C-TRAN

Clark County Public Transportation Benefit Area

2012 Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 2012
Clark County, Washington
www.c-tran.com

C-TRAN

Clark County Public Transportation Benefit Area
Clark County, Washington

2012 Comprehensive Annual Financial Report

Report Prepared By
Administrative Services Department
For Fiscal Year Ended December 31, 2012

CLARK COUNTY PUBLIC TRANSPORTATION BENEFIT AREA AUTHORITY • 1981 •

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This report is printed on recycled paper

Introduction

C-TRAN

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June 14, 2013

Board of Directors and
Executive Director/CEO
Clark County PTBA
PO Box 2529
Vancouver, WA 98668-2529

Transmitted herewith is the Comprehensive Annual Financial Report (CAFR) of the Clark County Public Transportation Benefit Area (PTBA) for the fiscal year ended December 31, 2012. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the PTBA. In order to meet this responsibility, management of the PTBA has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of the PTBA's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh the benefits, the PTBA's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of material misstatements. To the best of my knowledge and belief, the financial statements are accurate in all material respects and are reported in a manner designed to fairly present the financial position and the results of operations of the PTBA. All disclosures necessary to enable the reader to gain an understanding of the PTBA's financial activities have been included.

This CAFR was prepared under the guidelines of Government Accounting Standards Board (GASB) Statements, which provide, among other requirements, for a statement of Net Position. The Management Discussion and Analysis (MD&A) on page 21 provides an overview of the financial statements.

The PTBA's financial statements have been audited by the Office of the State Auditor of the State of Washington. The goal of the independent audit was to provide a reasonable assurance that the financial statements of the PTBA for the fiscal year ended December 31, 2012, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used in the significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded there was a reasonable basis for rendering an unqualified opinion that the PTBA's financial statements for the fiscal year ended December 31, 2012, are fairly presented in conformity with GAAP. The State Auditor's Report is presented on page 18. The independent audit of the financial statements of the PTBA was part of a broader, federally-mandated, single audit designed to meet the special needs of the federal grantor agency, the Federal Transit Administration (FTA) of the U.S. Department of Transportation. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements but also on the audited government's internal controls in compliance with the legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the PTBA's Single Audit Report.

PROFILE OF THE PTBA

The Clark County PTBA is a transportation benefit area established and operated in accordance with Chapter 36.57A of the Revised Code of Washington (RCW). Clark County PTBA's taxing authority was granted by the voters in the 1980 general election. The PTBA was established as a public transportation system January 1, 1981. The PTBA first assumed the employees and equipment of the City of Vancouver's Transit System and later expanded service throughout Clark County and into the Portland, Oregon, area. Formal operations of C-TRAN began on July 6, 1981. In 2005, the PTBA's service and taxing boundary was reduced to include only the more urbanized areas within the county.

The PTBA uses a fleet of 108 vehicles to provide fixed route service on 422.05 route miles and 52 vehicles to provide demand response paratransit service within the Vancouver Urban Growth Boundary and the cities of Battle Ground, Camas, and Washougal. The PTBA also utilizes a fleet of 29 vehicles to provide vanpool service for customers originating in Southwest Washington. In addition, the PTBA provides a Dial-a-Ride and Connector Service in the cities of Camas, Ridgefield, and La Center using a mixture of vehicles from the above-referenced fleets.

The PTBA is governed by a Board of Directors whose membership is comprised of elected officials from the local general purpose governments and one labor representative. See Note 1A, page 35, for further details of its governing structure. The PTBA has separate legal standing from other local governments and is also fiscally independent of them.

The PTBA's operation is accounted for under a single enterprise fund, which uses the same accrual accounting method as private enterprise. Under revenue recognition and matching principles of the accrual accounting method, revenues are recorded when earned, and expenses are recorded as soon as they result in liabilities for the benefits provided. Note 1B, page 36, provides further details of accounting policies.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

The local economy continued to experience slow, but steady, economic improvement in 2012. At 10.4 percent in 2012, Clark County's average unemployment rate remains higher than the state average of 8.2 percent and is 2.6 percent higher than neighboring Portland, Oregon's rate of 7.8 percent in December 2012. However, while the local unemployment rate is still high, it has dropped about 2 percent compared to the average for 2011.

Clark County's population at the time of the 2010 census was 425,363. The population is now estimated to be 431,250, representing a 1.4 percent increase over the 2010 census and positioning Clark County as the fifth largest county in the state. The PTBA boundary area is smaller than the county's, with the population in the PTBA estimated to be 366,010. Most of the county's growth has been due to residents moving in from out of state, most notably from Oregon.

The PTBA's main source of revenue is sales tax, which also serves as an economic barometer. Construction and retail sales are both primary drivers for tax revenue. Both construction and retail sales showed growth in 2012. In addition, over the past year, the Consumer Price Index for Urban Wage Earners in Portland-Salem, OR-WA, increased 2.0 percent.

In construction, Clark County saw a 65.8 percent increase in permits issued for single family homes in 2012 compared to 2011. This is a significant reversal from the 32.4 percent decrease seen in 2011. In addition, the median home sale price increased by approximately 19.9 percent, going from $176,000 in December 2011 to $211,000 in December 2012.

Taxable retail sales for Clark County showed a growth of approximately 6.2 percent in 2012. A major contributor to this growth in retail sales is the growth in motor vehicle and auto parts sales. 2012 trends in the automotive sector included consumers trading in older model vehicles for newer, more efficient vehicles, as well as consumers expending funds on auto parts to extend the life of vehicles in use.

Long-Term Financial Planning

C-TRAN's 20-Year Plan, adopted on June 8, 2010, provides a framework for what steps need to be taken in order to achieve the agency's long-term vision. The 20-Year Plan "C-TRAN 2030" is a comprehensive strategy for enhancing public transportation for Clark County residents over the next 20 years. Guided by the Board of Directors' 50-Year Vision, "C-TRAN 2030" is designed to respond to growing transportation needs and the need to provide expanded, reliable, and safe service. Maintaining and expanding transit service is vital for ensuring the economic vitality and quality of life in the region.

Over the 20 years of "C-TRAN 2030," the agency would need to raise revenue equivalent to an additional 0.5 (five tenths) percent sales tax. This would fund fixed route bus service improvements, anticipated growth of C-TRAN's paratransit service, and introduce High Capacity Transit (HCT) to C-TRAN's system, including both Columbia River Crossing (CRC) light rail operating costs and the operating and capital costs for the Fourth Plain Bus Rapid Transit (BRT) Project. The introduction of BRT leverages the hours available for fixed route bus service since those hours currently assigned to the Fourth Plain route could be reinvested in fixed route service.

The Board of Directors took action on the first phase of improvement by placing a ballot measure on the November 8, 2011, general election requesting an additional 0.2 percent sales tax increase to preserve the fixed route bus and paratransit services. This ballot measure was approved by the voters. A November 2012 ballot measure for a 0.1 percent sales tax increase to help fund the two HCT projects was not approved by the voters. In response, the C-TRAN Board of Directors will decide in 2013 how to proceed with both projects. The second phase of the "C-TRAN 2030" plan will require an additional 0.2 percent increase in approximately 10 years.

The Board of Directors also approved a number of noteworthy projects to move forward in 2013 and 2014. These projects include:

- Provide an in-depth operational assessment of bus stop locations and amenities for local routes and facilitate improvements consistent with ADA regulations and best practices in the industry.

- Obtain traffic signal priority in a pilot project at intersections along our Mill Plain corridor in cooperation with the City of Vancouver and Clark County.

- Introduce fuel price predictability into the budget through the implementation of a fuel-hedging instrument.

- Development and implementation of a Technology Road Map to establish well-targeted upgrades, deliver risk reduction, and improve business continuity.

- Purchase replacement farebox equipment and related software, including technology enhancements for an electronic fare system.

- Focus on containing costs by maintaining all facilities and equipment in a state of good repair.

The 2013-2014 Biennial Budget was developed around five themes intended to address the most critical issues anticipated over the next two years. These include:

- **Long-Term Cost Containment Strategy:** This theme advances projects that will create greater cost efficiencies for the agency. Some cost containment projects may have added expenses in the short-term to save costs in the long-term.

- **Efficiency, Reliability, and Compliance:** This theme is complementary with the Long Term cost Containment Strategy theme. It focuses on C-TRAN's mission to provide reliable and efficient mobility choices.

- **2030 Plan Implementation:** This theme centers on preparing the agency for the future by implementing the 20-Year Transit Development Plan including related policies and procedures. The 2030 Plan will need revision as C-TRAN moves forward with implementation. The outcome of the HCT Ballot Measure in November 2012 and Board of Director decisions in 2013 will drive the work to be done in this area.

- **Safety and Security:** This theme was created to improve our safety and security programs and better manage risks.

- **Technology Planning and Management:** Like most medium sized transit agencies throughout the country, C-TRAN has invested in new technology to improve customer service, realize greater operating efficiencies, and make travel on public transit more safe and secure. In the biennial budget, the focus is on completion and full implementation of projects underway, which are likely to produce high value to C-TRAN customers.

Additional major capital projects planned for 2013-2018 include the replacement of vehicles that have reached the end of their useful lives, the purchase and installation of passenger amenities such as benches and shelters, and strategic investment in technology to improve operating efficiencies.

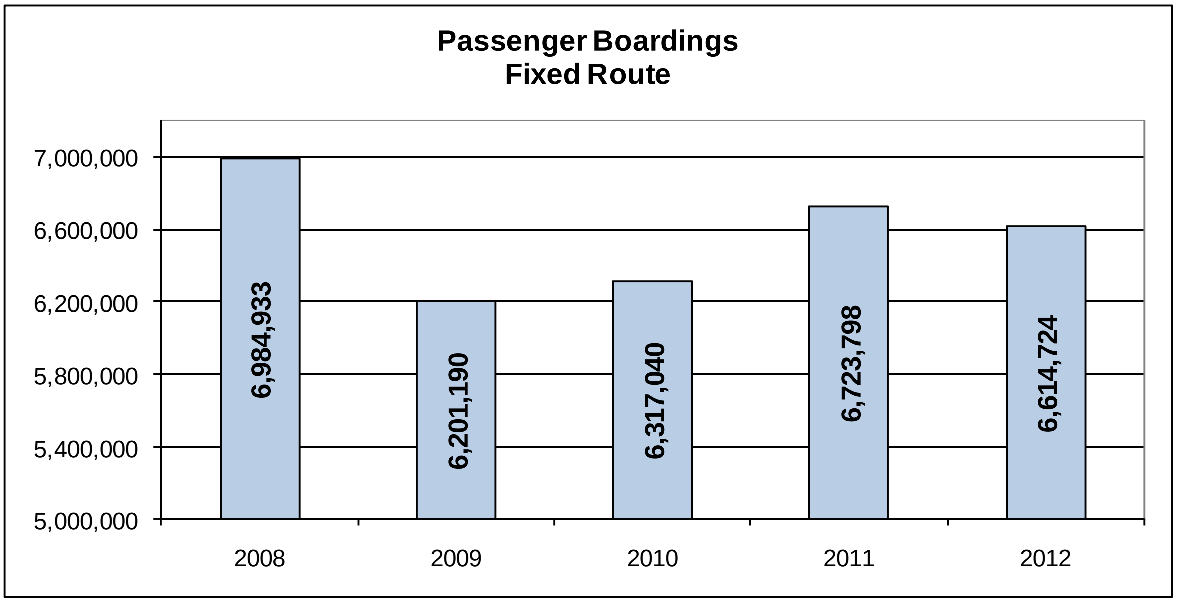
PERFORMANCE INDICATORS

Given the magnitude of changes, which have occurred over the last five years, this section will discuss the impact on a variety of measurements. In summary, the major impacts have been:

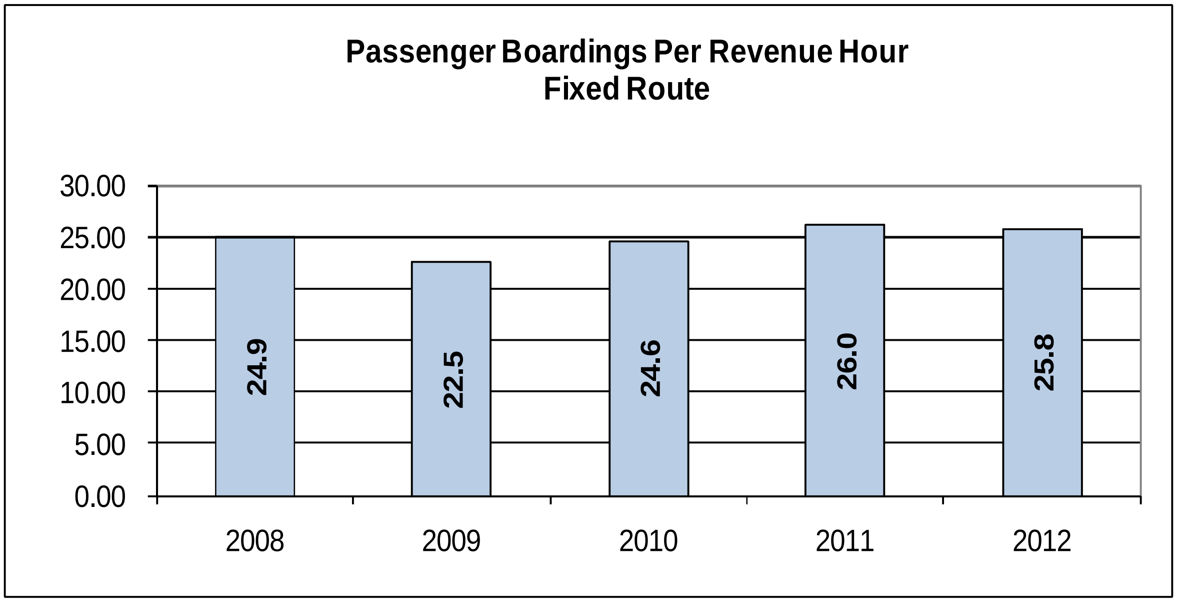
- A significant decline in sales tax revenue per tenth of a percent due to the unstable economy, high unemployment, slowed construction activity, and other recessionary factors.
- Voter approval in 2011 of a 0.2 percent sales tax increase bringing the PTBA's sales tax funding to 0.7 percent effective April 1, 2012;
- Small, regular fare increases in May 2008, March 2009, September 2010, September 2011, and September 2012;
- Ridership volatility due to fare increases, service cuts, fuel prices, and loss of jobs due to the economy;
- Consumption of available service hours for costly, mandatory paratransit service; and
- A 4.8 percent increase in diesel fuel prices from a 2008 average of $3.10 per gallon to a 2012 average of $3.25 per gallon.

The following graphs show five major performance indicators used by transit agencies for the years 2008 through 2012. Fixed route services are provided on a repetitive fixed schedule basis along a specific route with vehicles stopping to pick up and deliver passengers to specific locations: each fixed route trip serves the same origin and destination.

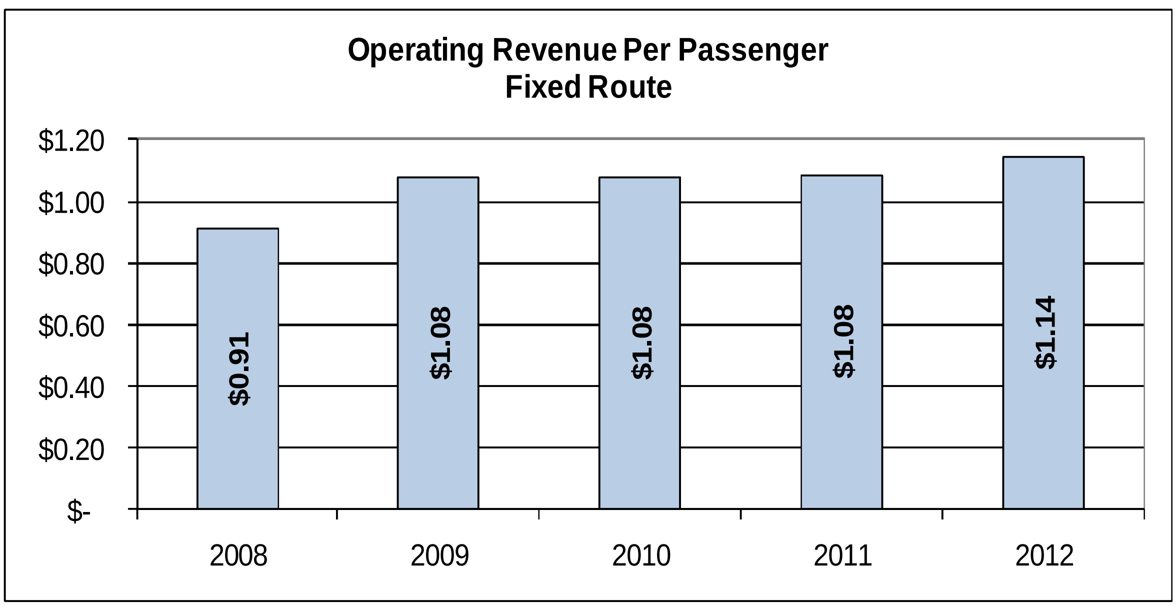
Total Passenger Boardings for Fixed Route is the first performance indicator. In 2012, passenger boardings decreased by approximately 1.6 percent. This is a relatively small decrease and can likely be attributed to factors such as changes in behavior with governmental agency paid bus passes.



