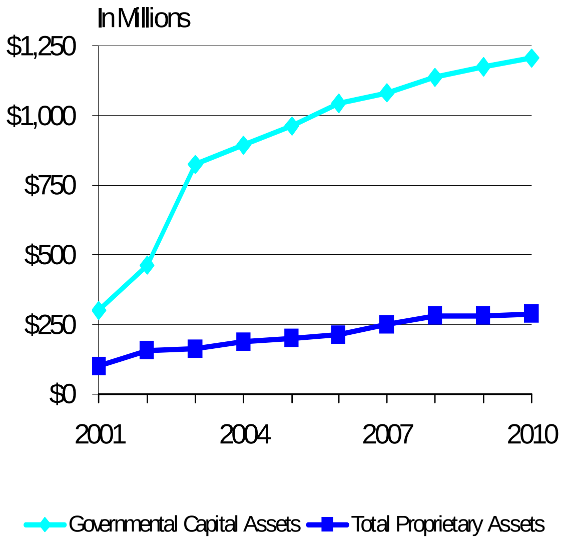
♦Higher costs in previous years were for construction of the center for community health, downtown campus development , and the fairgrounds exposition center.

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

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

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

CAPITAL ASSETS



Analysis

♦Governmental increases between 2001 and 2003 reflect the addition of county roads, which were previously not included as capital assets.

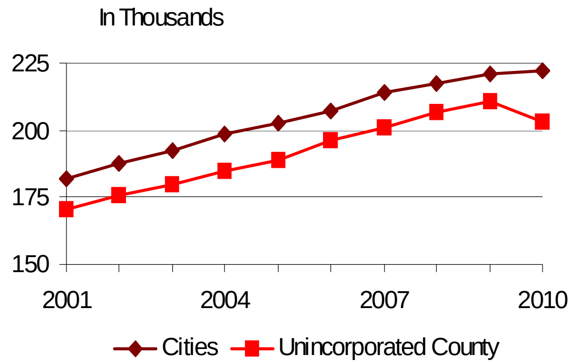
♦Of the $382M increase in governmental capital assets from 2003 to 2010, $316M is in infrastructure (mostly roads) and land.

♦Proprietary capital assets increased by $61M in 2002, when stormwater facilities were initially added. Construction of sewer treatment plant expansions added $76M 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 population of Clark County based on the 2010 census was 425,363, slightly lower than the State's estimate of 431,200 in 2009.

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

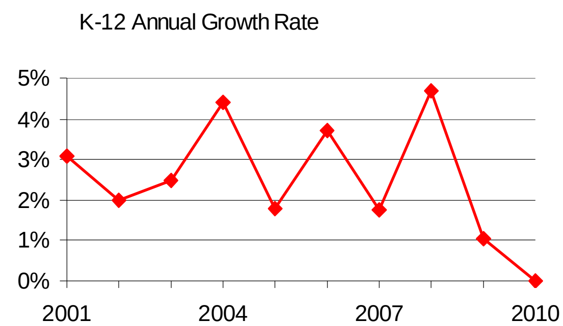
♦Population in the entire County has grown 23.2% since the last census in 2000. Populaton in unincorporated increased 22.3% and in incorporated areas 24.1%.

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

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

Rating: favorable

K - 12 SCHOOL ENROLLMENT GROWTH



Analysis

♦ Student enrollment in the K-12 school system was down by 1.6% in 2010 from 2009.

♦This is the first decline since 1989. Even with the decline, growth in student population for the last 10 years is almost 24%.

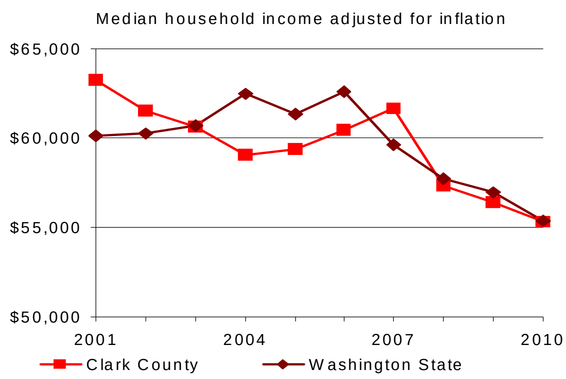
♦ Enrollment per thousand population increased slightly in 2010, mostly due to lower population figures from the 2010 census.

