

**CLARK COUNTY PUBLIC TRANSPORTATION
BENEFIT AREA**

COMPREHENSIVE **A**NNUAL **F**INANCIAL **R**EPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

**Department of Finance & Administration
Frederick W. Bateman, Director**

Clark County Public Transportation
Benefit Area
Vancouver, Washington

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended December 31, 2002

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1
Certificate of Achievement.....	15
Organizational Chart.....	16
Directory of Officials.....	17
FINANCIAL SECTION	
Independent Auditor's Report	19
Management Discussion and Analysis	20
Financial Statements:	
Statement of Net Assets.....	28
Comparative Statement of Revenues, Expenses and Changes in Net Assets	30
Comparative Statement of Cash Flows	31
Notes to Financial Statements	33
STATISTICAL SECTION	
Operating Profile	49
Clark County Miscellaneous Statistics	51
Revenues and Non-Revenues, 2002-1993	52
Summary Statement of Net Assets, 2002-1993	54
Retail Sales by Category, 2002-1993	56
Operating Information, 2002-1993.....	58
Federal Transit Administration Grants History, 2002-1993 & Prior	60



INTRODUCTORY SECTION



June 23, 2003

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, 2002. 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 their 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.

The CAFR is presented in three sections:

- 1) Introductory Section includes this transmittal letter, 2001 Certificate of Achievement for Excellence in Financial Reporting, the PTBA's organizational chart, and a directory of the principal officials of the agency;
- 2) Financial Section includes the auditor's report on the financial statements, management's discussion and analysis (MD&A), and the financial statements with accompanying notes; and
- 3) Statistical Section includes selected summarized financial and operating data relating to the PTBA on a multi-year basis, as well as information relating to the retail sales activity and demographics of Clark County.

This CAFR was prepared under the guidelines of Government Accounting Standards Board (GASB) Statement Number 34 which provides, among other requirements, for a statement of net assets. The MD&A on page 20 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, 2002, 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, 2002, are fairly presented in conformity with GAAP. The State Auditor's Report is presented on page 19 of this report. 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 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 separate Single Audit Report.

PROFILE OF THE PTBA

Clark County PTBA is a transportation authority organized pursuant to Chapter 36.57A of the Revised Code of Washington. Clark County PTBA's taxing authority was granted by the voters in the general election of 1980. The PTBA commenced operating a public transportation system January 1, 1981, by first assuming the employees and equipment from the City of Vancouver's Transit System, and later expanding service throughout Clark County and into the Portland, Oregon, area.

The PTBA utilizes a fleet of 110 vehicles to provide fixed route service on 406.8 route miles.

In 1981 the PTBA began funding demand response services for persons with disabilities in the form of a dial-a-ride system. Since then, the service has transitioned into a directly provided demand response service and uses 50 vehicles for this service.

In 1988 the PTBA began to provide vanpool service. This is utilized by prearranged groups of residents who have the same trip destination and travel in vans provided by the PTBA. The riders provide a driver and pay a monthly fare. A maximum of nine vehicles were leased during 2002 to provide this service.

The PTBA is governed by a Board of Directors whose membership is drawn from elected officials from the local general purpose governments. See Note 1A, page 33, 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 benefits provided. Note 1, on page 33, provides further details of accounting policies.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

Clark County is part of the four-county Portland, Oregon – Vancouver, Washington urbanized area (UZA). The 2000 census population of this UZA was 1,583,138, and it is the 23rd largest urbanized area in the United States. This is an increase of 35.1 percent since the 1990 census. Clark County had a population of 345,238 at the time of the census, and it is now estimated to be 363,400.