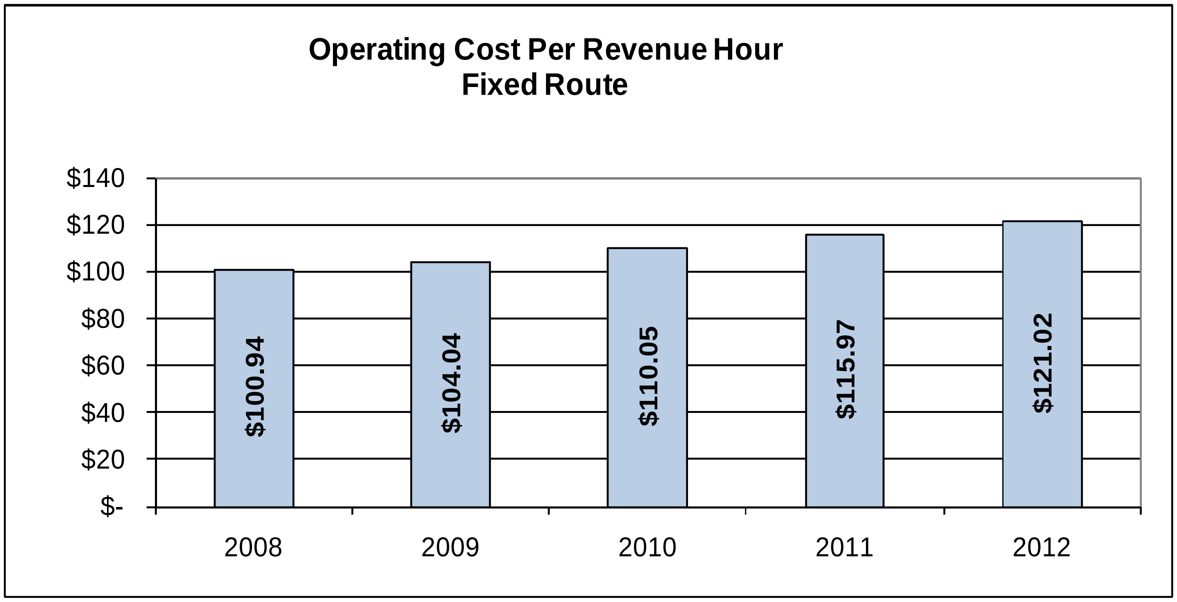
Passenger Boardings Per Revenue Hour is another standard performance indicator widely used by transit agencies. The PTBA uses this ratio to identify lower performing routes and make service level decisions. In 2012, this ratio decreased by less than one percent due to the small decline in passenger boardings, with little change to total annual revenue hours.



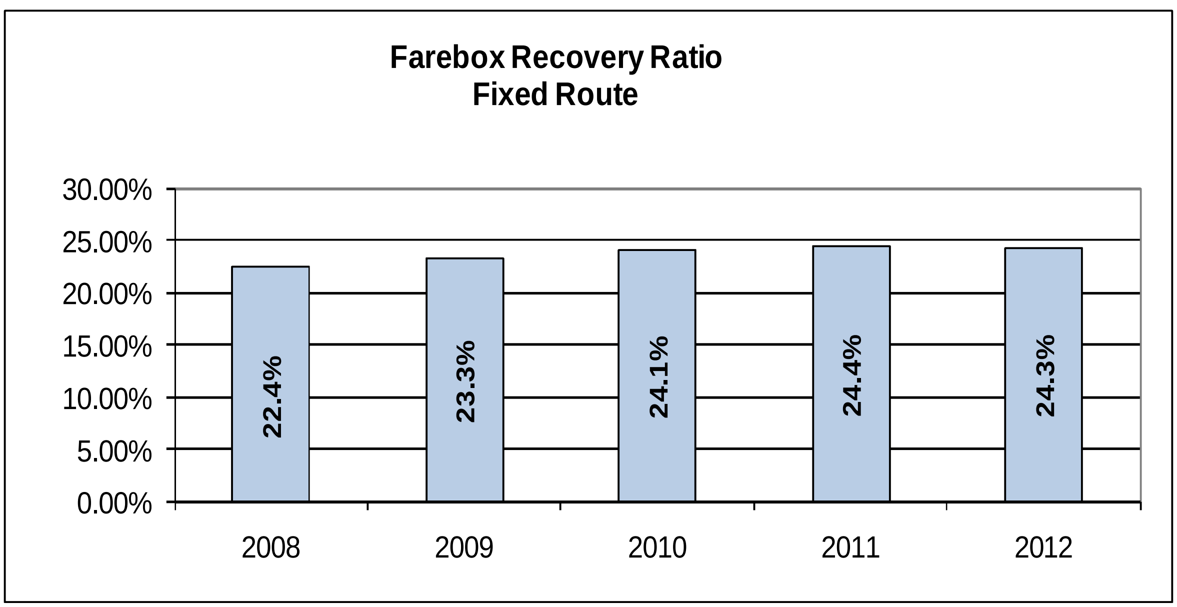
In 2012, the Operating Revenue Per Passenger ratio grew by 5.6 percent. This is the result of operating revenue growing, while passenger boardings decreased. The growth in operating revenue can be attributed to the fare increases that took place in September 2011 and 2012.



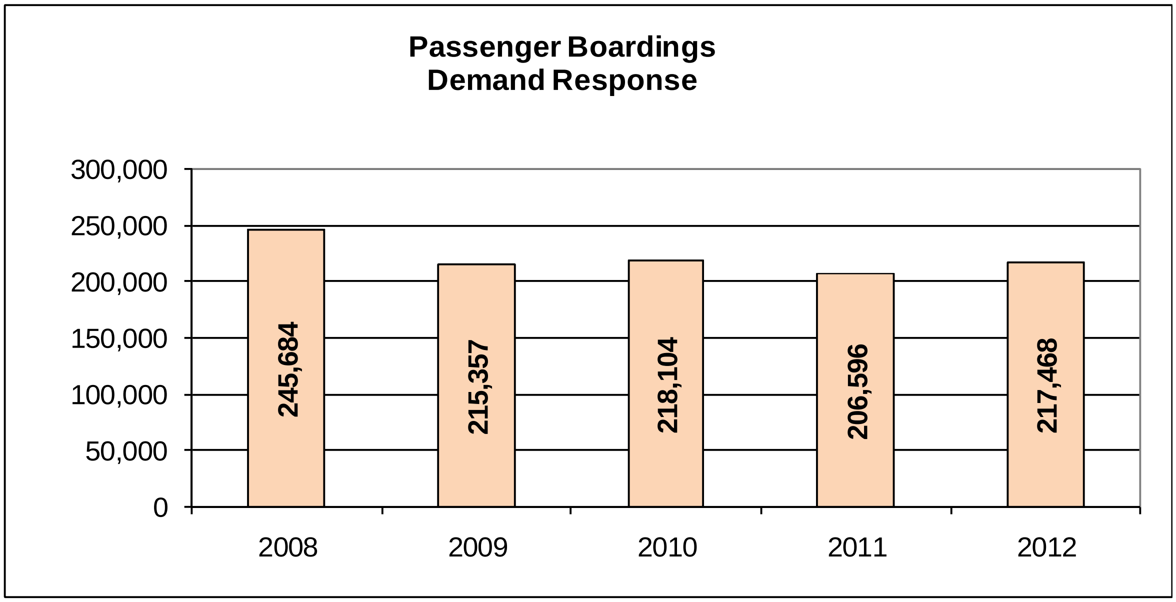
Operating Cost Per Revenue Hour increased about 4.4 percent in 2012. The primary driver of this is the 3.8 percent increase in operating costs reflecting inflation, the growth in the cost of benefits, and the increase in the price per gallon for fuel, combined with little change to the total annual revenue hours.



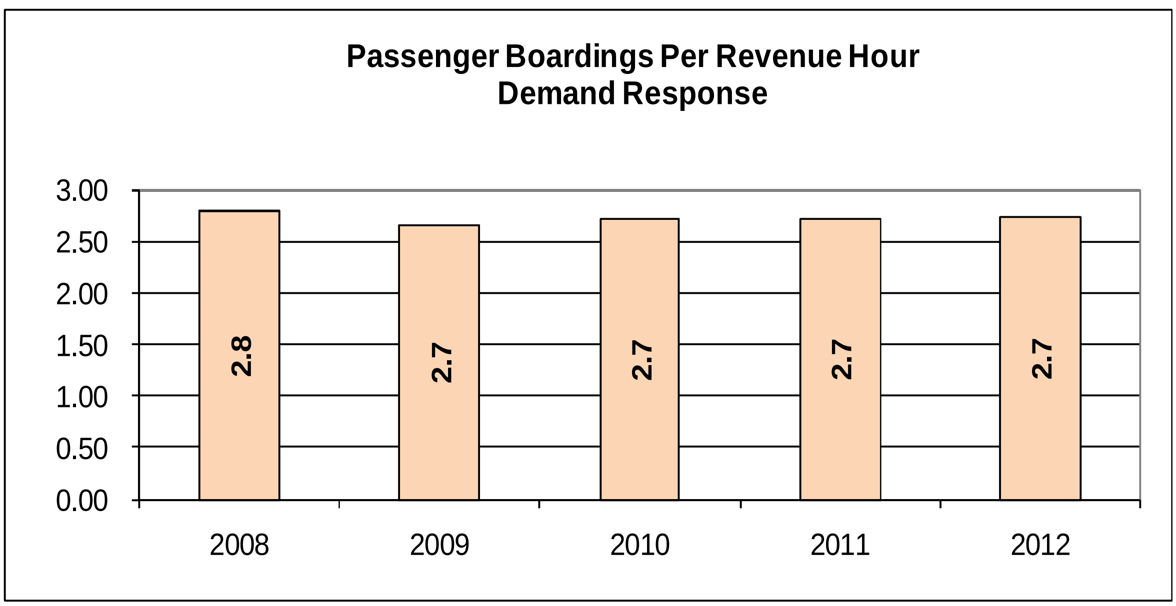
The Farebox Recovery Ratio is calculated by taking operating revenue divided by operating costs. In 2012, the Farebox Recovery Ratio decreased by less than one percent. This minimal decrease is the result of operating costs growing at just a slightly higher rate than operating revenue.



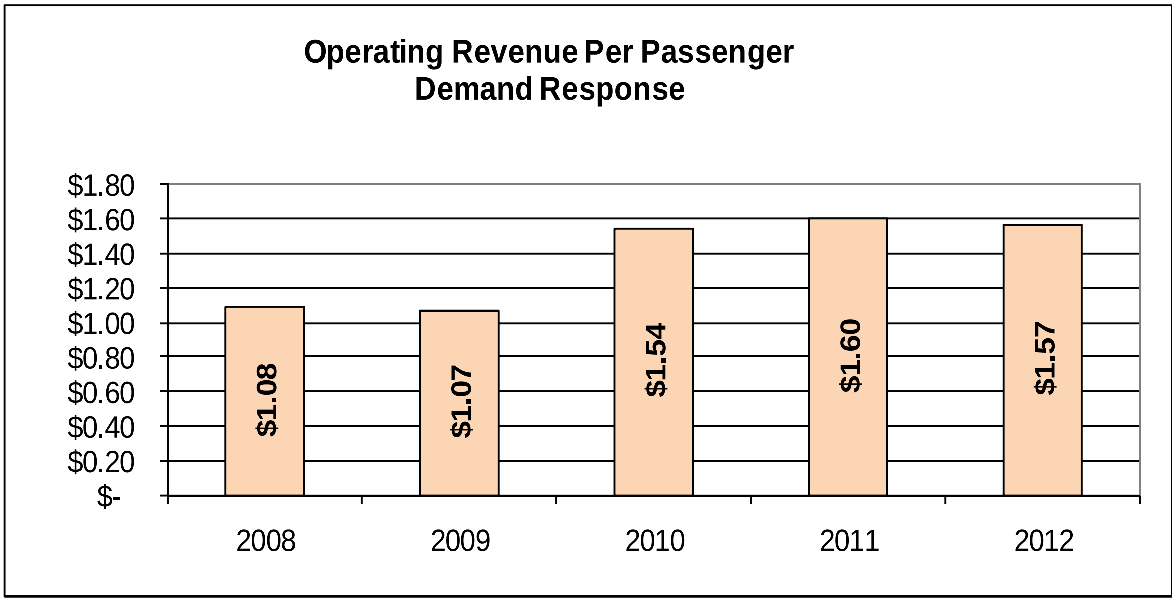
Demand Response is complementary ADA paratransit service which is not limited by budget but must be adequate to meet all demand without exception as mandated by the Federal Transit Administration. This service is in response to calls from passengers or their agents to the transit operator, who schedules a vehicle to pick up the passengers to transport them to their destinations. The following graphs show the same five previous performance indicators for Demand Response. Total Passenger Boardings increased 5.3 percent in 2012. This increase may be attributed to increased customer demand with an aging population.



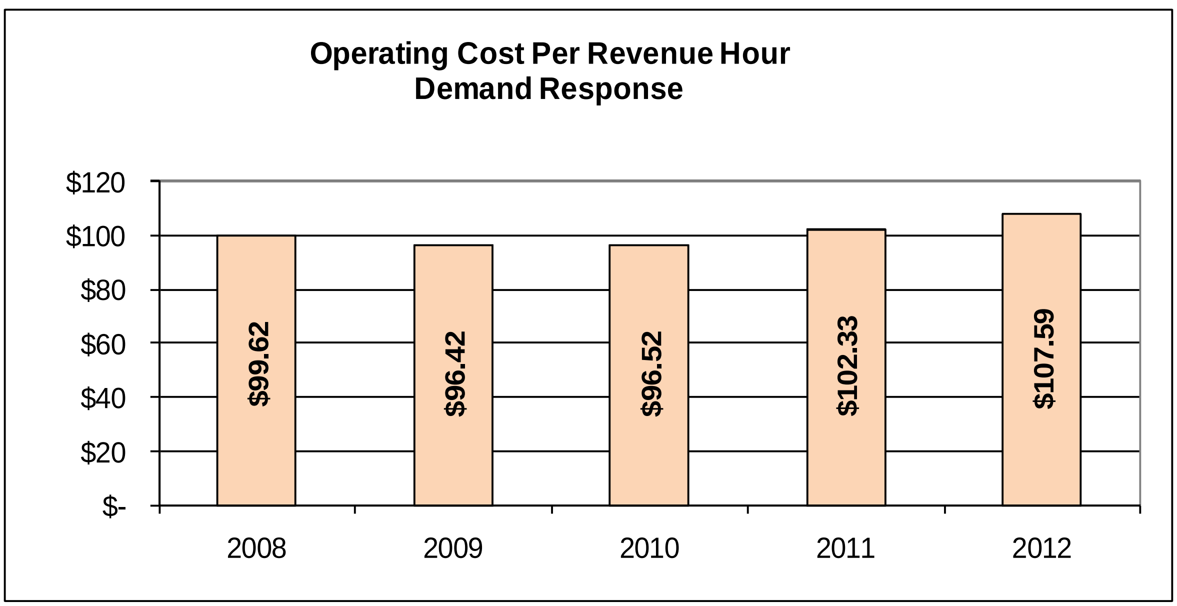
Demand Response Boardings Per Revenue Hour remained consistent in the 2.7 range for 2012. This meets expectations, as there were no unusual changes in Demand Response scheduling.