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 2010 for the fourth year in a row and dipped lower than it was 10 years ago.

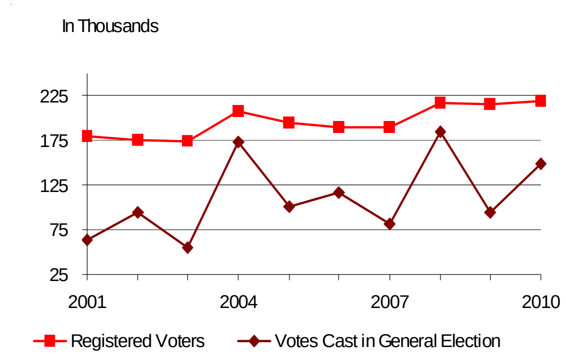
♦ Median household income in Clark County was at its highest in recent years in 2007 and has decreased 10.3%, adjusted for inflation, since then.

♦On average, Clark County's actual median income has been only slightly lower than Washington State's actual median income for the last 10 years.

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

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

REGISTERED/PARTICIPATING VOTERS



Analysis

♦Voter turnout was relatively high for a non-presidential year with 68% of registered voters participating.

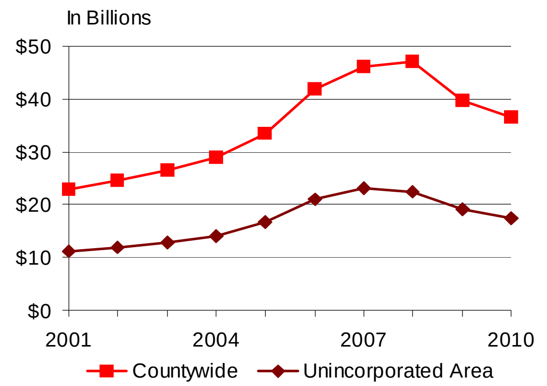
♦The number of registered voters remained relatively unchanged in 2010, with a less than 2% increase.

♦The pattern of voter participation has been fairly consistent over the last 10 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

♦Property values in the County decreased for the second straight year in 2010. However, the rate of decline was not as severe in 2010.

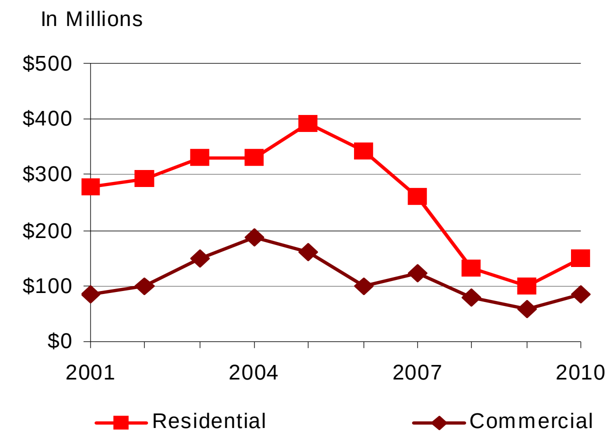
♦In 2010 property values were down $2.9 billion including a decrease in valuation of $3.2 billion and an increase of $286 million due to new construction.

♦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 2010 the number of residential units for which building permits were obtained increased 24.6% from 2009. The 517 units permitted in 2010 represent the first year over year increase since 2003.

♦The dollar value for residential development increased $49.5M in 2010 from 2009.