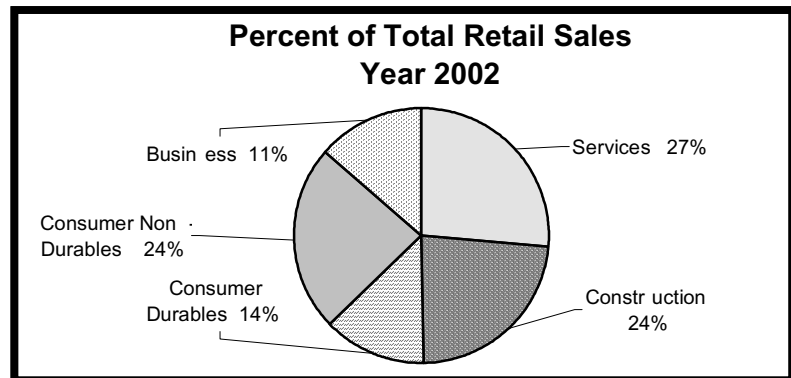
In common with the rest of the state of Washington and the Portland region, employment levels continued to decline in 2002. Slow sales in the computer industry have caused more layoffs in area manufacturers and suppliers. This has resulted in the commercial vacancy rate rising to 15 percent.

With the availability of vacant as well as new facilities, the Columbia River Economic Development Council has reported twice the normal level of prospects considering Clark County locations. Although some of this increased level of interest may be business shopping for the best incentives to locate in a given area, the availability of a work force may also be an attractor. Currently, most of the 60,000 residents who commute to Portland jobs would rather work in Washington and avoid the Oregon taxes and increasing congestion on the river crossing.

Housing and retail have been the only bright spots. Many major retailers have added or announced new locations in Clark County.

The PTBA's main source of revenue is sales tax, which also serves as an economic barometer. During 2002, retail sales grew at a rate slightly less than inflation. The various business categories which collect a sales tax may be summarized into five categories. The following table shows the growth rate during 2002 and the percent of the total of each category.

Percent of Growth 2002 Compared to 2001	
Services	4.5%
Construction	5.5
Consumer Durables	2.2
Consumer Non-Durables	-5.3
Business	-7.5
Total	2.7%



Long-term Financial Planning

Upon passage of Initiative 695 (I-695) in the November 1999 general election, the PTBA developed a ten-year service and financial plan. This plan took into account the fact that I-695 repealed the motor vehicle excise tax (MVET) which was half of the PTBA's tax support (40 percent of its revenue). With less revenue, there was less need for future capital purchases. Those capital reserves (along with FTA grant funds to the maximum extent possible) were reprogrammed into maintaining service levels. These funds would thus provide the ability to maintain service levels after an initial service reduction in July 2000. By so doing, a decision on replacement funding or additional service reductions could be deferred for a period of time in order to determine whether the Washington State legislature would develop a transportation funding package which would replace some of the losses from the repeal of MVET. When the plan was developed, it was projected that with minimal capital activity and a continued reasonable economic level, current service levels could be maintained until the beginning of 2009. The ability to operate at current service levels until then is predicated on receiving the revenue projected, controlling expenses, maintaining service levels to the levels projected, and limiting capital purchases to essential replacement only.

The following table shows adherence to the plan for 2002.

Actual Changes to Reserves Compared to the Service & Financial Plan:

Cash & Investments Net of Liabilities December 31, 2001	<u>\$71,724,705</u>
2002 Activity:	
Planned Reserve Use in 2002	(1,025,412)
Operating Revenues Less Than Planned	(4,541,416)
Operating Expenses Less Than Planned	1,306,865
Capital Grants Less Than Planned	(2,472,409)
Capital Purchases Less Than Planned	<u>2,672,730</u>
Actual Change to Reserves in 2002	<u>(4,059,642)</u>
Cash & Investments Net of Liabilities December 31, 2002	<u>67,665,063</u>
Deferred Capital	<u>(2,600,000)</u>
Net Cash & Investments Available For Future Plan Years at December 31, 2002	65,065,063
Less Planned Balance at December 31, 2002	<u>(68,385,143)</u>
Net Variance at December 31, 2002	<u>\$ (3,320,080)</u>

Composition of Cash & Investments Net of Liabilities December 31, 2002:

Current Assets:	
Cash & Cash Equivalents	\$50,485,294
Investments	7,071,250
Noncurrent Assets:	
Investments	<u>15,173,438</u>
Total Cash & Investments	72,729,982
Less Total Liabilities	<u>(5,064,919)</u>
Cash & Investments Net of Liabilities December 31, 2002	<u>\$ 67,665,063</u>