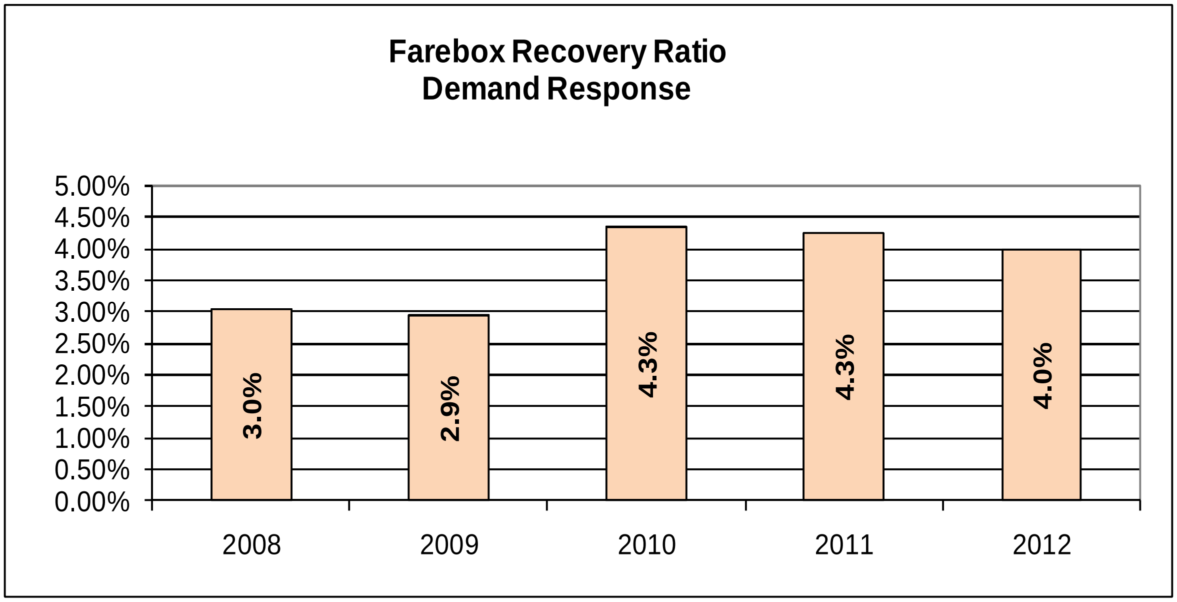
Demand Response Operating Revenue Per Passenger decreased approximately 1.9 percent in 2012. This decrease is the result of passenger boardings growing at a higher rate than operating revenue. This is indicative of more efficient usage of the monthly pass fare instrument by passengers.



Operating Cost Per Revenue Hour increased 5.1 percent in 2012. This increase reflects a 10.1 percent growth in operating cost as the result of inflation, as well as increases in the cost of benefits and the price per gallon for fuel. In addition, Demand Response took on a higher percentage of the mutually shared costs with Fixed Route in 2012 due to a 4.7 percent growth in revenue hours, where Fixed Route hours had little change.



The Farebox Recovery Ratio decreased by 7.0 percent in 2012. This is due to the reduction in Operating Revenue Per Passenger, as well as the increase in the Operating Cost Per Revenue Hour.



The PTBA anticipates the continued growth in demand for paratransit services as the local population ages. This could result in the eventual need to either restructure paratransit service or reduce fixed route service in order to accommodate the increased costs associated with the anticipated growth in demand. As part of the planning process for the 20-Year Transit Development Plan, a task force was convened to identify ways of containing costs of the complementary ADA paratransit service. Several initiatives that came from this task force have already been implemented. These initiatives include more stringent screening processes for client eligibility certification, the provision of a Travel Training program, fare policy changes, purchase of smaller vehicles, implementing Integrated Voice Recognition (IVR) software to inform customers of a C-VAN's estimated arrival, and moving to a two-day advanced scheduling, which assists in reducing no-shows and cancellations.

DISCUSSION OF FINANCIAL CHANGES

The following table sets forth the percentage relationship to total operating expenses of certain items from the Statement of Revenues, Expenses, and Changes in Net Position. Also, data on the percent of operating expense by mode is provided.

	YEARS ENDED					
	Dec. 31, 2012		Dec. 31, 2011		Dec. 31, 2010	
OPERATING REVENUE						
Passenger Fares	16.8	%	16.6	%	16.1	%
Other Transit Revenue	0.8		0.8		0.9	
TOTAL OPERATING REVENUE	17.6	%	17.4	%	17.0	%
OPERATING EXPENSES						
Operations	50.5	%	50.2	%	50.9	%
Maintenance	24.9		24.6		22.6	
Administration	12.1		11.5		12.9	
Depreciation	12.5		13.7		13.6	
TOTAL OPERATING EXPENSES	100.0	%	100.0	%	100.0	%
OPERATING LOSS	82.4	%	82.6	%	83.0	%
NONOPERATING REVENUES (EXPENSES)						
Sales Tax	67.3	%	51.2	%	52.0	%
Interest Income	0.5		0.7		0.9	
Other Nonoperating Revenue	0.2		0.1		0.0	
State Assistance	2.7		1.5		2.7	
Federal Assistance	10.7		11.5		12.4	
Contributions to Road Projects	(0.0)		(0.1)		(0.0)	
Gain/Loss on Sale of Asset	(0.1)		(0.0)		(0.2)	
TOTAL NONOPERATING REVENUES (EXPENSES)	81.3	%	64.9	%	67.8	%
NET INCOME (Loss)	(1.1)	%	(17.7)	%	(15.2)	%
Capital Grants	2.3	%	2.1	%	14.3	%
CHANGE IN NET POSITION	1.2	%	(15.6)	%	(0.9)	%

	YEARS ENDED					
	Dec. 31, 2012		Dec. 31, 2011		Dec. 31, 2010	
OPERATING EXPENSES BY MODE:						
Fixed Route	78.5	%	79.5	%	78.5	%
Demand Response	20.6		19.7		20.5	
Vanpool	0.6		0.4		0.5	
HCT Studies	0.3		0.4		0.5	
TOTAL OPERATING EXPENSES	100.0	%	100.0	%	100.0	%

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the PTBA for its Comprehensive Annual Financial Report (CAFR) for the fiscal year December 31, 2011. This was the 24th continuous year the PTBA has received this prestigious award. In order to be awarded a Certificate of Achievement, the PTBA published an easily readable and efficiently organized CAFR. This report satisfied both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe our current CAFR continues to meet the Certificate of Achievement program's requirements, and it will be submitted to the GFOA to determine its eligibility for another certificate.

A wide variety of skills are required to provide the excellence in service, efficiency, and responsiveness for which the PTBA is known. The preparation of the CAFR on a timely basis was made possible by the dedicated and capable staff of the Administrative Services Department throughout the year. We express our sincere appreciation for the entire department's efforts.

Special thanks are also extended to the Office of the State Auditor, which provided a timely audit and opinion so this CAFR could be submitted to the GFOA for its review and evaluation in accordance with that organization's program.

Finally, special recognition is extended to the Board of Directors without whose leadership and support the preparation of this report would not have been possible.

Sincerely,

Clark County PTBA

Jeff Hamm
Executive Director/CEO

Diane O'Regan

Diane Coey O'Regan
Director of Administrative Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Clark County Public Transportation Benefit Area

Washington

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Christopher P Morrill

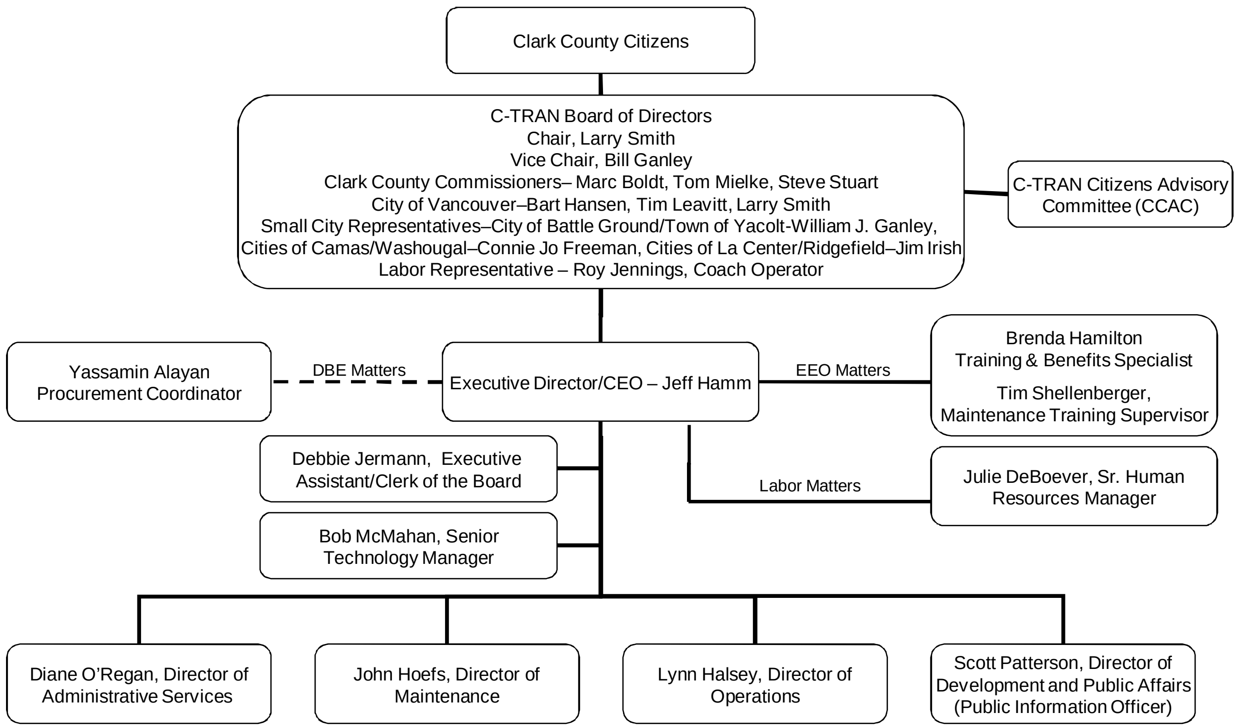
President

Jeffrey R. Esser

Executive Director

C-TRAN Organizational Chart

December, 2012



CLARK COUNTY PUBLIC TRANSPORTATION BENEFIT AREA
DIRECTORY OF OFFICIALS

Board Member	Affiliation	Term	Expires
Larry Smith (Chair)	Vancouver City Council	1 yr.	12/31/12
Bill Ganley (Vice Chair)	Battle Ground City Council	1 yr.	12/31/12
Marc Boldt	Clark County Commissioner	4 yrs.	12/31/12
Connie Jo Freeman	Washougal City Council	2 yrs.	12/31/13
Bart Hansen	Vancouver City Council	1 yr.	12/31/12
Jim Irish	La Center Mayor	1 yr.	12/31/12
Tim Leavitt	Vancouver City Council	1 yr.	12/31/12
Tom Mielke	Clark County Commissioner	4 yrs.	12/31/12
Steve Stuart	Clark County Commissioner	4 yrs.	12/31/14
Roy Jennings	Union Representative (Non-Voting)	1 yr.	12/31/12

APPOINTED

Executive Director/CEO	Jeff Hamm
Executive Assistant/Clerk of the Board	Debbie Jermann
Director of Administrative Services	Diane O'Regan
Director of Maintenance	John Hoefs
Director of Operations	Lynn Halsey
Director of Development & Public Affairs	Scott Patterson
Legal Counsel	Thomas Wolfendale

MAILING ADDRESS

Clark County PTBA
PO Box 2529
Vancouver, WA 98668-2529

Kirkpatrick & Lockhart Preston Gates Ellis LLP
925 Fourth Avenue, Suite 2900
Seattle, WA 98104-1158

Financial

Washington State Auditor
Troy Kelley

INDEPENDENT AUDITOR'S REPORT

June 14, 2013

Board of Directors
Clark County Public Transportation Benefit Area
Vancouver, Washington

REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Clark County Public Transportation Benefit Area, Clark County, Washington, as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

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considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Clark County Public Transportation Benefit Area, Washington, as of December 31, 2012 and 2011, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 21 through 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Authority. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated June 14, 2013, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the Authority's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Sincerely,

Troy X. Kelley

TROY KELLEY
STATE AUDITOR

Management Discussion and Analysis

This section of the Clark County Public Transportation Benefit Area (PTBA) Comprehensive Annual Financial Report (CAFR) presents management's overview and analysis of the PTBA's financial performance for the fiscal year ended December 31, 2012. This section should be read in conjunction with the financial statements, which follow this section.

Financial Highlights

- The assets of the PTBA exceeded its liabilities at December 31, 2012, by $108,341,945. Of this amount, $52,118,016 may be used to meet the PTBA's ongoing obligations to provide services to the public, including the capital program, and to meet the obligations of creditors. At December 31, 2011, assets exceeded liabilities by $107,835,573, and $47,479,221 of this amount could have been used to meet the PTBA's ongoing obligations.

- In 2012, the PTBA's total Net Position increased by $506,372. A net loss of $532,919 was offset by capital contributions of $1,039,291. In 2011, total net position decreased by $6,916,178. A net loss of $7,866,787 was offset by capital contributions of $950,609.

- The PTBA remained free of long-term debt in both 2012 and 2011.

- For January through March 2012, the Washington State Department of Revenue collected sales tax for the PTBA at 0.5 percent, which included a 0.2 percent increase approved by voters in 2005. Beginning April 2012, the sales tax collection rate was 0.7 percent, as a result of the November 8, 2011 ballot measure to allow for the PTBA to collect an additional 0.2 percent in sales tax within the benefit area.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the PTBA's basic financial statements. The notes to the financial statements also contain more detail on some of the information presented in the financial statements. The financial statements of the PTBA report information about the PTBA using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Net Position presents information on all of the PTBA's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the PTBA is improving or deteriorating. The Statement of Revenues, Expenses, and Changes in Net Position present information showing how the PTBA's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are recorded in this statement for some items that will only result in cash flows in future periods (for example, sales tax collected by merchants but not yet remitted to the PTBA).

The financial statements are found on pages 31 through 34 of this report.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided within financial statements. The notes to the financial statements are found on pages 35 through 54 of this report.

Financial Analysis

Overall, the financial position of the PTBA improved in 2012. At year end, assets exceeded liabilities by $108,341,945 as compared to $107,835,573 at the end of 2011.

Transit is a capital-intensive enterprise. In 2012, 52 percent of the net position was invested in capital assets with an additional 29 percent being held by the Board of Director's designation for the capital program. This compares to 2011, where 56 percent of the net position was invested in capital assets with an additional 14 percent being held for the capital program.

Following is a summary of the PTBA's net position:

Statement of Net Position

	2012	2011	2010
Assets:			
Current Assets	$58,755,320	$54,148,385	$56,274,820
Other Noncurrent Assets	35,834	82,123	61,200
Capital Assets (Net)	56,188,095	60,274,229	64,973,306
Total Assets	114,979,249	114,504,737	121,309,326
Liabilities:			
Current Liabilities	6,629,804	6,340,414	5,805,700
Noncurrent Liabilities	7,500	328,750	751,875
Total Liabilities	6,637,304	6,669,164	6,557,575
Net Position:			
Invested in Capital Assets	56,188,095	60,274,229	64,973,306
Restricted for Capital	35,834	82,123	61,200
Unrestricted	52,118,016	47,479,221	49,717,245
Total Net Position	$108,341,945	$107,835,573	$114,751,751

The PTBA's net position increased by $506,372 during 2012 (compared to a decrease of $6,916,178 during 2011). The following summary statement of revenues, expenses, and change in Net Position shows how the increase in net position occurred.

Statement of Revenues, Expenses, and Changes in Net Position

	2012	2011	2010
Operating Revenues			
Passenger Fares	$7,704,373	$7,323,984	$6,802,151
Other Transit Revenue	347,301	369,332	375,176
Total Operating Revenues	8,051,674	7,693,316	7,177,327
Nonoperating Revenues:			
Taxes	30,836,746	22,724,638	22,008,102
Interest Income	242,889	296,650	388,556
Non Capital Grants	6,116,900	5,772,679	6,359,031
Other (Net)	84,167	65,150	17,254
Total Nonoperating Revenues	37,280,702	28,859,117	28,772,943
Total Revenues	45,332,376	36,552,433	35,950,270
Operating Expenses:			
Operations	23,137,115	22,236,282	21,514,937
Maintenance	11,398,874	10,932,776	9,575,812
Administration	5,548,740	5,108,670	5,459,022
Depreciation	5,737,168	6,090,722	5,744,744
Total Operating Expenses	45,821,897	44,368,450	42,294,515
Nonoperating Expenses:			
Contributions to Road Projects	5,632	39,722	8,324
Gain/Loss on Sale of Asset	37,766	11,048	81,772
Total Nonoperating Expenses	43,398	50,770	90,096
Total Expenses	45,865,295	44,419,220	42,384,611
Net Income (Loss) Before Contributions	(532,919)	(7,866,787)	(6,434,341)
Capital Contributions	957,731	950,609	6,029,136
Capital Contributions - State Grants	81,560	0	0
Total Change in Net Position	506,372	(6,916,178)	(405,205)
Total Net Position, Beginning	107,835,573	114,751,751	115,156,956
Total Net Position, Ending	$108,341,945	$107,835,573	$114,751,751

Revenues

The following two tables show revenue compared to the prior year.