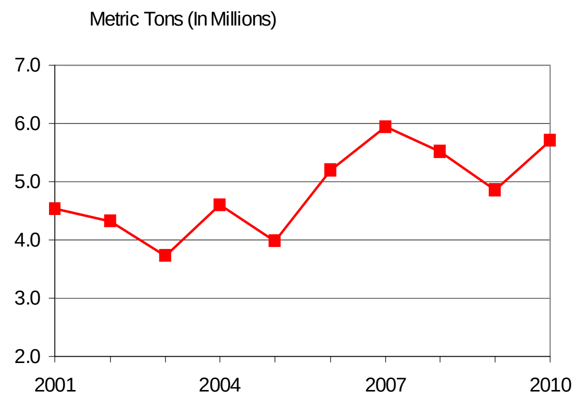
♦The dollar value of commercial development in 2010 increased by 40.5% from 2009. The first year over year increase since 2004.

♦Even though the dollar value of commercial units increased, the number of units permitted decreased from 296 in 2009 to 232 units in 2010.

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: mixed**

PORT OF VANCOUVER ACTIVITY



Analysis

♦2010 ship calls increased slightly to 405 in 2010 from 403 in 2009. Total tonnage handled at the Port increased 17.5% from 4.8M metric tons in 2009 to 5.7M in 2010.

♦Port operating revenue increased by 3.6% in 2010 compared to 2009.

♦2010 expenditures increased by $1.09M (4.3% increase) during the same period.

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

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

COMMUNITY EMPLOYMENT

Analysis

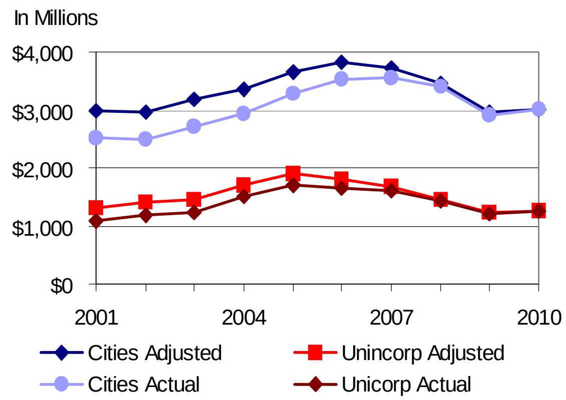
♦The County's annual unemployment rate in 2010 was 13.7%, up from an annual rate of 13.2% in 2009.

♦The County's unemployment rate continued to be higher than the State rate (9.2%) and the Portland Metro Area rate (9.8%) at the end of 2010.

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 2010 actual sales in the County subject to retail sales or use tax were up by 3.7% from 2009. Taxable retail sales in cities and towns increased by 3.4%. Taxable sales in unincorporated areas of the County increased by 4.4%.

♦2010 total retail sales subject to sales or use tax were approximately $4.3 billion compared to $4.1 billion in 2009. Sales in unincorporated areas increased from $1.2 billion in 2009 to $1.3 billion in 2010.

♦Adjusted for inflation, retail sales have declined over the last 5 years by 29.5% in unincorporated Clark County and by 21.2% in cities.

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

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

APPENDIX A

REVENUES

Operating Revenue Per Capita-All Governmental Funds

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Operating Revenue (in $1,000s)	218,177	217,260	244,024	260,165	272,351	296,652	317,352	325,903	304,076	306,823
Per Capita Revenue	619	598	655	679	696	735	765	768	705	721
Total Operating Revenue (in $1,000s)-Adjusted	260,939	257,887	285,752	297,109	303,126	321,868	331,951	330,139	307,725	306,823
Per Capita Revenue-Adjusted	740	710	768	775	774	798	800	778	714	721

General Fund Revenue Per Capita

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund Revenue (in $1,000s)	90,418	91,760	98,448	100,394	110,854	115,454	120,074	120,590	121,370	125,128
Per Capita Revenue	256	253	264	262	283	286	289	284	281	294
General Fund Revenue (in $1,000s)-Adjusted	108,140	108,919	115,283	114,650	123,381	125,267	125,597	122,158	122,827	125,128
Per Capita Revenue-Adjusted	307	300	310	299	315	310	303	288	285	294