As shown, most of the variance at December 31, 2002, is the result of receiving less revenue than planned. The following table shows the variance by type of revenue and the cause:

	2002 Actual	2002 Planned	Variance	Cause
Operating Revenue	\$ 3,707,585	\$ 3,593,413	\$ 114,172	Higher than planned fares
Interest Income	2,156,009	3,556,956	(1,400,947)	Lower interest rates-matured notes
Sales Tax	11,939,105	12,784,395	(845,290)	Lower retail sales from business slowdown
Federal Assistance	3,027,319	3,015,782	11,537	Appropriations higher
State Assistance	0	2,471,000	(2,471,000)	No state funds appropriated
Other	<u>50,112</u>	<u>0</u>	<u>50,112</u>	
Total Revenue	<u>\$20,880,130</u>	<u>\$25,421,546</u>	<u>\$(4,541,416)</u>	

With the projection that lower revenue will be the norm in the next few years, staff and the Board of Directors, under the auspices of strategic planning efforts, updated the plan and found the following points:

- There is a need to maintain a reserve balance of \$17 million, including \$6 million for cash flow, \$3 million for self-insurance, and \$9 million for vehicle replacement.
- The lower revenues and capital projects will consume the other reserves by 2005 or four years earlier than previously planned.
- An increase in sales tax of 0.3 percent would cost the average household \$34 per year based on average household spending on taxable items.
- Since it became apparent in 1999 that MVET income would be eliminated, the PTBA has reduced expenses by \$14.5 million and has generated an additional \$1.5 million in operating revenue.
- Using a high degree of public involvement, the PTBA needs to develop a 20-year plan which could serve as the basis of a funding election in 2004.
- Surveys show there is local support for transit.
 - a. Ninety percent of residents support transit in the community.
 - b. Transit is important (94%); more is needed.
 - c. Transit's existence supports basic rights of citizens.
 - d. Eighty-three percent agree public transit is vital to region's growth and future.
 - e. Service needs to be reformed to make it more useable and effective.

- f. Sixty percent are likely to support an increase of the sales tax to maintain service levels; thirty percent believe service should be decreased to balance the budget.
- The only viable option the legislature has provided to make up for the loss of MVET is an increase in the sales tax.
- An increase of 0.3 percent to a total of 0.6 percent would maintain current service levels. An additional 0.3 percent would permit future expansion to fund unmet needs.
- Although a sales tax increase would be expected to be a negative for the local economy since there is no sales tax across the river in Oregon, past sales tax increases have not resulted in a decline in retail sales.

During 2002, C-TRAN's strategic planning process continued to build on the foundation laid in 2001. Five key focus areas – community, customers, employees, quality, and resources – anchored employee-based teams. C-TRAN resources became more focused on achieving goals targeted to achieve financial integrity, improve public support, become integral to regional plans, and involve employees in the process. Results achieved during 2002 include: increased ridership, increased fixed route efficiency, implemented cost saving initiatives, grant funding for an innovative service project, and a vanpool study, reduced lost work days, increased overall employee satisfaction, implemented ridership retention initiatives, communications training for employees, and an implemented paratransit eligibility process.

Throughout the year, C-TRAN actively sought to engage key stakeholders, gathering information needed to make business decisions. Stakeholder activity during the year included: Community Report Card Survey, Customer Satisfaction Survey, 52 Stakeholder Interviews, Focus Group meetings targeting non-riders, Budget/Public Perception study, and the Origin/Destination study. All of this input was presented to the Board of Directors, giving them a solid foundation on which to base budget and policy direction for 2003.