REVENUES	2012 AMOUNT	PERCENT OF TOTAL	2011 AMOUNT	PERCENT OF TOTAL	INCREASE (DECREASE) FROM 2011	PERCENT INCREASE (DECREASE)
Operating Revenue	$8,051,674	17.8 %	$7,693,316	21.0 %	$358,358	4.7 %
Interest Income	242,889	0.5	296,650	0.8	(53,761)	(18.1)
Sales Tax	30,836,746	68.0	22,724,638	62.2	8,112,108	35.7
State Assistance	1,255,818	2.8	678,057	1.9	577,761	85.2
Federal Assistance	4,861,082	10.7	5,094,622	13.9	(233,540)	(4.6)
Miscellaneous	84,167	0.2	65,150	0.2	19,017	29.2
TOTAL REVENUE	$45,332,376	100.0 %	$36,552,433	100.0 %	$8,779,943	24.0 %

REVENUES	2011 AMOUNT	PERCENT OF TOTAL	2010 AMOUNT	PERCENT OF TOTAL	INCREASE (DECREASE) FROM 2010	PERCENT INCREASE (DECREASE)
Operating Revenue	$7,693,316	21.0 %	$7,177,327	20.0 %	$515,989	7.2 %
Interest Income	296,650	0.8	388,556	1.1	(91,906)	(23.7)
Sales Tax	22,724,638	62.2	22,008,102	61.2	716,536	3.3
State Assistance	678,057	1.9	1,122,382	3.1	(444,325)	(39.6)
Federal Assistance	5,094,622	13.9	5,236,649	14.6	(142,027)	(2.7)
Miscellaneous	65,150	0.2	17,254	0.0	47,896	277.6
TOTAL REVENUE	$36,552,433	100.0 %	$35,950,270	100.0 %	$602,163	1.7 %

- In 2012, operating revenue increased by 4.7 percent. Contributing to this growth are the modest fare increases in September 2012 and September 2011. In 2011, operating revenue increased by approximately 7.2 percent. This growth was affected by the fare increase implemented in September 2010 and September 2011, as well as an almost 6.2 percent grow in ridership.

- Interest rates remained low in 2012, following a significant decrease in 2010 due to monetary policy at the Federal level, influencing lower interest rates in order to support economic recovery. This was the major driver behind lower interest income for both 2012 and 2011.

- Sales tax revenue increased 35.7 percent in 2012 primarily in response to the passing of the November 2011 Ballot Measure which increased C-TRAN’s sales tax collection rate by 0.2 percent (increased from 0.5 percent to 0.7 percent) effective April 2012. This compares to 2011 sales tax revenue which grew approximately 3.3 percent due to a continuation of the slow recovery in taxable retail sales.

- State assistance increased by 85.2 percent in 2012. There were two primary drivers for this increase. The first driver was the full year draw down of the Washington State Department of Transportation (WSDOT) 2011-2013 Paratransit/Special Needs Grant compared to only a partial year draw down in 2011. The second driver was funds received for a new WSDOT Transit Disbursement Program which was implemented in the quarter ending December 31, 2012, and did not exist in 2011. 2011 state assistance decreased by 39.6 percent due to the completion of two WSDOT grant awards. The first award was for the 2009-2011 WSDOT Regional Mobility Grant which incurred its final expenditure in April 2011. The second award was for the 2009-2011 WSDOT Special Needs Grant which also incurred its final expenditure in April 2011.

- Federal assistance, which primarily consists of the allocation of Federal Transit Administration (FTA) funds that are made available to the PTBA on a formula basis (including ARRA funds), decreased by 4.6 percent in 2012. The allocation is based on factors such as ridership, passenger miles, and population, and is awarded annually based on federal appropriations. The funds may be used for operations or for capital purchases. In the last two years, the PTBA has designated these funds for operations.

Expenses

Expenses are most directly impacted by the number of hours of operation that the PTBA provides. The amount of operating hours provided compared to the prior year, and the increase and decrease in hours and percentages are shown in the following tables:

OPERATING HOURS	2012 AMOUNT	PERCENT OF TOTAL	2011 AMOUNT	PERCENT OF TOTAL	INCREASE (DECREASE) FROM 2011	PERCENT INCREASE (DECREASE)
Fixed Route	281,940	74.8 %	282,552	76.5 %	(612)	(0.2) %
Demand Response	86,529	23.0	82,554	22.4	3,975	4.8
Vanpool	8,377	2.2	4,181	1.1	4,196	100.4
TOTAL OPERATING HOURS	376,846	100.0 %	369,287	100.0 %	7,559	2.0 %

OPERATING HOURS	2011 AMOUNT	PERCENT OF TOTAL	2010 AMOUNT	PERCENT OF TOTAL	INCREASE (DECREASE) FROM 2010	PERCENT INCREASE (DECREASE)
Fixed Route	282,552	76.5 %	279,432	75.6 %	3,120	1.1 %
Demand Response	82,554	22.4	87,973	23.8	(5,419)	(6.2)
Vanpool	4,181	1.1	2,395	0.6	1,786	74.6
TOTAL OPERATING HOURS	369,287	100.0 %	369,800	100.0 %	(513)	(0.1) %

In 2012, the fixed route operating hours decreased as the result of minor service adjustments implemented throughout the year. Demand Response operating hours increased due to an increase in demand for the service and Vanpool operating hours increased due to the expansion of the service from 15 vans in service at year-end 2011 to 26 vans in service at year-end 2012.

In 2011, the fixed route operating hours increased as the result of minor service adjustments implemented throughout the year. However, the increase can also be attributed to the January 2011 move of the Camas Connector service from Demand Response to Fixed Route. The move of this service also is the primary driver for the 2011 decrease in Demand Response operating hours. Vanpool operating hours in 2011 were due to expansion of the service from 6 vehicles in service at year-end 2010, to 15 vehicles in service at year-end 2011.

Expenses by Mode

The following two tables show expenses compared to the prior year by mode of service and the increase or decrease in expenses.

MODE	2012 AMOUNT	PERCENT OF TOTAL	2011 AMOUNT	PERCENT OF TOTAL	INCREASE (DECREASE) FROM 2011	PERCENT INCREASE (DECREASE)
Fixed Route	$35,987,002	78.4 %	$35,303,448	79.5 %	$683,554	1.9 %
Demand Response	9,433,568	20.6	8,719,876	19.6	713,692	8.2
Vanpool	285,483	0.6	188,252	0.4	97,231	51.6
Other Operating Expenses	115,844	0.3	156,874	0.4	(41,030)	(26.2)
Total Operating	$45,821,897	99.9 %	$44,368,450	99.9 %	$1,453,447	3.3 %
Road Contributions	5,632	0.0	39,722	0.1	(34,090)	(85.8)
Loss on Sale of Capital Assets	37,766	0.1	11,048	0.0	26,718	241.8
TOTAL EXPENSES	$45,865,295	100.0 %	$44,419,220	100.0 %	$1,446,075	3.3 %

MODE	2011 AMOUNT	PERCENT OF TOTAL	2010 AMOUNT	PERCENT OF TOTAL	INCREASE (DECREASE) FROM 2010	PERCENT INCREASE (DECREASE)
Fixed Route	$35,303,448	79.5 %	$33,198,647	78.3 %	$2,104,801	6.3 %
Demand Response	8,719,876	19.6	8,683,601	20.5	36,275	0.4
Vanpool	188,252	0.4	225,455	0.6	(37,203)	(16.5)
Other Operating Expenses	156,874	0.4	186,812	0.4	(29,938)	(16.0)
Total Operating	$44,368,450	99.9 %	$42,294,515	99.8 %	$2,073,935	4.9 %
Road Contributions	39,722	0.1	8,324	0.0	31,398	377.2
Loss on Sale of Capital Assets	11,048	0.0	81,772	0.2	(70,724)	(86.5)
TOTAL EXPENSES	$44,419,220	100.0 %	$42,384,611	100.0 %	$2,034,609	4.8 %

- As shown, the fixed route mode constitutes almost 80 percent of the total expenses. In 2012 fixed route expenses grew approximately 1.9 percent. Inflation and cost increases in benefits and maintenance costs, particularly fuel costs, are the main contributing factors to this increase. In 2011, fixed route expenses grew approximately 6.3 percent. This growth was also due to inflation, as well as increases in benefits and maintenance costs. However, another contributing factor was the move of the Camas Connector service from Demand Response to Fixed Route.

- Demand Response expenses increased in 2012 by 8.2 percent. The increase in expenses can be attributed in part to the increase in operating hours. In addition, like Fixed Route, other contributing factors to this increase also include inflation, as well as increases in benefits and maintenance costs. In 2011, operating expenses increased by about 0.4 percent. Again, this increase was due to inflation, as well as increases in benefits and maintenance costs but was offset in part by the move of the Camas Connector service from Demand Response to Fixed Route.

- Vanpool expenses increased 51.6 percent in 2012 due to overall growth in C-TRAN's Vanpool Program. By the end of 2012, C-TRAN had 26 active vanpools in service compared to the 15 vanpools in service at the end of 2011. Vanpool expenses reduced in 2011 by about 16.5 percent due to a reduction in depreciation expenses caused by the transfer of vehicles to Ben Franklin Transit in 2010 and Asotin County PTBA in 2011.

Expenses by Department

Expenses compared to prior year by department are listed in the following tables:

DEPARTMENT	2012 AMOUNT	PERCENT OF TOTAL	2011 AMOUNT	PERCENT OF TOTAL	INCREASE (DECREASE) FROM 2011	PERCENT INCREASE (DECREASE)
Operations	$23,137,115	50.4 %	$22,236,282	50.1 %	$900,833	4.1 %
Maintenance	11,398,874	24.9	10,932,776	24.6	466,098	4.3
Administration	5,548,740	12.1	5,108,670	11.5	440,070	8.6
Contributions to Road Projects	5,632	0.0	39,722	0.1	(34,090)	(85.8)
Depreciation	5,737,168	12.5	6,090,722	13.7	(353,554)	(5.8)
Gain/Loss on Sale of Asset	37,766	0.1	11,048	0.0	26,718	241.8
TOTAL EXPENSES	$45,865,295	100.0 %	$44,419,220	100.0 %	$1,446,075	3.3 %

DEPARTMENT	2011 AMOUNT	PERCENT OF TOTAL	2010 AMOUNT	PERCENT OF TOTAL	INCREASE (DECREASE) FROM 2010	PERCENT INCREASE (DECREASE)
Operations	$22,236,282	50.1 %	$21,514,937	50.8 %	$721,345	3.4 %
Maintenance	10,932,776	24.6	9,575,812	22.6	1,356,964	14.2
Administration	5,108,670	11.5	5,459,022	12.9	(350,352)	(6.4)
Contributions to Road Projects	39,722	0.1	8,324	0.0	31,398	377.2
Depreciation	6,090,722	13.7	5,744,744	13.6	345,978	6.0
Gain/Loss on Sale of Asset	11,048	0.0	81,772	0.2	(70,724)	(86.5)
TOTAL EXPENSES	$44,419,220	100.0 %	$42,384,611	100.0 %	$2,034,609	4.8 %

- In 2012, Operations expenses increased due to pay step increases for contracted employees and increases in the cost of benefits. In 2011, Operations expenses grew primarily due to pay step increases for contracted employees.
- In 2012, Maintenance expenses increased due to pay step increases for contracted employees, increases in the cost of benefits, as well as increases in the cost of fuel. In 2011, the primary driver for the increase in Maintenance expenses was increases in the cost of fuel.
- In 2012, Administration expenses increased due to increases in the cost of benefits and service expenses. In 2011, Administration expenses decreased due to retirements, the elimination of positions, and various other cost-containment efforts.
- Depreciation expense decreased in 2012 due to the completion of fewer capital projects and the increasing number of C-TRAN's aging assets coming

to the end of their depreciable lives. Depreciation expense increased in 2011 due to the purchase and delivery of new revenue vehicles in late 2010.

Expenses by Object

The object is the classification of expenses by type of expense. Expenses compared to prior year by object follow:

OBJECT	2012 AMOUNT	PERCENT OF TOTAL	2011 AMOUNT	PERCENT OF TOTAL	INCREASE (DECREASE) FROM 2011	PERCENT INCREASE (DECREASE)
Wages	$17,142,222	37.4 %	$16,934,160	38.2 %	$208,062	1.2 %
Benefits	13,047,245	28.5	11,913,220	26.9	1,134,025	9.5
Services	2,375,969	5.2	2,177,519	4.9	198,450	9.1
Supplies & Materials	6,061,580	13.2	5,682,347	12.8	379,233	6.7
Utilities	477,178	1.0	482,096	1.1	(4,918)	(1.0)
Casualty & Liability	480,083	1.1	550,069	1.2	(69,986)	(12.7)
Taxes	7,401	0.0	5,396	0.0	2,005	37.2
Miscellaneous	277,032	0.6	236,568	0.5	40,464	17.1
Leases	216,019	0.5	296,353	0.7	(80,334)	(27.1)
Depreciation	5,737,168	12.5	6,090,722	13.7	(353,554)	(5.8)
TOTAL OPERATING BY OBJECT	$45,821,897	100.0 %	$44,368,450	100.0 %	$1,453,447	3.3 %

OBJECT	2011 AMOUNT	PERCENT OF TOTAL	2010 AMOUNT	PERCENT OF TOTAL	INCREASE (DECREASE) FROM 2010	PERCENT INCREASE (DECREASE)
Wages	$16,934,160	38.2 %	$16,993,920	40.2 %	($59,760)	(0.4) %
Benefits	11,913,220	26.9	11,508,304	27.2	404,916	3.5
Services	2,177,519	4.9	2,178,095	5.1	(576)	(0.0)
Supplies & Materials	5,682,347	12.8	4,304,880	10.2	1,377,467	32.0
Utilities	482,096	1.1	489,798	1.2	(7,702)	(1.6)
Casualty & Liability	550,069	1.2	621,865	1.5	(71,796)	(11.5)
Taxes	5,396	0.0	7,718	0.0	(2,322)	(30.1)
Miscellaneous	236,568	0.5	213,859	0.5	22,709	10.6
Leases	296,353	0.7	231,332	0.5	65,021	28.1
Depreciation	6,090,722	13.7	5,744,744	13.6	345,978	6.0
TOTAL OPERATING BY OBJECT	$44,368,450	100.0 %	$42,294,515	100.0 %	$2,073,935	4.9 %

- Wages and benefits represent the largest expense categories. The increase in wages in 2012 is largely due to cost of living, step and merit increases offset by employee turnover. The decrease in wages in 2011 was due to employee turnover and hiring freezes on vacant positions. The increase in benefits for both 2012 and 2011 was largely due to an increase in medical premiums.

- Spending for services increased by 9.1 percent in 2012 due to the Expert Review Panel process that was required under RCW 81.104 for the November 2012 ballot measure. Services in 2011 remained consistent with 2010 as the agency maintained the organizational tightening on the use of expense items like surveys, studies, contract maintenance, and printing.

- In 2012, supplies and materials grew due to projects such as the Traffic Signal Priority project, as well as due to an increase in the average price of diesel fuel. The average price of diesel fuel grew from $3.12 in 2011 to $3.25 in 2012. An increase in the average price of diesel fuel also lead to the 2011 growth in supplies and materials. In 2011, the average price of diesel fuel grew from $2.28 in 2010, to $3.12 in 2011.

- Miscellaneous expenses increased 17.1 percent in 2012. This increase can be attributed to C-TRAN's membership and participation in the American Bus Benchmarking Group (ABBG) as well as meeting costs associated with the required Expert Review Panel process. Participation in ABBG was also a primary contributor to the 10.6 percent increase in miscellaneous expenses in 2011.

Capital Assets

The PTBA's investment in capital assets as of December 31, 2012, amounted to $56,188,095 net of accumulated depreciation. As of December 31, 2011, the investment is capital assets equaled $60,274,229. Capital assets consist of transit coaches and other vehicles, buildings, equipment, transit centers, and park and ride lots. Depreciable capital assets decreased by 0.68 percent in 2012, and decreased 0.72 percent in 2011. In 2012, the decrease consisted of $437,918 of additions and $776,384 of retirements, which compares to the $576,803 of additions and $1,254,365 of retirements that occurred in 2011. In addition, depreciation expense was recorded at $5,737,168 in 2012 and $6,090,722 in 2011. $701,260 in accumulated depreciation was removed for assets disposed in 2012, and $1,255,317 for assets disposed in 2011. Major capital asset acquisitions during 2012 and 2011 included the following:

- Major vehicle acquisitions in 2012 included four vanpool vans ($90,622) and two service vehicles ($25,142).