Road Fund Revenue Per Capita

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Road Fund Revenue (in $1,000s)	52,485	44,590	48,786	50,450	43,442	48,271	54,472	63,778	56,750	51,848
Per Capita Revenue	308	254	271	273	230	246	271	308	270	255
Road Fund Revenue-Adjusted (in $1,000s)	62,772	52,928	57,128	57,614	48,351	52,375	56,977	64,607	57,431	51,848
Per Capita Revenue-Adjusted	368	301	318	312	256	267	283	312	273	255

Resticted Revenue / Operating Revenue

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Restricted Operating Revenue (in $1,000s)	111,496	110,227	128,996	137,567	133,808	157,735	177,454	190,987	173,917	173,870
As % of Total Operating Revenue	51.10%	50.74%	52.86%	52.88%	49.13%	53.17%	55.92%	58.60%	57.20%	56.67%

Tax Revenue Per Capita

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Tax Revenue (in 1,000s)	88,833	94,638	102,324	107,907	120,106	125,805	134,249	135,629	131,504	135,262
Tax Rev Per Capita	252	260	275	282	307	312	323	320	305	318
Tax Rev Per Capita (Adj)	301	309	322	321	341	338	338	324	309	318

APPENDIX A

REVENUES

Intergovernmental Revenue Per Capita

	2001	2002	2003*	2004	2005	2006	2007	2008	2009	2010
Intergovernmental Revenue (in $1,000s)	80,734	68,614	77,496	86,763	82,716	94,290	97,701	104,442	107,870	110,559
As % of Total Operating Revenue	34.3%	29.0%	29.4%	30.9%	27.8%	31.8%	30.8%	32.0%	35.5%	36.0%
Per Capita Revenue	229	189	208	226	211	234	235	246	250	260
Per Capita Revenue (Adj)	274	224	244	259	235	254	246	249	253	260

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

Capital Project Revenue

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Capital Project Revenue (in $1,000s)	15,908	14,866	16,394	21,856	27,510	23,027	19,751	14,138	8,637	12,599
Capital Project Revenue (in $1,000s)-Adjusted	19,025	17,646	19,197	24,960	30,619	24,984	20,660	14,322	8,740	12,599

License & Permit and Charges For Services Revenue

	2001	2002	2003*	2004	2005	2006	2007	2008	2009	2010
License & Permit, Charges for Services (in $1,000)	39,679	48,381	61,893	61,154	59,515	57,396	62,618	63,855	50,114	46,058
% of Total Operating Revs.	15.2%	18.8%	21.7%	20.6%	19.6%	17.8%	18.9%	19.3%	16.3%	15.0%

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

Enterprise Revenue and Expenses (Adjusted)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Operating Revenues (in $1,000s)	10,541	10,377	11,114	10,971	11,285	12,174	13,595	13,519	13,095	13,872
Operating Expenses (in $1,000s)	6,042	6,875	7,029	8,264	8,671	8,656	11,731	15,954	13,825	13,558

General Fund Revenue Variance

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Variance (in $1,000s)	N/A	2,841	N/A	1,527	N/A	2.292	N/A	(5.528)	N/A	(0.247)
% of Variance	N/A	1.6%	N/A	0.8%	N/A	1.0%	N/A	(2.2%)	N/A	(0.1%)

APPENDIX A

EXPENDITURES

Governmental Expenditures per Capita

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Expenditures (in $1,000s)	227,015	245,385	258,594	275,611	278,963	280,546	296,168	336,307	313,238	289,223
Per Capita Expenditures	644	675	695	719	713	695	714	793	726	680
Total Expenditures (in $1,000s) Adjusted	271,737	291,517	303,072	315,023	310,765	304,673	310,088	341,015	317,310	289,223
Per Capita Expenditures Adjusted	771	802	814	822	794	755	747	804	736	680