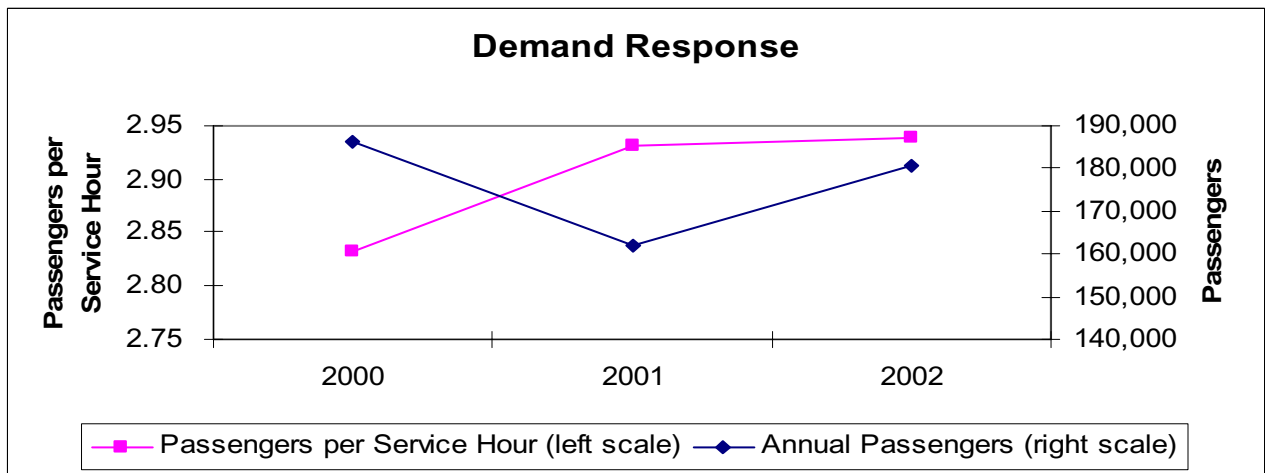
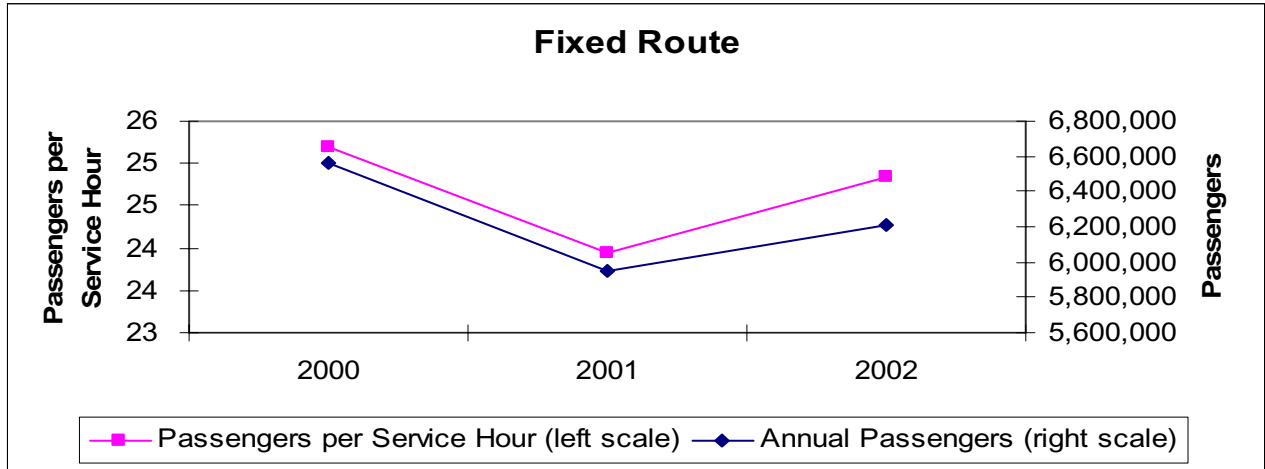
Performance Indicators

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

- The loss of half of the tax support (40 percent of revenue) through the enactment of I-695 and subsequent legislative action,
- The imposition of a fare increase in 2000 and 2001 after more than a decade of stable fares,