- In 2011, there were no new vehicle acquisitions.

- In 2012, major equipment acquisitions included a storage area network upgrade ($142,741), four shelters for Salmon Creek ($71,348), a maintenance fall protection system ($45,312), an ASA external call-outs software ($42,034), a Cisco fiber switch ($13,984), and a Toro mower ($6,736).

- In 2011, major equipment acquisitions included a diesel exhaust fluid system ($48,430), a maintenance utility trailer ($11,232), a distributed network recorder ($32,952), real-time passenger information ($172,753), interactive voice response systems for paratransit ($132,962) and fixed route ($165,360), and a router for Salmon Creek ($13,114).

Additional information on the PTBA's capital assets is in Note 5 to the financial statements on page 43 of this report.

Economic Factors

- The average annual unemployment rate in Clark County decreased from an average of 12.4 percent in 2011 to 10.4 percent in 2012.
- Sales tax revenues per tenth of a percent for the PTBA increased by about 3.8 percent in 2012 which are still 9.3 percent lower than the peak revenues realized in 2006. In addition, because the PTBA borders Oregon, which has no sales tax, achieving sales tax revenues indicative of population levels will continue to be a challenge.
- Because fuel is a major expense for the PTBA, oil and natural gas prices affect the financial outlook. Oil and natural gas prices continued to steadily increase in 2012 compared to 2011.

Request for Information

This financial report is designed to provide a general overview of the PTBA's finances for all those who have an interest in this agency's finances. Questions concerning any of the information presented in this report or requests for additional information should be addressed to the C-TRAN Executive Office, PO Box 2529, Vancouver, WA 98668, telephone (360) 906-7303.

CLARK COUNTY PTBA

COMPARATIVE STATEMENT OF NET POSITION

As of December 31, 2012 and 2011

	2012	2011
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$28,356,718	$25,685,348
Receivables (net allowance for uncollectibles)	6,964,004	5,534,421
Investments	20,798,122	20,586,111
Inventories	1,915,031	1,705,331
Prepaid Expenses	721,445	637,174
Total Current Assets	58,755,320	54,148,385
Noncurrent Assets:		
Temporarily Restricted Asset:		
Cash and Cash Equivalents	35,834	82,123
Capital Assets not being depreciated:		
Work in Progress	3,849,399	2,560,800
Land	15,357,558	15,357,558
Capital Assets being depreciated:		
Vehicles	46,555,916	46,566,328
Buildings	8,441,887	8,458,177
Equipment and Furnishings	16,033,954	16,345,717
Land Improvements	18,794,129	18,794,129
Less Accumulated Depreciation	(52,844,748)	(47,808,480)
Total Capital Assets Net of Accumulated Depreciation	56,188,095	60,274,229
Total Noncurrent Assets	56,223,929	60,356,352
TOTAL ASSETS	114,979,249	114,504,737
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,258,929	935,721
Accrued Wages and Benefits	3,997,181	3,900,437
Prepaid Fares	1,257,474	1,271,729
Claims and Judgments Payable	40,000	154,375
Other Payables	76,220	78,152
Total Current Liabilities	6,629,804	6,340,414
Noncurrent Liabilities:		
Claims and Judgments Payable	7,500	328,750
Total Noncurrent Liabilities	7,500	328,750
TOTAL LIABILITIES	6,637,304	6,669,164
NET POSITION		
Invested in Capital Assets	56,188,095	60,274,229
Restricted for Capital Assets	35,834	82,123
Unrestricted	52,118,016	47,479,221
TOTAL NET POSITION	$108,341,945	$107,835,573

The notes to the financial statement are an integral part of this statement.

CLARK COUNTY PTBA

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Fiscal Years Ended December 31, 2012 and 2011

	2012	2011
Operating Revenues:		
Passenger Fares	$7,704,373	$7,323,984
Other Transit Revenue	347,301	369,332
Total Operating Revenues	8,051,674	7,693,316
Operating Expenses:		
Operations	23,137,115	22,236,282
Maintenance	11,398,874	10,932,776
Administration	5,548,740	5,108,670
Depreciation	5,737,168	6,090,722
Total Operating Expenses	45,821,897	44,368,450
Operating Income (Loss)	(37,770,223)	(36,675,134)
Nonoperating Revenues (Expenses):		
Sales Tax	30,836,746	22,724,638
Interest Income	242,889	296,650
Other Nonoperating Revenues	84,167	65,150
State Assistance	1,255,818	678,057
Federal Assistance	4,861,082	5,094,622
Contributions to Road Projects	(5,632)	(39,722)
Gain/Loss on Sale of Asset	(37,766)	(11,048)
Total Nonoperating Revenues (Expenses):	37,237,304	28,808,347
Net Income (Loss) Before Contributions	(532,919)	(7,866,787)
Capital Contributions - Federal	957,731	950,609
Capital Contributions - State	81,560	0
Capital Contributions - Non Govt	0	0
Change in Net Position	506,372	(6,916,178)
Total Net Position, Beginning	107,835,573	114,751,751
Total Net Position, Ending	$108,341,945	$107,835,573

The notes to the financial statements are an integral part of this statement.

CLARK COUNTY PTBA

COMPARATIVE STATEMENT OF CASH FLOWS

For the Fiscal Years Ended December 31, 2012 and 2011

	2012	2011
Cash Flows from Operating Activities:		
Cash Received from Customers	$8,129,417	$7,982,235
Cash Payments to Suppliers for Goods and Services	(19,606,798)	(17,762,573)
Cash Payments to Employees for Services	(20,837,208)	(20,386,861)
Other Cash Receipts	84,167	65,150
Net Cash Provided (Used) by Operating Activities	(32,230,422)	(30,102,049)
Cash Flows from Noncapital Financing Activities:		
Sales Tax Received	29,007,746	22,574,256
State Assistance Received	1,015,287	982,776
Federal Operating Grants Received	5,295,680	5,571,590
Net Cash Provided (Used) by Noncapital and Related Financing Activities	35,318,713	29,128,622
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(1,701,046)	(1,768,929)
Capital Grants and Contributions	1,153,296	1,870,709
Proceeds From Sale of Equipment	37,717	18,000
Net Cash Provided (Used) by Capital and Related Financing Activities	(510,033)	119,780
Cash Flows from Investing Activities:		
Purchase of Investment Securities	(212,011)	(234,571)
Interest on Investments	258,835	293,769
Net Cash Provided (Used) by Investing Activities	46,824	59,198
Net Increase (Decrease) in Cash and Cash Equivalents	2,625,082	(794,449)
Cash and Cash Equivalents, Beginning	25,767,471	26,561,919
Cash and Cash Equivalents, Ending	$28,392,553	$25,767,471

The notes to the financial statements are an integral part of this statement.

CLARK COUNTY PTBA

COMPARATIVE STATEMENT OF CASH FLOWS

For the Fiscal Years Ended December 31, 2012 and 2011

	2012	2011
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating Loss	($37,770,223)	($36,675,134)
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities		
Depreciation	5,737,168	6,090,722
Nonoperating Expenses	(5,632)	(39,723)
Miscellaneous Nonoperating Revenue	84,167	65,150
(Decrease) Increase in Provision for Uncollectible Accounts	902	(12,247)
Change in Assets and Liabilities		
Decrease (Increase) in Accounts Receivable	74,498	(65,926)
Decrease (Increase) in Inventories	(209,700)	103,613
Decrease (Increase) in Prepaid Expenses	(84,271)	(28,328)
Increase (Decrease) in Accounts Payable	301,270	384,906
Increase (Decrease) in Wages and Benefits Payable	96,744	(14,576)
Increase (Decrease) in Prepaid Fares	(14,255)	354,845
Increase (Decrease) in Other Payables	(5,466)	3,399
Increase (Decrease) in Claims and Judgments Payable	(435,625)	(268,750)
Total Adjustments	5,539,800	6,573,085
Net Cash Provided (Used) by Operating Activities	($32,230,422)	($30,102,049)

The notes to the financial statements are an integral part of this statement.

CLARK COUNTY PUBLIC TRANSPORTATION BENEFIT AREA
(C-TRAN)

NOTES TO THE FINANCIAL STATEMENTS

January 1, 2012, through December 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Clark County Public Transportation Benefit Area commenced operation on July 6, 1981, and operates under the laws of the state of Washington applicable to a municipal corporation. The accounting policies of the PTBA conform to generally accepted accounting principles (GAAP) applicable to governmental enterprise units. The following summary of the more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies should be viewed as an integral part of the accompanying financial statements.

A. Reporting Entity

The PTBA is a special-purpose government organized to provide public transportation services for Clark County. The PTBA operates both fixed route public transportation services under the name of C-TRAN and Demand Response services under the name of C-VAN.

As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. Based on the standards set by Governmental Accounting Standards Board (GASB) Statement 14, there were no component units of Clark County PTBA. The PTBA is a separate legal entity and is fiscally independent from all other units of government.

The Clark County PTBA is governed by an appointed Board of Directors. No primary government appoints the voting majority of the PTBA's Board of Directors. The PTBA's Board consists of ten members: three are appointed from and by the City Council of Vancouver; one member is appointed jointly from the City Councils of Camas and Washougal by the mayors of these cities; one member is appointed from the City Council of Battle Ground and Town Council of Yacolt by the two mayors of these cities; and one member is appointed from the City Councils of La Center and Ridgefield by the two mayors of these cities, and one nonvoting member is appointed by the employees' union. In addition, all three Clark County Commissioners serve on the Board.

B. Basis of Accounting and Reporting

The accounting records of the PTBA are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. The PTBA uses the *Budgeting, Accounting and Reporting System for Transit Districts* in the state of Washington.

Funds are accounted for on a cost of services or an economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included in their statements of net position (or balance sheets). Their reported fund net position is segregated into net investment in capital assets, restricted, and unrestricted components of net position. Operating statements present increases (revenues and gains) and decrease (expense and losses) in net position. The PTBA discloses changes in cash flows by a separate statement and presents its operating, noncapital financing, capital, and related financing and investing activities.

The PTBA uses a full accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred. Capital asset purchases are capitalized and long-term liabilities are accounted for in the appropriate fund.

The transit distinguishes between operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the PTBA are charges to customers in the form of bus fares. Operating expenses for the transit include the cost of providing transit service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The accounting records of the PTBA are maintained in accordance with the methods prescribed by the FTA and the Washington State Auditor under the authority of RCW 43.09. The authority for FTA to prescribe an accounting and reporting system is found in Section 15 of the Federal Transit Act of 1992, as amended.

The PTBA has prepared an annual report to FTA in the National Transit Database (NTD) format and a summary report to the Washington State Department of Transportation (WSDOT), both issued under separate cover. These reports require specific information and are not prepared on the basis of generally accepted accounting principles.

C. Assets, Liabilities, and Net Position

1. Cash and Cash Equivalents

   The PTBA's cash and cash equivalents are considered to be cash-on-hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes and the PTBA's investment policy permit the PTBA to invest in obligations of the United States, certificates of deposits issued by banks that are designated as public depositories by the Washington Public Deposit Protection Commission (PDPC), the Local Government Investment Pool (LGIP) of the Washington State Treasurer, or authorized investments through the Clark County Treasurer.

   Investments for the PTBA are reported at fair value. The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Short-Term Investments

   See Note 2, Deposits and Investments

3. Receivables

   Accounts receivable consist almost exclusively of bus passes and amounts due from other governments, and a limited amount of claims for damaged property. Receivables from other governments include taxes and grants. Revenue received for bus passes sold in advance is deferred and is shown as a liability for prepaid fares. The PTBA calculates its allowance for uncollectible accounts based on specific account analysis. The allowance is assessed and adjusted on an annual basis. Uncollectible accounts have historically been immaterial.

4. Inventory and Prepaid Expenses

   Inventory consists of fuel, tires, repair parts, and supplies. Expenses are recorded as the materials are consumed. Inventory is valued on the moving, weighted average cost method. Prepaid expenses consist of normal operating expenses for which payment is due at the first of the month, such as lease and employee insurance, or expenses that are paid up front, representing several months to up to a year in advance, such as software maintenance contracts. All prepaid transactions are expensed when the benefit is received.

5. Restricted Assets

   Temporarily restricted cash and cash equivalents resulting from the sale of property or equipment for which the Federal Transit Administration restricts the use of the proceeds for the investment in approved capital assets.

6. Capital Assets

   Capital assets, which include property, facilities, and equipment, are capitalized at total acquisition cost, provided such cost exceeds $5,000 and has an expected useful life of more than two years. Depreciation is recorded on all depreciable capital assets on a straight-line basis over the following estimated useful lives:

Asset	Years
Vehicles	5-12
Buildings and structures	10-40
Equipment and furnishings	5-20
Land improvements	5-40

   The PTBA has acquired certain assets with funding provided by federal assistance from the FTA grant programs. The PTBA holds title to these assets; however, the federal government retains an interest in these should the assets no longer be used for mass transit purposes. Note 5 contains further discussion of the PTBA's Capital Assets.

7. Compensated Absences

   Compensated absences are absences for which employees will be paid, such as vacation and sick leave. The PTBA records unpaid leave for compensated absences as an expense and liability when incurred. Accrued vacation pay is payable upon resignation, retirement, or death; some restrictions apply based on employee class. Sick leave may accumulate to a maximum of 1,024 hours. When a management employee terminates with at least ten years of service and is in good standing, the employee will be paid 25 percent of accumulated sick leave. Retiring management employees with at least ten years of service and in good standing will be paid 50 percent of their accumulated sick leave balance. Operators, Clerical and Maintenance employees who retire may cash out 35 percent of their sick leave balance in excess of 250 hours upon PERS-eligible retirement. Paratransit Dispatchers with sick balances of 300 hours or more may cash out sick leave in excess of 200 hours at 2 percent per year of service up to a maximum of 50 percent upon PERS retirement.

8. Other Accrued Liabilities

   Accounts consist of accrued wages and accrued employee benefits.

9. Comparative Data for the Prior Year

   Comparative data for the prior year has been presented in order to provide an understanding of the changes in the financial position and operations.

NOTE 2. DEPOSITS AND INVESTMENTS

A. The following is presented to reconcile the amounts shown as cash and cash equivalents and investments on the Statement of Net Position to the note disclosures of deposits and investments.

Note 2: Deposits and Investments

Net Position Statement:	2012	2011
Current Assets:		
Cash & Cash Equivalents	$28,356,718	$25,685,348
Investments	20,798,122	20,586,111
Noncurrent Assets:		
Temporarily Restricted Asset:		
Cash & Cash Equivalents	35,834	82,123
Total Cash, Cash Equivalents and Investments as presented in the Statement of Net Position	$49,190,674	$46,353,582
Note Disclosures:		
Deposits	6,072,122	512,850
Investments	43,118,552	45,840,732
Total Cash, Deposits and Investments as presented in the Note Disclosures	$49,190,674	$46,353,582

B. Deposits

All PTBA deposits are either insured or collateralized. The PTBA's insured deposits are covered by the Federal Depository Insurance Corporation (FDIC). Collateral protection is provided by the Washington Public Deposit Protection Commission (PDPC). The PDPC, created by the Legislature per Chapter 39.58 of the Revised Code of Washington, constitutes a multiple financial institution collateral pool. Pledged securities under the PDPC collateral pool are held by the PDPC's agent in the name of the collateral pool.

C. Investments

As of December 31, 2012, the PTBA had $22,320,430 invested with the Washington State LGIP. The amount invested as of December 31, 2011, was $25,254,621. The LGIP is considered extremely low risk. The pool is operated in a manner consistent with the Securities and Exchange Commission's Rule 2a-7 of the Investment Company Act of 1940. Rule 2a-7 funds are limited to high quality obligations with limited maximum and average maturities, the effect of which is to minimize both market and credit risk. The pool's portfolio is made up of high-quality, highly liquid securities, and its relatively short average maturity reduces the pool's price sensitivity to market interest rate fluctuations. The pool also has a strong degree of asset diversification to minimize risk and maintain adequate rates of return.

All LGIP deposits are either insured or are protected by collateral held on behalf of the Washington Public Deposit Protection Commission. The operating rules of the Washington State Treasurer's LGIP require the full collateralization of all deposits. The PTBA does not have a policy for custodial credit risk.