Capital Project Expenditures per Capita

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Capital Expenditures (in $1,000s)	22,387	31,841	22,353	33,667	36,674	13,717	7,678	9,993	17,770	9,394
Capital Expenditures Per Capita	63.5	87.6	60.0	87.8	93.7	34.0	18.5	23.6	41.2	22.1
Capital Expenditures (in $1,000s) Adjusted	26,797	37,827	26,198	38,482	40,855	14,897	8,038	10,133	18,001	9,394
Capital Expenditures Per Capita Adjusted	76.0	104.0	70.4	100.4	104.4	36.9	19.4	23.9	41.8	22.1

General Fund Expenditures per Capita

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund Expenditures (in $1,000s)	84,352	89,691	93,109	96,359	100,576	105,084	118,353	128,550	123,187	120,406
Per Capita Expenditures	239	247	250	251	257	260	285	303	286	283
General Fund Expenditures (in $1,000s) Adjusted	100,969	106,553	109,124	110,138	112,041	114,121	123,916	130,350	124,788	120,406
Per Capita Expenditures Adjusted	286	293	293	287	286	283	299	307	289	283

APPENDIX A

EXPENDITURES

Road Fund Expenditures per Capita

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Road Fund Expenditures (in $1,000s)	58,080	54,272	60,464	54,168	48,575	53,617	52,630	73,267	57,953	48,354
Road Fund Expenditures per capita	341	309	336	293	257	273	262	354	275	238
Road Fund Expenditures per capita, adjusted	408	367	394	335	286	297	274	359	279	238
Road Fund Capital Expenditures (in $1,000s)	30,085	23,028	28,152	24,582	18,469	22,096	18,034	35,828	25,567	10,485
Road Fund Capital Expenditures (in $1,000s) adjusted	36,011	27,357	32,994	28,097	20,574	23,997	18,881	36,330	25,899	10,485

Employees per 1,000 Capita

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Number of Budgeted FTE's	1,524	1,538	1,720	1,744	1,736	1,737	1,917	1,901	1,677	1,680
FTE's per 1,000 Capita	4.33	4.23	4.62	4.55	4.44	4.31	4.62	4.54	3.89	3.95

Personnel Expenditures

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Personnel Costs (In $1,000s)	88,952	96,325	110,652	114,614	119,405	126,929	141,171	149,600	147,550	138,821
As % Of Operating Expenditures	39.2%	40.0%	41.6%	41.5%	43.3%	41.6%	42.8%	40.6%	44.3%	43.0%
Average Salary and Wage Costs per FTE	47,396	51,174	54,600	54,796	57,033	57,271	60,203	64,395	68,299	66,023

Employee Benefit Costs

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Benefit Costs (In $1,000s)	16,749	17,599	20,742	23,205	24,537	27,398	32,257	37,012	37,720	34,782
Average Benefits per FTE	10,995	11,439	12,596	13,910	14,751	15,765	17,830	21,169	23,457	22,073
Benefit Costs as % of Total Personnel Expenditures	18.8%	18.3%	18.8%	20.3%	20.6%	21.6%	22.9%	24.7%	25.6%	25.0%

APPENDIX A

OPERATING POSITION

General Fund Surplis (Deficit)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Surplus or Deficit (In $1,000s)	(3,776)	(532)	2,410	(4,385)	3,497	2,741	(364)	(7,080)	(1,540)	8,734
As % of General Fund Revenues	(4.2%)	(0.6%)	2.5%	(4.4%)	3.2%	2.4%	(0.3%)	(5.9%)	(1.3%)	7.0%

Fund Balance - General Fund & Permanent Reserve

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund Unreserved/Undesignated Fund Balance (In $1,000s)	8,002	7,586	10,876	10,438	12,424	15,031	13,804	6,070	7,384	10,887
General Fund Designated Fund Balance (In $1,000s)	1,019	903	23	1,578	3,089	3,223	4,086	4,740	1,886	7,117
Permanent Reserve Balance (In $1,000s)	6,084	6,084	6,084	6,128	6,379	6,629	6,629	6,629	6,640	6,640
Permanent Reserve as % of General Fund Expenses & Transfers	6.0%	6.0%	5.8%	5.5%	5.5%	5.5%	4.9%	4.5%	4.8%	5.1%