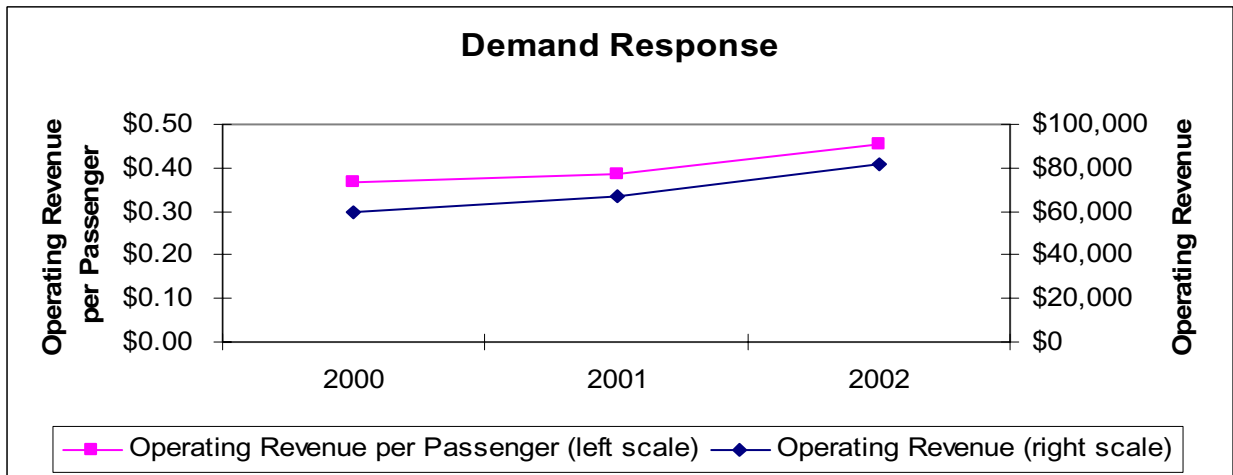
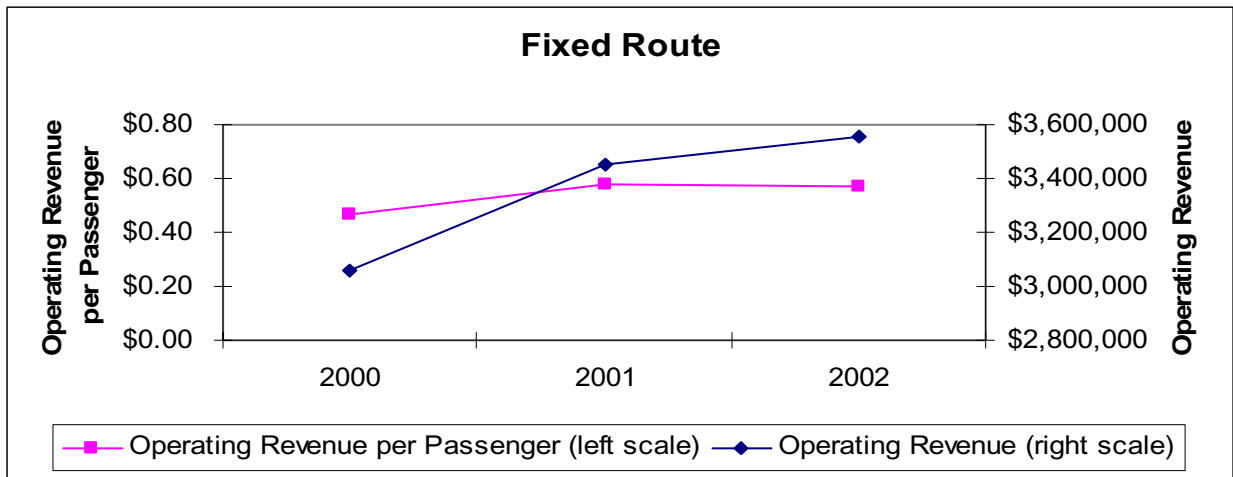
- An approximate 17 percent service reduction in mid-2000 which, coupled with the fare increases, resulted in decreased ridership, and
- An increase in unemployment and other recessionary factors which resulted in less economic activity and utilization of transit services.

Three-year summary graphs are provided for fixed route and demand response services. The first two graphs display passengers per service hour as compared to total passengers.