The pool is managed and operated by the Office of the State Treasurer for the state of Washington. The LGIP publishes an annual report, which is on the Internet at the Treasurer's Web site (http://tre.wa.gov). As of the most recent report date, June 30, 2012, fair value approximated amortized cost. It is the policy of the LGIP to permit participants to withdraw their investments on a daily basis; therefore, the PTBA's investment balance in the pool is equal to fair value. The net annualized rate of return for the year 2012 for LGIP investments was 0.16 percent; for the month of December 2012, net annualized rate of return was 0.23 percent. For 2011, the rate of return was 0.23 percent for December and 0.13 percent net annualized rate for the year.

The PTBA possesses five CDs which are on deposit at Umpqua Bank. Umpqua Bank, as a PDPC approved bank, is subject to requirements to either fully insure or fully collateralize all public deposits. The PDPC requirements ensure that the PTBA's custodial risk in regards to these investments is substantially reduced.

D. Investment Risks

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. The PTBA manages exposure to declines in fair values from interest rates by limiting the weighted average maturity of its investment portfolio to maturities that will fulfill the cash flow needs. The portfolio is managed in a manner that ensures sufficient cash is available to meet anticipated cash flow needs, based on historical information.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Washington State Investment Pool, a 2a7-like pool, is unrated. To limit risk, Washington State law limits the amount of the portfolio invested in commercial paper, banker's acceptances, and corporate bonds.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The PTBA is invested significantly in Certificates of Deposit with Umpqua Bank. The five CDs comprise a total investment of $20,798,122 at December 31, 2012, which is 48.2 percent of total investments at year end. For 2011, the CD's were 44.4 percent of total investments with a balance of $20,586,111 at December 31.

Custodial Risk – Custodial Risk is the risk that in the event of a failure of the counterparty to an investment transaction, by the insolvency, negligence, or fraudulent action of the custodian, the PTBA would not be able to recover the value of the investment or collateral securities. The Washington State Investment Pool limits risk by designating approved depositories as sole recipients of the pool funds, the delivery versus payment basis of purchase of securities, and use of independent, third party custodians for safekeeping of the funds.

As of December 31, 2012, the PTBA had no formal risk policy in place.

NOTE 3. RECEIVABLES

Receivables are reported net of the allowance for uncollectible amounts.

	December 31, 2012	December 31, 2011	December 31, 2010
Accounts	$253,188	$327,686	$261,760
Allowance for Uncollectibles	(2,418)	(1,517)	(13,764)
Sales Tax	5,948,000	4,119,000	3,968,618
Interest	35,658	51,604	48,723
Operating Grants from Federal	34,487	469,085	946,053
Operating Grants from State	308,499	67,968	372,687
Capital Grants from Federal	386,590	500,595	1,420,695
Total Net Receivables	$6,964,004	$5,534,421	$7,004,772

NOTE 4. DESIGNATION OF INVESTMENTS

In September 2009, the Board of Directors designated a special fund to provide the funds to carry out the capital program as adopted in the budget. The Board of Directors also reconfirmed the designation of a special fund to provide the ability to settle large claims.

Investments have been designated by the Board of Directors in 2012 and 2011 for the following purposes and amounts:

Purpose	Investment Balance Dec. 31, 2011	Increase	Decrease	Investment Balance Dec. 31, 2012
Designated for Capital Program	$15,533,240	$19,215,376	($973,415)	$33,775,201
Designated for Retained Risks	3,000,000	0	0	3,000,000
Designated for Dental Self Insurance	34,883	0	(5,729)	29,154
Total Designated	$18,568,123	$19,215,376	($979,144)	$36,804,355

Purpose	Investment Balance Dec. 31, 2010	Increase	Decrease	Investment Balance Dec. 31, 2011
Designated for Capital Program	$16,003,324	$0	($470,084)	$15,533,240
Designated for Retained Risks	3,000,000	0	0	3,000,000
Designated for Dental Self Insurance	34,883	0	0	34,883
Total Designated	$19,038,207	$0	($470,084)	$18,568,123

NOTE 5. CAPITAL ASSETS AND DEPRECIATION

Major expenses for capital assets, including capital leases and major repairs that increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred. All capital assets are valued at historical cost.

The PTBA has acquired certain assets with funding provided by federal financial assistance programs. Depending on the terms of the agreements involved, the federal government could retain an equity interest in these assets. However, the PTBA has sufficient legal interest to accomplish the purposes for which the assets were acquired and has included such assets within the applicable account.

The original cost of operating property retired or otherwise disposed of and the cost of installation, less salvage, is charged to accumulated depreciation. However, in the case of the sale of a significant operating unit or system, the original cost is removed from the PTBA asset accounts, accumulated depreciation is charged with the accumulated depreciation related to the property sold, and the net gain or loss on disposition is credited or charged to income.

An allowance for funds used during construction is capitalized as part of the cost of the asset. The procedure is intended to remove the cost of financing construction activity from the operating statements and to treat such cost in the same manner as construction labor and material costs.

Depreciation expense is charged to operations to allocate the cost of capital assets over their estimated useful lives, using the straight-line depreciation method with useful lives of 5 to 40 years.

Capital assets activity for the year ended December 31, 2012 was as follows:

Description	Balance December 31, 2011	Increases	Decreases	Balance December 31, 2012
Capital assets not being depreciated:				
Work In Progress	$2,560,800	$1,404,031	($115,432)	$3,849,399
Land	15,357,558	0	0	15,357,558
Total captial assets not being depreciated	17,918,358	1,404,031	(115,432)	19,206,957
Depreciable capital assets:				
Vehicles	46,566,328	115,764	(126,176)	46,555,916
Building and structures	8,458,177	0	(16,290)	8,441,887
Equipment and furnishings	16,345,717	322,154	(633,917)	16,033,954
Land Improvements	18,794,129	0	0	18,794,129
Total depreciable capital assets at cost	90,164,351	437,918	(776,383)	89,825,886
Less accumulated depreciation for:				
Vehicles	(26,160,701)	(3,394,882)	50,693	(29,504,890)
Building and structures	(3,719,578)	(224,715)	16,290	(3,928,003)
Equipment and furnishings	(11,066,634)	(1,573,173)	633,917	(12,005,890)
Land Improvements	(6,861,567)	(544,398)	0	(7,405,965)
Total accumulated depreciation	(47,808,480)	(5,737,168)	700,900	(52,844,748)
Depreciable capital assets, net	42,355,871	(5,299,250)	(75,483)	36,981,138
Total capital assets, net	$60,274,229	($3,895,219)	($190,915)	$56,188,095

Description	Balance December 31, 2010	Increases	Decreases	Balance December 31, 2011
Capital assets not being depreciated:				
Work In Progress	$1,716,909	$1,363,396	($519,505)	$2,560,800
Land	15,357,558	0	0	15,357,558
Total captial assets not being depreciated	17,074,467	1,363,396	(519,505)	17,918,358
Depreciable capital assets:				
Vehicles	47,815,443	0	(1,249,115)	46,566,328
Building and structures	8,458,177	0	0	8,458,177
Equipment and furnishings	15,774,165	576,803	(5,251)	16,345,717
Land Improvements	18,794,129	0	0	18,794,129
Total depreciable capital assets at cost	90,841,914	576,803	(1,254,366)	90,164,351
Less accumulated depreciation for:				
Vehicles	(23,667,061)	(3,713,706)	1,220,066	(26,160,701)
Building and structures	(3,494,863)	(224,715)	0	(3,719,578)
Equipment and furnishings	(9,516,987)	(1,554,898)	5,251	(11,066,634)
Land Improvements	(6,264,164)	(597,404)	0	(6,861,567)
Total accumulated depreciation	(42,943,075)	(6,090,722)	1,225,317	(47,808,480)
Depreciable capital assets, net	47,898,839	(5,513,919)	(29,049)	42,355,871
Total capital assets, net	$64,973,306	($4,150,523)	($548,554)	$60,274,229

NOTE 6. LEASE COMMITMENTS

The PTBA is committed under various leases for space and equipment. All leases are considered operating leases for accounting purposes because the PTBA does not acquire interests in the property. Lease expenses for the year ended December 31, 2012, totaled $216,019. Lease expenses for the year ended December 31, 2011, totaled $296,353. Future minimum rental commitments for leases are as follows:

Year	**Amount**
2013	$88,235
2014	90,668
2015	22,026
2016	8,258
2017	2,976
2018-2023	3,070
	$215,233

NOTE 7. PENSION PLANS

Substantially all of the PTBA's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the state of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, PO Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS Web site at www.drs.wa.gov. The following disclosures are made pursuant to GASB Statements No. 27, *Accounting for Pensions by State and Local Government Employers* and No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27.*

A. Public Employees' Retirement System (PERS) Plans 1, 2, and 3

Plan Description

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in the Judicial Retirement System); employees of legislative committees; community and technical colleges, college and university employees not participating in national higher education retirement programs; judges of district and municipal courts; and employees of local governments. PERS Retirement benefit provisions are established in Chapters 41.34 and 41.4 RCW and may be amended only by the State Legislature.

PERS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

PERS participants who joined the system by September 30, 1977, are Plan 1 members. Those who joined on or after October 1, 1977, and by either, February 28, 2002, for state and higher education employees, or August 31, 2002, for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002, for state and higher education employees, or September 1, 2002, for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS Plan 1 and Plan 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' fiscal year 2012, the rate was five and one-half percent compounded quarterly. Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon upon separation from PERS-covered employment.

PERS Plan 1 members are vested after the completion of five years of eligible service.

Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) per year of service, but the benefit may not exceed 60 percent of the AFC. The AFC is the monthly average of the 24 consecutive highest-paid service credit months.

The monthly benefit is subject to a minimum for PERS Plan 1 retirees who have 25 years of service and have been retired 20 years or who have 20 years of service and have been retired 25 years. If a survivor option is chosen, the benefit is reduced. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. Plan 1 members may also elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity payable to the age of 60. The allowance amount is $350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60. A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the allowance amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. Plan 1 members may elect to receive an optional COLA amount (based on the Consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 members can receive credit for military service while activity serving in the military if such credit makes them eligible to retire. Members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

The survivor of a PERS Plan 1 member who dies after having earned ten years of service credit has the option, upon the member's death, of either a monthly survivor benefit or a lump sum of contributions plus interest.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit; and a cost of living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PERS Plan 2 members who have at least 20 years of service credit and who are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by 3 percent for each year before age 65
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules

PERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. The surviving spouse or eligible child(ren) of a PERS Plan 2 member who dies after having earned ten years of service credit has the option of either a monthly benefit or a lump sum of payment of the member's contribution plus interest.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by Chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on member choice. There are currently no requirements for employer contribution to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 investments are made in the same portfolio as that of the PERS 2/3 defined benefit plan.

For DRS' fiscal year 2012, PERS Plan 3 employee contributions were $95.2 million, and plan refunds paid out were $66.2 million.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest paid service months. There is no cap of years of service credit, and Plan 3 provides the same cost of living allowance as Plan 2.

Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if 12 months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten years service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.

- If they have 30 service credit years and are at least 55 years old, they have the choice of a benefit that is reduced by 3 percent for each year before age 65, or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.

PERS Plan 3 defined benefit retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 2 and Plan 3 provided disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2 percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent of the AFC per year of service. These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and the cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PERS Plan 2 and Plan 3 members may have up to ten years of interruptive military service credit; five years at no cost and five years that may be purchased by paying the required contributions.

PERS Plan 2 and Plan 3 members who become totally incapacitated for continued employment while serving the uniformed services, or a surviving spouse or eligible child(ren), may apply for interruptive military service credit.

PERS Plan 2 and Plan 3 members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS members may also purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's retirement benefit.

Beneficiaries of a PERS Plan 2 or Plan 3 member with ten years of service who is killed in the course of employment receive retirement benefits without actuarial reduction. This provision applies to any member killed in the course of employment on or after June 10, 2004, if found eligible by the Department of Labor and Industries.

A one-time, duty-related death benefit is provided to the estate (or duly designated nominee) of a PERS member who dies in the line of service as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

There are 2,278 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2012:

Retirees and Beneficiaries Receiving Benefits	79,363
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	29,925
Active Plan Members Vested	105,578
Active Plan Members Nonvested	46,839
Total	**261,705**

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 percent to 15 percent, based on member choice. Two of the options are graduated rates dependent on the employee's age.

The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2012, are as follows:

	PERS Plan 1	**PERS Plan 2**	**PERS Plan 3**
Employer*	7.21%**	7.21%**	7.21%***
Employee	6.00%****	4.64%****	*****

* The employer rates include the employer administrative expense fee currently set at 0.16 percent.

** The employer rate for state elected officials is 10.74 percent for Plan 1 and 7.21 percent for Plan 2 and Plan 3.

*** Plan 3 defined benefit portion only.

**** The employee rate for state-elected officials is 7.50 percent for Plan 1 and 4.64 percent for Plan 2.

***** Variable from 5.0 percent minimum to 15.0 percent maximum based on rate selected by the PERS 3 member.

Both PTBA and the employees made the required contributions. The PTBA's required contributions for the years ended December 31 were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2012	$31,891.43	$1,194,809.28	$235,018.35
2011	$28,385.78	$1,021,401.46	$191,316.74
2010	$37,859.17	$873,708.12	$148,312.34

B. Deferred Compensation Plan

The PTBA offers all employees the option of participating in a deferred compensation plan under the provisions of the Internal Revenue Code Section 457. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. In accordance with the Small Business Job Protection Act of 1996, the assets of the Plan are held in a trust for the exclusive benefit of the participants. Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA CREF) is the third-party administrator and manages the 19 investment options available.

NOTE 8. RISK MANAGEMENT

The Washington State Transit Insurance Pool (WSTIP) was formed by Interlocal Agreement on January 1, 1989, pursuant to Chapters 48.61 and 39.34 RCW. The purpose for forming WSTIP was to provide member transit systems programs of joint self-insurance, joint purchasing of insurance, and joint contracting for hiring of personnel to provide risk management, claims handling, and administrative services. Transit authorities joining the Pool must remain members for a minimum of 36 months; a member may withdraw from the Pool after that time by giving 12 months notice. Any member who withdraws will not be allowed to rejoin the Pool for a period of 36 months. Transit authorities applying for membership in the Pool may do so on approval of a simple majority vote of the Board of the Pool. The Pool underwriting and rate-setting policies have been established after consultation with actuaries. The Pool members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Pool were to be exhausted, members would be responsible for the Pool's liabilities. WSTIP is regulated by the Washington State Risk Manager and audited yearly by the Washington State Auditor. The PTBA joined WSTIP on January 1, 2011.

Risk	Carrier	Coverage
Comprehensive General Liability	WSTIP	$12,000,000 each occurrence with no deductible
Auto Liability, Garage Keepers, & Garage Legal Liability	WSTIP	$12,000,000 each occurrence with no deductible
Public Official Liability	WSTIP	$12,000,000 each occurrence with $5,000 deductible
Crime Coverage/Public Employee Dishonesty	WSTIP	$1,000,000 each occurrence with $10,000 deductible
Property Damage Insurance: Property-Building, Personal & Auto Physical (all vehicles)	WSTIP	$1,000,000,000 blanket limit with $10,000 deductible
Boiler & Machinery	WSTIP	$100,000,000 blanket limit with $10,000 deductible
Felonious Assault	Chubb	$100,000 per accident

For each of the past three fiscal years, the amount of insurance coverage in each category has exceeded claims paid.

Between December 22, 1985, and December 31, 2010, the PTBA did not purchase any auto liability coverage. As a public transportation operator, most of the PTBA's risk exposure is in the operation of its fleet of transit coaches. For 2010 and prior incidents, claims expense and related liabilities were established if information indicates that it is probable a liability has been incurred as of the date of the financial statements, and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

At December 31, 2012, the amount of this liability estimate was $47,500. At December 31, 2011, the amount of this liability estimate was $483,125. This liability is the PTBA's best estimate based upon available information.

Changes in the reported liability since January 1, 2009, resulted from the following:

	2012	2011	2010	2009
Unpaid claims and claims adjustment expenses as of January 1	$483,125	$751,875	$525,938	$272,242
Unpaid claims and claims adjustment expenses (including IBNR) as of December 31:				
Provision for current year events	0	0	154,516	205,412
Increases (decreases) in provision for prior years' events	(201,143)	(130,046)	205,031	226,358
Total incurred claims and claims adjustment expenses	(201,143)	(130,046)	359,546	431,770
Payments:				
Claims and claims adjustment expenses attributable to current year events	0	0	7,016	45,733
Claims and claims adjustment expenses attributable to prior year events	234,482	138,704	126,593	132,341
Total payments	234,482	138,704	133,609	178,074
Total unpaid claims and claims adjustment expenses as of December 31	$47,500	$483,125	$751,875	$525,938

All liabilities are estimates for which the lowest amount in a range of probable losses has been accrued because no amount within that range is a better estimate of loss. No further discounting of the estimate is made to account for inflation, which may occur prior to settlement. All claims that have been settled have been paid in full thus far. Given the nature of ranges, it is possible the final settlement of all claims may be a multiple of the recorded liability. As discussed in Note 4, as of December 31, 2012, the Board of Directors designated $3,000,000 of investments to pay these and future claims.