Fund Balance - Road Fund

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Road Fund Balance (In $1,000s)	7,584	4,929	3,033	4,307	8,585	8,410	15,964	12,953	17,078	24,748
As % of Operating Expenses	13.1%	9.1%	5.0%	8.0%	17.7%	15.7%	30.3%	17.7%	29.5%	51.2%

Fund Liquidity - General Fund and Road Fund

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Liquid Assets-General Fund (In $1,000s)	14,260	7,986	10,833	13,226	17,399	18,497	18,228	11,921	10,039	17,784
Liquid Assets-Road Fund (In $1,000s)	8,363	4,260	1,032	3,596	7,598	5,619	12,496	10,278	14,623	20,127
Ratio(to 1)- Cash & Investments to Liabilities-Gen. Fund	7.1	5.0	8.8	6.3	9.7	6.0	7.9	2.9	4.0	7.0
Ratio (to 1) - Cash & Investments to Liabilities-Road Fund	1.2	2.0	1.1	1.9	3.9	2.4	4.2	6.8	7.4	15.5

APPENDIX A

OPERATING POSITION

Fund Liquidity - Community Development Fund

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Liquid Assets- County Building & Planning (In $1,000s)	(1.38)	(1.39)	(0.86)	1.48	3.52	0.91	(1.14)	(2.69)	0.32	1.34
Ratio (to 1) - Cash & Investments to Liabilities- County Building & Planning	0.0	1.2	0.3	8.4	14.9	3.5	0.1	0.3	0.80	15.8

Fund Liquidity - ER&R

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Liquid Assets (In $1,000s)	4,164	4,628	5,022	5,155	4,985	3,841	3,712	2,319	3,187	3,870
Ratio (to 1)- Cash & Investments to Current Liabilities	11.8	8.8	14.9	10.3	10.3	8.0	11.2	2.7	7.8	5.8

Enterprise Funds

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Increase/(Decrease) in Net Assets (In $1,000s)	785	55,875	2,889	27,055	9,684	16,673	30,738	21,878	652	(1,832)
Income -Adjusted for CPI*	6,280	5,480	5,512	4,645	4,354	4,966	3,853	401	2,307	4,966
Income (In Actual $1,000s)*	7,511	6,505	6,454	5,305	4,846	5,388	4,030	401	2,334	4,966

* = adjusted for depreciation expense

Net Assets - Insurance Reserves

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Liability ($1,000s)*****	5,960	4,022	2,853	2,782	2,974	3,313	3,265	3,172	2,739	3,137
Unemployment ($1,000s)	2,822	2,958	2,780	2,735	2,635	2,456	2,314	2,025	1,107	1,473
Industrial ($1,000s)	954	856	540	436	131	462	484	598	418	5

* = adjusted for accrued claims payable

APPENDIX A

DEBT

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
County Fair	479	577	875	0	0	0	0	0	263	284
Community Development	1,194	1,155	36	0	0	0	1,157	2,623	0	0
Water Quality / Clean Water	1,008	882	0	0	0	0	0	0	0	0
County Road Fund	0	0	956	0	0	0	0	0	0	0
911 Tax Fund	865	1,512	1,975	1,423	1,365	1,108	0	0	0	0
Building Construction	0	0	3,000	0	0	0	0	0	0	0
Central Services	0	1,180	2,696	620	319	0	114	440	0	0
Other	0	1,674	1,441	692	425	323	2	0	0	102

Long-Term Debt

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Long-Term debt (in $ millions)	100.6	100.7	107.9	163.2	164.9	158.0	151.3	156.7	150.3	143.1
Long-Term debt per capita	285	277	290	426	421	392	365	369	349	336
G.O. Bond Debt subject to non-voted debt limit (in $ millions)	99.3	94.5	97.7	151.6	150.9	145.0	138.8	133.3	127.5	121.8
G.O. Bond Debt as % of non-voted debt limit	27.3%	24.4%	23.7%	34.2%	29.4%	22.6%	19.3%	18.7%	20.5%	12.4%