The PTBA maintains an excess liability insurance policy for claims prior to December 31, 2010, which provides coverage for claims in excess of $2,000,000. The Board of Directors has authorized the designation of $3,000,000 of investments for retention of the excess liability policy of $2,000,000 and to meet the self-insurance requirements for the underground storage tank farm of $1,000,000. The $2,000,000 excess liability policy is anticipated to end in 2014.

The PTBA also carries a reserve for dental self-insurance of $29,154 as required by the corresponding program. The PTBA contracts with a third party administrator to manage its insurance claims. The claims are reported to the PTBA when reimbursed.

The PTBA also retains all liability for unemployment compensation claims as administered by the Washington State Employment Security Department. Workers' compensation claims are insured with the Washington State Department of Labor and Industries.

NOTE 9. CAPITAL CONTRIBUTIONS

As a part of the capital program, the PTBA has received grants from FTA, as well as contributions from the Department of Homeland Security, the Washington State Department of Transportation, the City of Vancouver, and private sources. All capital grants and contributions are in the form of cash, which is then used to purchase capital assets. These grants and donations are recorded as capital contributions when earned.

The following two tables include an analysis of the capital contributions activity for 2012 and 2011:

Source	Balance Dec. 31, 2011	Grants Received	Refunded	Disposed	Balance Dec. 31, 2012
WA-03-0018	$41,620				$41,620
WA-03-0041	0				0
WA-03-0042	3,057,236				3,057,236
WA-03-0056	0				0
WA-03-0146	6,627,017				6,627,017
WA-03-0184	2,557,565				2,557,565
WA-03-0193	2,884,272				2,884,272
WA-04-0035	480,200				480,200
WA-04-0088	0	45,741			45,741
WA-05-0015	67,686				67,686
WA-05-0018	672,772			(7,584)	665,188
WA-05-0032	674,172				674,172
WA-26-0007	827,318				827,318
WA-26-0014	1,615,676				1,615,676
WA-39-0004	615,871	795,975			1,411,846
WA-77-0003	1,487,612				1,487,612
WA-90-0006	121,574				121,574
WA-90-0021	18,493				18,493
WA-90-0044	485,099				485,099
WA-90-0049	439,079				439,079
WA-90-0068	171,685				171,685
WA-90-0081	67,947				67,947
WA-90-0093	81,803				81,803
WA-90-0117	0				0
WA-90-0129	0				0
WA-90-0139	433,245				433,245
WA-90-0150	242,314				242,314
WA-90-0158	2,276,975				2,276,975
WA-90-0184	3,232,056				3,232,056
WA-90-0198	197,242				197,242
WA-90-0217	6,327,369				6,327,369
WA-90-0255	4,565,030				4,565,030
WA-90-0267	800,000				800,000
WA-90-0275	4,181,393				4,181,393
WA-90-0335	79,868				79,868
WA-90-0339	190,000				190,000
WA-90-0361	4,119,017				4,119,017
WA-90-0404	8,014,627			(64,316)	7,950,311
WA-95-0010	2,035,800				2,035,800
WA-95-0014	0				0
WA-95-0019	0	116,015			116,015
WA-95-0034	629,000				629,000
WA-96-0008	3,478,004				3,478,004
06-071	142,138				142,138
06-083	150,000				150,000
Federal Government	64,088,775	957,731	0	(71,900)	64,974,606
GCA5900	410,026				410,026
G0700026	844,006				844,006
GCA4931	600,000				600,000
GCB1124	0	81,560			81,560
State Government	1,854,032	81,560	0	0	1,935,592
Local Govt.	495,145				495,145
CGA 1529	86,000				86,000
Local Govt Capital Grants	581,145	0	0	0	581,145
Non Govt Grants & Donations	927,982				927,982
Total Contributed Capital	$67,451,934	$1,039,291	$0	($71,900)	$68,419,325

Source	Balance Dec. 31, 2010	Grants Received	Refunded	Disposed	Balance Dec. 31, 2011
WA-03-0018	$43,710			(2,090)	$41,620
WA-03-0041	69,507			(69,507)	0
WA-03-0042	3,292,044			(234,808)	3,057,236
WA-03-0056	43,841			(43,841)	0
WA-03-0146	6,627,017				6,627,017
WA-03-0184	2,557,565				2,557,565
WA-03-0193	2,884,272				2,884,272
WA-04-0035	480,200				480,200
WA-05-0015	235,824			(168,138)	67,686
WA-05-0018	707,970			(35,198)	672,772
WA-05-0032	676,671			(2,499)	674,172
WA-26-0007	827,318				827,318
WA-26-0014	1,552,081	63,595			1,615,676
WA-39-0004	0	615,871			615,871
WA-77-0003	1,315,698	171,914			1,487,612
WA-90-0006	163,334			(41,760)	121,574
WA-90-0021	47,516			(29,023)	18,493
WA-90-0044	571,553			(86,454)	485,099
WA-90-0049	483,097			(44,018)	439,079
WA-90-0068	248,845			(77,160)	171,685
WA-90-0081	145,978			(78,031)	67,947
WA-90-0093	338,932			(257,129)	81,803
WA-90-0117	12,694			(12,694)	0
WA-90-0129	11,909			(11,909)	0
WA-90-0139	774,450			(341,205)	433,245
WA-90-0150	558,954			(316,640)	242,314
WA-90-0158	2,659,584			(382,609)	2,276,975
WA-90-0184	3,443,556			(211,500)	3,232,056
WA-90-0198	206,568			(9,326)	197,242
WA-90-0217	6,368,853			(41,484)	6,327,369
WA-90-0255	4,565,030				4,565,030
WA-90-0267	800,000				800,000
WA-90-0275	4,181,393				4,181,393
WA-90-0335	111,184			(31,316)	79,868
WA-90-0339	190,000				190,000
WA-90-0361	4,119,017				4,119,017
WA-90-0404	8,014,627				8,014,627
WA-95-0010	2,035,800				2,035,800
WA-95-0014	23,895			(23,895)	0
WA-95-0034	629,000				629,000
WA-96-0008	3,378,775	99,229			3,478,004
06-071	142,138				142,138
06-083	150,000				150,000
Federal Government	65,690,400	950,609	0	(2,552,234)	64,088,775
GCA5900	458,552			(48,526)	410,026
G0700026	844,006				844,006
GCA4931	600,000				600,000
State Government	1,902,558	0	0	(48,526)	1,854,032
Local Govt.	495,145				495,145
CGA 1529	86,000				86,000
Local Govt Capital Grants	581,145	0	0	0	581,145
Non Govt Grants & Donations	927,982				927,982
Total Contributed Capital	$69,102,085	$950,609	$0	($2,600,760)	$67,451,934

NOTE 10. GRANT ACTIVITY

The PTBA is a recipient of grants from the United States Department of Transportation (DOT). All open grants are allocations funded by the Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users (SAFETEA-LU). Funds are drawn from these grants for the grant eligible expenditures as they occur.

The following two tables show open federal grant activity during 2012 and 2011:

CFDA No.	Federal ID	Total Award Amount	Balance at Dec. 31, 2011	2012 Awards & Amendments	2012 Grant Revenues & Expenditures	Balance at Dec. 31, 2012
20.205	STPF-0051(268)	$125,302	$31,460	$93,842	$106,920	$18,382
20.507	WA-04-0058	4,530,000	3,130,800	1,399,200	0	4,530,000
20.507	WA-04-0088	1,427,800	0	1,427,800	45,741	1,382,059
20.507	WA-26-0014	1,378,531	1,185,184	0	0	1,185,184
20.507	WA-37-X038	159,731	0	0	0	0
20.507	WA-37-X040	152,721	0	0	0	0
20.507	WA-37-X048	152,492	141,176	0	141,176	0
20.507	WA-39-0004	1,704,500	1,088,629	0	795,975	292,654
20.507	WA-57-X009	173,995	84,396	0	32,326	52,070
20.507	WA-57-X012	97,477	97,477	0	0	97,477
20.507	WA-90-X335	3,858,186	0	0	0	0
20.507	WA-90-X361	4,162,759	42,080	0	0	42,080
20.507	WA-90-X404	8,054,096	12,565	0	0	12,565
20.507	WA-90-X434	4,191,048	0	0	0	0
20.507	WA-90-X460	4,375,989	43,759	0	0	43,759
20.507	WA-90-X489	4,746,098	343,912	47,461	343,912	47,461
20.507	WA-90-X496	4,103,268	0	4,103,268	4,103,268	0
20.507	WA-95-X014	344,000	282,789	0	0	282,789
20.507	WA-95-X019	398,000	307,089	0	175,478	131,611
20.507	WA-95-X025	390,000	9,399	0	9,399	0
20.507	WA-95-X034	2,063,000	1,434,000	0	0	1,434,000
20.507	WA-95-X051	2,063,000	1,100,000	0	0	1,100,000
20.507	WA-96-X008	5,787,908	79,619	0	79,619	0
20.523	WA-77-0003	1,500,000	4,305	0	(1)	4,306
97.008	10-170	15,000	0	0	(15,000)	15,000
97.036	011-U6XY4-00	107,589	0	0	0	0
Total		$56,062,490	$9,418,639	$7,071,571	$5,818,813	$10,671,397

CFDA No.	Federal ID	Total Award Amount	Balance at Dec. 31, 2010	2011 Awards & Amendments	2011 Grant Revenues & Expenditures	Balance at Dec. 31, 2011
20.507	WA-04-0058	$3,130,800	$0	$3,130,800	$0	$3,130,800
20.507	WA-26-0014	1,378,531	1,248,779	0	63,595	1,185,184
20.507	WA-37-X038	159,731	9,077	0	9,077	0
20.507	WA-37-X040	152,721	0	152,721	152,721	0
20.507	WA-37-X048	152,492	0	152,492	11,316	141,176
20.507	WA-39-0004	1,704,500	0	1,704,500	615,871	1,088,629
20.507	WA-57-X009	173,995	117,463	0	33,067	84,396
20.507	WA-57-X012	97,477	97,477	0	0	97,477
20.507	WA-90-X335	3,858,186	4,728	0	4,728	0
20.507	WA-90-X361	4,162,759	42,080	0	0	42,080
20.507	WA-90-X404	8,054,096	39,469	0	26,904	12,565
20.507	WA-90-X434	4,191,048	380	0	380	0
20.507	WA-90-X460	4,375,989	424,633	0	380,874	43,759
20.507	WA-90-X489	4,698,637	0	4,698,637	4,354,725	343,912
20.507	WA-95-X014	344,000	305,331	0	22,542	282,789
20.507	WA-95-X019	398,000	319,068	0	11,979	307,089
20.507	WA-95-X025	390,000	41,115	0	31,716	9,399
20.507	WA-95-X034	2,063,000	1,434,000	0	0	1,434,000
20.507	WA-95-X051	2,063,000	0	1,100,000	0	1,100,000
20.507	WA-96-X008	5,787,908	218,020	0	138,401	79,619
20.523	WA-77-0003	1,500,000	176,540	0	172,235	4,305
97.008	10-170	15,000	0	15,000	15,000	0
97.036	011-U6XY4-00	107,589	0	100	100	0
Total		$48,959,459	$4,478,160	$10,954,250	$6,045,231	$9,387,179

The PTBA has received grants from state and local agencies as follows:

Grantor Agency	Program Name	Other ID	Total Award Amount	Balance at Dec. 31, 2011	2012 Grant Awards & Amendments	2012 Grant Revenues & Expenditures	Balance at Dec. 31, 2012
Washington State Dept. of Transportation	Columbia River Crossing Project	GCA6304	$410,541	$0	$0	$0	$0
Washington State Dept. of Transportation	Columbia River Crossing Project	GCA6618	237,052	34,196	(23,300)	9,298	1,598
Washington State Dept. of Transportation	Regional Mobility Grant - Expanded Commuter Service	GCA6128	578,496	0	0	0	0
Washington State Dept. of Transportation	Paratransit/Special Needs Transit Formula	GCA6158	1,033,124	0	0	0	0
Washington State Dept. of Transportation	Paratransit/Special Needs Transit Formula	GCA6817	952,285	952,285	0	952,285	0
Washington State Dept. of Transportation	Vanpool Investment Program	GCB1124	198,000	0	198,000	82,499	115,501
Washington State Dept. of Transportation	Expert Review Panel	GCB1200	250,000	0	250,000	181,935	68,065
Washington State Dept. of Transportation	Transit Operating Distribution	NA	111,361	0	111,361	111,361	0
Washington State Transportation Insurance Pool	Risk Management Grant	WSTIP-2011	2,500	0	0	0	0
TOTAL			$3,773,359	$986,481	$536,061	$1,337,378	$185,164

Grantor Agency	Program Name	Other ID	Total Award Amount	Balance at Dec. 31, 2010	2011 Grant Awards & Amendments	2011 Grant Revenues & Expenditures	Balance at Dec. 31, 2011
Washington State Dept. of Transportation	Columbia River Crossing Project	GCA6304	$410,541	$33,756	($33,756)	$0	$0
Washington State Dept. of Transportation	Columbia River Crossing Project	GCA6618	260,352	46,304	117,723	129,831	34,196
Washington State Dept. of Transportation	Regional Mobility Grant - Expanded Commuter Service	GCA6128	578,496	93,082	0	93,082	0
Washington State Dept. of Transportation	Paratransit/Special Needs Transit Formula	GCA6158	1,033,124	452,644	0	452,644	0
Washington State Dept. of Transportation	Paratransit/Special Needs Transit Formula	GCA6817	952,285	0	952,285	0	952,285
Washington State Transportation Insurance Pool	Risk Management Grant	WSTIP-2011	2,500	0	2,500	2,500	0
TOTAL			$3,237,298	$625,786	$1,038,752	$678,057	$986,481

In 2012, of the total $7,156,191 of grant revenues, $6,116,900 was available to finance operating expenses, and $1,039,291 was available for capital contributions. In 2011, of the total $6,723,288 of grant revenues, $5,772,679 was available to finance operating expenses and $950,609 was available for capital contributions.

Statistical

CLARK COUNTY PUBLIC TRANSPORTATION BENEFIT AREA
(C-TRAN)

STATISTICAL SECTION

This part of the PTBA's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the PTBA's overall financial health.

CONTENTS **PAGE**

Financial Trends: These schedules contain trend information to help the reader understand how the PTBA's financial performance and well-being have changed over time.

- Net Position 62
- Changes in Net Position 63

Revenue Capacity: These schedules contain information to help the reader assess the PTBA's most significant local revenue source, the sales tax.

- Taxable Sales by Category 64
- Direct and Overlapping Sales Tax Rates 65

Demographic and Economic Information: These schedules offer demographic and economic indicators to help the reader understand the environment within which the PTBA's financial activities take place.

- Demographic and Economic Statistics 66
- Principal Employers 67

Operating Information: This schedule contains service and infrastructure data to help the reader understand how the information in the PTBA's financial report relates to the services the PTBA provides and the activities it performs.