Direct Debt Service

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Service (in $1,000s)	9,377	10,067	10,351	11,482	14,984	13,759	13,214	13,141	13,215	12,979

Overlapping Debt

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Overlapping Debt (in $ millions)	741.1	783.4	850.3	903.0	971.5	959.5	991.8	1,016.1	1,048.5	1,043.3
Overlapping Debt Per Capita	2,102	2,156	2,284	2,356	2,481	2,378	2,390	2,395	2,432	2,453
County Debt as % of Total Debt	13.7%	12.1%	11.5%	16.6%	16.9%	16.3%	15.2%	15.5%	14.2%	13.6%

Vacation Leave Liability

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Unused vacation leave (in $1,000s)	5,546	5,681	6,949	6,220	6,662	6,309	7,682	8,200	7,379	8,346
Unused vacation leave per FTE (in $)	3,642	3,693	4,040	3,567	3,835	3,632	4,007	4,255	4,400	4,968

APPENDIX A

CONDITION OF CAPITAL ASSETS

Repair and Maintenance Costs

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Maintenance Costs- Roads, including Overlays (in $1,000s)	13,194	14,137	14,484	14,039	14,769	14,886	17,171	17,438	14,333	13,858
Road Miles Maintained	1,095	1,103	1,109	1,149	1,075	1,109	1,109	1,106	1,104	1,105
Maintenance Costs- Roads, per Road Miles Maintained (in $)	12,049	12,817	13,061	12,218	13,739	13,423	15,483	15,626	12,983	12,541
Maintenance Costs - Other (in $1,000s)	12,424	13,979	15,969	16,134	17,897	21,917	24,609	25,691	22,583	22,297
Maint. Costs- Other, as % of Depreciable Capital Assets	8.0%	11.0%	10.6%	7.9%	7.9%	8.1%	8.8%	8.9%	7.5%	7.1%

Funding for Capital Outlay

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Capital Projects- excl. Roads (in $1,000s)	21,950	31,841	22,276	32,983	36,502	13,991	15,047	18,316	23,742	10,045
Capital Projects- Roads (in $1,000s)	30,085	23,028	28,152	27,387	23,161	24,083	15,139	31,069	23,287	13,894
Total Capital as % of Total Expenditures	22.9%	22.4%	19.5%	21.9%	21.4%	13.6%	10.2%	14.7%	15.0%	8.3%

Capital Assets and Depreciation

	2001	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Governmental Capital Assets (in $ millions)	299.0	459.8	822.3	895.6	959.4	1,043.1	1,084.3	1,139.2	1,173.0	1,204.2
Non- Depreciable Proprietary Assets (in $ millions)	2.2	60.0	62.8	85.4	93.2	106.9	136.4	167.4	91.3	91.9
Depreciable Proprietary Assets (in $ millions)	96.3	99.2	102.3	101.9	104.9	108.0	112.6	114.0	192.6	193.5
% of Accum. Depr. to Depreciable Proprietary Assets	17.9%	19.8%	21.1%	23.7%	25.3%	25.8%	27.6%	30.3%	19.1%	21.6%

APPENDIX A

ECONOMIC BASE

Population of Cities and County

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Cities	182,170	187,690	192,475	198,650	202,545	207,410	213,865	217,370	220,785	222,024
Unincorporated County	170,430	175,710	179,825	184,650	188,955	196,090	201,135	206,830	210,415	203,339
County as % of Total	48.3%	48.4%	48.3%	48.2%	48.3%	48.6%	48.5%	48.8%	48.8%	47.2%

K-12 School Enrollment

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Enrollment	67,983	69,337	71,053	74,178	75,491	78,282	79,658	83,384	84,255	84,263
Annual Growth Rate	3.1%	2.0%	2.5%	4.4%	1.8%	3.7%	1.8%	4.7%	1.0%	0.0%
Enrollment per 1,000 population	192.8	190.8	190.9	193.5	192.8	194.0	191.9	196.6	195.4	198.1