- Operating Information 68

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CLARK COUNTY PTBA

NET POSITION

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
NET POSITION										
Invested in capital assets	$56,188,095	$60,274,229	$64,973,306	$63,771,949	$62,974,281	$51,585,761	$43,751,089	$43,936,168	$46,001,466	$45,215,891
Restricted for capital assets	35,834	82,123	61,200	61,200	61,200	-	-	-	-	-
Unrestricted	52,118,016	47,479,221	49,717,245	51,323,807	54,637,315	62,596,956	60,869,695	58,349,922	57,905,473	62,937,248
TOTAL NET POSITION	$108,341,945	$107,835,573	$114,751,751	$115,156,956	$117,672,796	$114,182,717	$104,620,784	$102,286,090	$103,906,939	$108,153,139

CLARK COUNTY PTBA

CHANGES IN NET POSITION

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2012	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**
Expenses										
Fixed Route	$35,987,002	$35,303,448	$33,198,647	$33,247,083	$32,271,700	$28,255,489	$26,182,380	$24,935,117	$24,637,761	$23,816,701
Demand Responses	9,433,568	8,719,876	8,683,601	8,429,088	9,000,526	8,067,501	7,108,788	5,524,843	5,561,804	4,671,327
Vanpool	285,483	188,252	225,455	399,493	0	0	0	$26,488	103,957	145,111
Rideshare		0	0	0	0	0	0	30,709	109,697	196,741
Total Operating	45,706,052	44,211,576	42,107,703	42,075,664	41,272,226	36,322,990	33,291,168	30,517,157	30,413,219	28,829,880
HCT Studies	115,844	156,874	186,812	177,484	118,763	53,131	52,172	0	0	0
Vanpool	0	0	0	0	150,864	0	0	0	0	0
Road Contributions	5,632	39,723	8,324	101,509	8,100	18,981	0	10,000	183,000	22,500
Gains (Loss) on Sale of Capital Assets	37,766	11,048	81,772	38,586	(25,881)	8,400	147,426	(7,100)	(12,536)	0
Total Expenses	$45,865,295	$44,419,220	$42,384,611	$42,393,243	$41,524,072	$36,403,502	$33,490,766	$30,520,057	$30,583,683	$28,852,380
Operating Revenues										
Passenger Fares	$7,704,374	$7,323,984	$6,802,151	$6,575,758	$6,126,288	$5,221,971	$4,786,044	$4,568,676	$3,806,500	$3,645,554
Other Transit Revenue	347,301	369,332	375,176	363,211	488,027	361,393	286,994	211,018	283,698	308,506
Total Operating Revenues	$8,051,674	$7,693,316	$7,177,327	$6,938,969	$6,614,315	$5,583,364	$5,073,038	$4,779,694	$4,090,198	$3,954,060
Nonoperating Revenues										
Taxes										
Sales Tax	$30,836,746	$22,724,638	$22,008,102	$21,179,904	$24,256,571	$25,852,664	$26,086,132	$16,287,514	$14,583,396	$12,972,872
Interest Income	242,889	296,650	388,556	528,076	1,560,755	3,103,071	2,970,928	1,859,591	909,253	1,036,272
Other Nonoperating Revenues	84,167	65,150	17,254	37,482	12,031	12,060	7,548	10,937	13,331	13,874
Commute Trip Reduction Grants	0	0	0	0	0	0	0	0	78,213	130,643
State Assistance	1,255,818	678,057	1,122,382	540,168	672,552	732,861	517,505	572,999	485,532	135,980
Federal Assistance	4,861,082	5,094,622	5,236,649	6,139,019	1,052,852	191,776	486,303	3,835,477	3,070,477	3,091,163
Capital Grants - FTA Grants	957,731	950,609	6,029,136	4,059,139	10,220,755	8,698,860	684,006	1,552,996	3,107,083	8,908,836
Capital Grants - State Grants	81,560	0	0	454,646	624,320	942,779	0	0	0	0
Capital Grants - Non Govt	0	0	0	0	0	848,000	0	0	0	0
Total General Revenues	$38,319,993	$29,809,726	$34,802,079	$32,938,434	$38,399,836	$40,382,071	$30,752,422	$24,119,514	$22,247,285	$26,289,640
Change in Net Position	$506,372	($6,916,178)	($405,205)	($2,515,840)	$3,490,079	$9,561,933	$2,334,694	($1,620,849)	($4,246,200)	$1,391,320

CLARK COUNTY PTBA

TAXABLE SALES BY CATEGORY

Last Ten Calendar Years

(in thousands of dollars)

CATEGORY	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Building Materials											
and Hardware	$211,310	$194,657	$201,121	$186,642	$215,533	$262,694	$285,649	$298,695	$254,719	$204,679	$168,550
General Merchandise	562,346	546,385	543,235	537,552	529,772	539,986	539,559	505,739	434,142	382,657	237,315
Food	237,552	231,341	237,401	226,108	224,663	223,368	210,783	200,931	181,466	178,158	298,999
Auto Dealers/Gas Stations	467,104	404,959	382,092	361,522	416,687	494,502	492,850	480,696	425,559	409,830	384,490
Apparel/Accessories	120,258	110,235	108,468	106,082	118,429	126,248	114,125	95,389	85,153	79,222	67,448
Furniture/Furnishings	129,229	131,262	115,262	115,040	133,424	143,163	128,325	113,071	102,645	93,869	82,423
Eating/Drinking Places	510,365	483,583	466,858	453,962	465,489	460,920	435,273	397,013	342,254	316,666	293,787
Misc. Retail Stores	277,889	281,904	273,191	263,786	292,753	309,191	287,257	243,582	238,388	221,151	213,552
Services	396,213	373,083	349,639	350,557	365,961	392,473	361,902	343,041	394,481	368,307	375,750
Contracting	666,654	629,133	574,319	533,000	912,393	1,016,443	1,145,695	1,054,513	871,035	740,443	688,678
Manufacturing	64,131	60,056	60,126	69,641	95,853	118,614	119,642	114,312	97,915	87,869	79,310
Transportation, Communication											
and Utilities	322,334	296,236	275,411	253,431	258,833	253,275	233,601	231,804	200,726	197,868	195,845
Wholesaling	277,884	266,437	258,722	260,744	321,783	316,694	311,516	304,110	292,124	299,687	281,956
Finance, Insurance, and											
Real Estate	131,920	116,676	124,860	135,963	154,293	156,679	163,735	167,734	81,805	91,018	76,180
Other Business	81,494	71,385	65,622	39,017	43,068	35,492	36,864	30,605	60,990	52,251	45,938
TOTAL RETAIL SALES	$4,456,683	$4,197,332	$4,036,328	$3,893,047	$4,548,933	$4,849,743	$4,866,777	$4,581,236	$4,063,402	$3,723,675	$3,490,221
Sales Tax at											
Applicable Rate (0.7%):	29,210	20,987	20,182	19,465	22,745	$24,249	$24,334	$13,744	$12,190	$11,171	$10,471
(Note: Effective April 2012 Tax Rate Increased from Prior Rate of 0.5%. Rate increased to 0.5% in January 2006 from prior rate of 0.3%)											
Sales and Use Tax Revenue	30,837	22,725	22,008	21,180	24,257	$25,853	$26,086	$16,288	$14,583	$12,973	$11,939
Percent of Tax from Retail Sales	94.7%	92.4%	91.7%	91.9%	93.8%	93.8%	93.3%	84.4%	83.6%	86.1%	87.7%
(Balance is from Use Tax)											

Source: Quarterly Business Review, Washington Department of Revenue.

CLARK COUNTY PTBA

DIRECT AND OVERLAPPING SALES TAX RATES

Last Ten Fiscal Years

Fiscal Year	Direct PTBA Sales Tax Rate		Other Local Sales Tax Rate		State Sales Tax Rate		Total Sales Tax Rate	
2012	0.7	%	1.2	%	6.5	%	8.4	%
2011	0.5		1.2		6.5		8.2	
2010	0.5		1.2		6.5		8.2	
2009	0.5		1.2		6.5		8.2	
2008	0.5		1.2		6.5		8.2	
2007	0.5		1.2		6.5		8.2	
2006	0.5		1.1		6.5		8.1	
2005	0.3		0.9		6.5		7.7	
2004	0.3		0.9		6.5		7.7	
2003	0.3		0.9		6.5		7.7	
2002	0.3		0.9		6.5		7.7	

CLARK COUNTY

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

Year	**Population**	**Personal Income** (thousands of dollars)	**Per Capita Personal Income**	**Unemployment Rate**
2012	431,250	not available	not available	10.4%
2011	428,000	16,337,847	37,695	12.4%
2010	425,363	15,677,813	36,715	14.0%
2009	431,200	15,131,577	35,027	13.2%
2008	424,200	15,520,101	36,547	7.1%
2007	415,000	14,733,160	35,360	5.6%
2006	403,500	13,750,478	33,691	5.7%
2005	391,500	12,832,816	32,118	6.4%
2004	383,300	11,823,627	30,383	7.4%
2003	372,300	11,376,159	30,157	9.6%
2002	363,400	10,962,071	29,732	9.2%

Sources

Population data is from the Washington State Office of Financial Management, Forecasting Division

Personal Income and Per Capital Personal Income data are from the US Department of Commerce, Bureau of Economic Analysis

Unemployment rates are from the Washington State Employment Security Department.

CLARK COUNTY

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

	2012			2003		
Employer	**Employees**	**Rank**	**Percent of Total County Employment**	**Employees**	**Rank**	**Percent of Total County Employment**
Peacehealth Southwest Medical Center	2,841	1	1.34%	3,150	1	1.67%
Evergreen Public Schools	2,455	2	1.16%	2,950	2	1.56%
Vancouver Public Schools	2,203	3	1.04%	2,676	3	1.42%
Clark County	1,561	4	0.73%	1,643	5	0.87%
Fred Meyers Stores	1,500	5	0.71%	1,300	8	0.69%
Battle Ground Public Schools	1,265	6	0.60%	1,259	10	0.67%
WaferTech LLC	1,040	7	0.49%	-		-
Clark College	985	8	0.46%	1,479	6	0.78%
City of Vancouver	932	9	0.44%	-		-
The Vancouver Clinic Inc. PS	912	10	0.43%	-		-
Hewlett-Packard	-		-	1,900	4	1.00%
Personnel Source	-		-	1,400	7	0.74%
Bonneville Power Administration	-		-	1,278	9	0.68%
Total	15,694		7.39%	19,035		10.07%
Total County Employment	212,430			189,110		

Sources:
Washington State Employment Security Department and the Vancouver Business Journal

CLARK COUNTY PTBA

OPERATING INFORMATION

2012-2003

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
PASSENGER BOARDINGS										
A. Fixed Route	6,614,724	6,723,798	6,317,040	6,201,190	6,984,933	5,506,506	5,436,018	5,614,951	6,804,572	6,669,074
B. Demand Response	217,468	206,596	218,104	215,357	245,684	230,409	211,818	196,478	200,088	199,524
C. Vanpool	56,758	28,210	17,426	14,086	0	0	0	988	26,318	36,442
PASSENGER MILES										
A. Fixed Route	32,408,972	33,748,700	31,773,904	34,730,798	36,883,205	25,849,236	29,268,989	29,694,702	37,945,869	35,570,764
B. Demand Response	1,542,584	1,468,523	1,528,543	1,295,897	1,409,969	1,300,870	1,203,188	1,139,924	1,104,299	1,395,737
C. Vanpool	1,570,340	756,260	461,647	379,442	0	0	0	2,580	360,001	888,064
OPERATING MILES										
A. Fixed Route	4,645,968	4,656,656	4,618,039	4,970,828	5,155,643	4,373,134	4,171,577	4,090,498	4,168,732	4,108,899
B. Demand Response	1,454,013	1,366,941	1,436,388	1,431,783	1,535,597	1,443,921	1,335,402	1,246,927	1,229,935	1,193,712
C. Vanpool	303,654	145,611	78,431	65,864	0	0	0	615	62,519	104,600
OPERATING HOURS										
A. Fixed Route	281,940	282,552	279,432	299,243	304,416	267,171	248,299	250,085	263,440	264,254
B. Demand Response	86,529	82,554	87,973	92,255	99,972	92,641	85,930	80,487	80,235	76,431
C. Vanpool	8,377	4,181	2,395	2,141	0	0	0	31	1,895	3,223
IN-SERVICE MILES										
A. Fixed Route	3,913,550	3,939,455	3,931,152	4,289,359	4,476,702	3,845,014	3,683,991	3,702,382	3,846,235	3,779,640
B. Demand Response	1,245,285	1,192,208	1,253,477	1,250,885	1,348,396	1,268,496	1,182,787	1,102,801	1,082,385	1,064,508
C. Vanpool	303,654	145,611	78,431	65,864	0	0	0	615	62,519	104,600
IN-SERVICE HOURS										
A. Fixed Route	256,684	258,137	256,428	275,743	280,211	247,323	230,657	231,191	243,988	244,548
B. Demand Response	79,515	75,949	80,555	81,064	88,258	81,773	77,010	72,004	71,099	66,634
C. Vanpool	8,377	4,181	2,395	2,141	0	0	0	31	1,895	3,223
NET OPERATING COST										
A. Fixed Route	$31,063,712	$29,935,491	$28,219,249	$28,689,099	$28,283,504	$23,970,530	$21,255,407	$19,864,065	$19,724,094	$19,731,628
B. Demand Response	8,554,901	7,771,570	7,775,082	7,816,398	8,791,796	7,753,950	6,787,272	5,122,262	5,115,421	4,489,742
C. Vanpool	172,019	128,488	219,071	281,796	0	0	0	26,687	42,956	64,318
OPERATING REVENUE										
A. Fixed Route	$7,551,671	$7,295,061	$6,793,511	$6,670,570	$6,346,589	$5,345,781	$4,818,489	$4,606,865	$3,876,010	$3,627,654
B. Demand Response	340,685	330,428	336,942	230,340	266,498	234,627	241,677	158,469	74,693	84,458
C. Vanpool	158,695	67,246	46,697	37,348	0	0	0	1,107	47,194	68,294
PASSENGERS PER IN-SERVICE HOUR										
A. Fixed Route	25.770	26.047	24.635	22.489	24.927	22.264	23.568	24.287	27.889	27.271
B. Demand Response	2.735	2.720	2.708	2.657	2.784	2.818	2.751	2.729	2.814	2.994
C. Vanpool	6.776	6.747	7.276	6.579	0.000	0.000	0.000	31.871	13.889	11.307

CLARK COUNTY PTBA

OPERATING INFORMATION

2011-2002

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
COST PER PASSENGER MILE										
A. Fixed Route	$0.958	$0.887	$0.888	$0.826	$0.767	$0.927	$0.726	$0.669	$0.520	$0.555
B. Demand Response	5.546	5.292	5.087	6.032	6.235	5.961	5.641	4.494	4.632	3.217
C. Vanpool	0.110	0.170	0.475	0.743	0.000	0.000	0.000	10.344	0.119	0.072
COST PER OPERATING MILE										
A. Fixed Route	$6.686	$6.429	$6.111	$5.771	$5.486	$5.481	$5.095	$4.856	$4.731	$4.802
B. Demand Response	5.884	5.685	5.413	5.459	5.725	5.370	5.083	4.108	4.159	3.761
C. Vanpool	0.566	0.882	2.793	4.278	0.000	0.000	0.000	43.393	0.687	0.615
COST PER PASSENGER BOARDING										
A. Fixed Route	$4.696	$4.452	$4.467	$4.626	$4.049	$4.353	$3.910	$3.538	$2.899	$2.959
B. Demand Response	39.339	37.617	35.649	36.295	35.785	33.653	32.043	26.070	25.566	22.502
C. Vanpool	3.031	4.555	12.572	20.005	0.000	0.000	0.000	27.011	1.632	1.765
COST PER OPERATING HOUR										
A. Fixed Route	$110.178	$105.947	$100.988	$95.872	$92.911	$89.720	$85.604	$79.429	$74.871	$74.669
B. Demand Response	98.868	94.139	88.380	84.726	87.943	83.699	78.986	63.641	63.755	58.742
C. Vanpool	20.535	30.731	91.470	131.619	0.000	0.000	0.000	860.871	22.670	19.956
OPERATING REVENUE PER PASSENGER										
A. Fixed Route	$1.142	$1.085	$1.075	$1.076	$0.909	$0.971	$0.886	$0.820	$0.570	$0.544
B. Demand Response	1.567	1.599	1.545	1.070	1.085	1.018	1.141	0.807	0.373	0.423
C. Vanpool	2.796	2.384	2.680	2.651	0.000	0.000	0.000	1.120	1.793	1.874
PERCENT OF OPERATING REVENUE TO OPERATING COSTS										
A. Fixed Route	24.31	24.37 %	24.07 %	23.25 %	22.44 %	22.30 %	22.67 %	23.19 %	19.65 %	18.38 %
B. Demand Response	3.98	4.25	4.33	2.95	3.03	3.03	3.56	3.09	1.46	1.88
C. Vanpool	92.25	52.34	21.32	13.25	0.00	0.00	0.00	4.15	109.87	106.18
FULL-TIME EQUIVALENT EMPLOYEES										
Total	392	384	389	408	413	383	356	355	377	369
CAPITAL ASSETS - FLEET VEHICLES										
A. Fixed Route	108	108	105	110	123	109	104	111	111	113
B. Demand Response	52	58	61	68	53	61	44	52	54	48
C. Vanpool	29	20	22	30						

Notes:

* Data for passenger boardings and passenger miles reflect the National Transit Database (NTD) data and are computed on a statistically sampled basis, and subject to statistical variations from year to year.

* Data for operating and in-service miles and hours match the NTD reported data.

* Net operating cost excludes cost of service contracted to the Tri-County Metropolitan Transit District, Portland, Oregon (TriMet), depreciation and leases to match NTD reporting requirements.

* Operating revenue includes passenger revenue, the sale of maps and rider's digests, revenue from contracts to provide additional service, advertising revenue, and room rental for use of the Rose F. Besserman Community Room at Fisher's Landing Transit Center.