Median Household Income

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Clark County Median Household Income	52,892	51,816	51,776	51,706	53,358	55,702	58,950	56,619	55,744	55,297
Washington State Median Household Income	50,287	50,771	51,808	54,690	55,076	57,675	56,971	56,995	56,317	55,379

Registered/Pariticpating Voters

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Registered Voters in General Election	179,182	175,414	173,952	207,611	194,211	189,269	188,946	216,508	215,626	219,616
Votes Cast in General Election	63,277	93,975	54,680	172,277	101,149	116,505	81,866	184,698	93,915	149,045
% of Registered Voters Casting Ballots	35.3%	53.6%	31.4%	83.0%	52.1%	61.6%	43.3%	85.3%	43.6%	67.9%

APPENDIX A

ECONOMIC BASE

Assessed Real Property Values

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Assessed Property Values - Countywide (in $ millions)	23,001	24,627	26,516	28,846	33,457	41,937	46,274	47,111	39,640	36,689
Assessed Property Values - Unincorp. Area (in $ millions)	11,143	11,901	12,942	14,169	16,820	20,945	23,101	22,537	19,033	17,543

Residential & Commercial Development

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Residential Development Dollar Value (in $ millions)	278.7	291.1	330.9	329.4	392.5	342.5	260.8	130.4	98.26	147.76
Number of Residential Units Developed	2,393	2,179	2,408	2,379	2,144	1,551	1,245	592	415	517
Commercial Development Dollar Value (in $ millions)	84.6	100.1	147.9	188.1	160.2	100.5	121.9	79.6	59.9	84.13
Number of Commercial Units Developed	228	260	225	247	433	391	390	290	296	232

Port of Vancouver Activity

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Metric Tons (in 1,000's)	4,522	4,320	3,718	4,603	3,980	5,194	5,943	5,507	4,846	5,696
Number of Ship Calls	475	482	450	502	526	526	562	503	403	405
Oper. Revenues (in $1,000's)	13,604	12,945	12,257	13,753	21,607	24,307	27,995	27,313	30,203	31,296
Oper. Expenses (in $1,000's)	12,306	12,165	12,850	14,298	20,190	22,261	24,387	23,719	26,475	27,620
Operating Revenue as % of Operating Expenses	111%	106%	95%	96%	107%	109%	115%	115%	114%	113%

APPENDIX A

ECONOMIC BASE

Community Employment

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Clark County Unemployment Rate	7.1%	7.6%	7.7%	6.6%	5.0%	4.7%	5.6%	10.5%	13.2%	13.7%
Washington State Unemployment Rate	6.4%	6.7%	7.2%	5.9%	5.2%	5.0%	4.8%	7.1%	9.4%	9.6%
Portland Metro Area Unemployment Rate	5.9%	7.2%	7.3%	6.3%	5.1%	4.7%	4.9%	8.1%	10.6%	10.6%
% of County Workforce with Jobs in Clark County	70.6%	68.3%	69.4%	66.7%	65.6%	66.9%	66.5%	65.5%	68.3%	67.2%

County Retail Sales

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Taxable Events - Cities (in $ millions)	2,508	2,490	2,711	2,936	3,290	3,528	3,563	3,402	2,917	3,016
Annual % Change	-1.3%	-0.7%	8.9%	8.3%	12.0%	7.2%	1.0%	-4.5%	-14.3%	3.4%
Taxable Events - Uninc. County (in $ millions)	1,088	1,192	1,239	1,497	1,699	1,658	1,599	1,433	1,215	1,268
Annual % Change	4.5%	9.5%	4.0%	20.8%	13.5%	-2.4%	-3.6%	-10.4%	-15.2%	4.4%
Use Tax Events as a % of Total	6.1%	5.2%	5.7%	8.3%	8.2%	6.1%	6.5%	5.9%	5.8%	5.8%