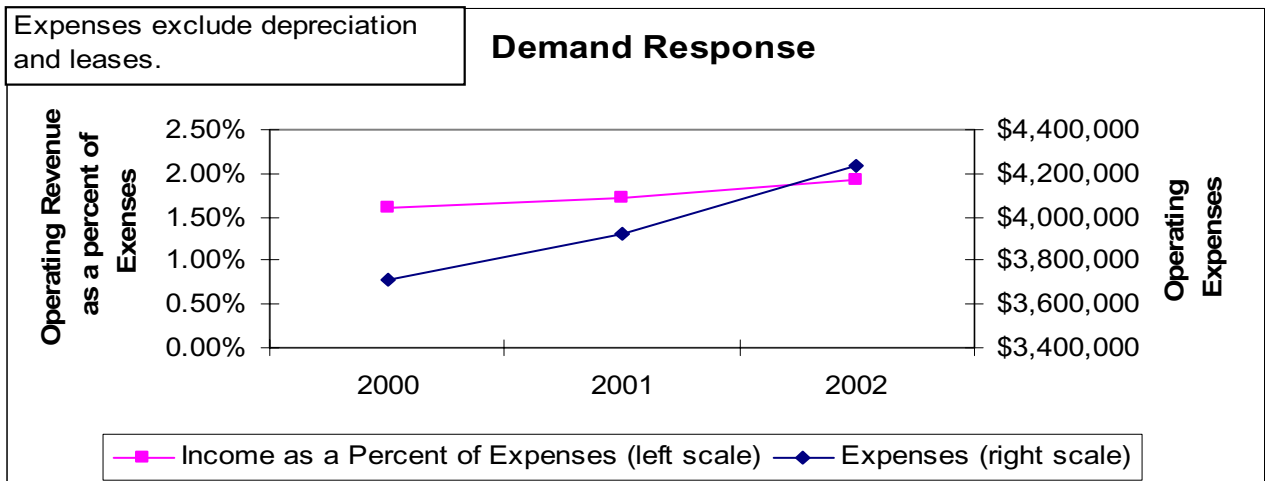
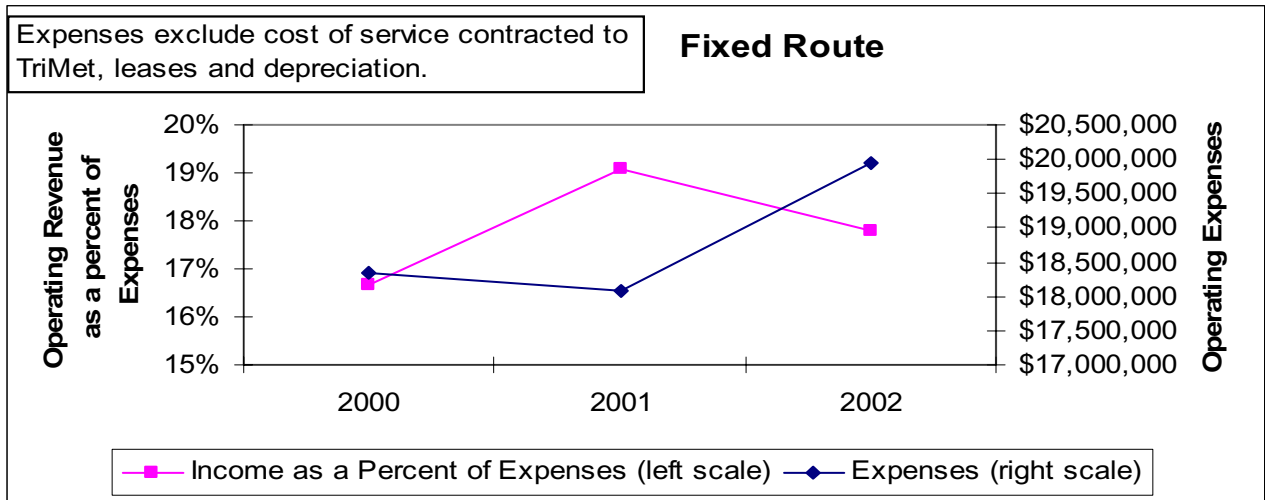
As shown, fixed route ridership and passengers per service hour declined given the fare increases and service reductions. In 2002, ridership began to recover. The increase in passengers per service hour means service is being deployed more efficiently. Demand response ridership decreased as a result of the service reduction which, for this mode, was related to the time of day and the area of the county that service was available. As more individuals were certified as eligible, it began to increase. Due to improved scheduling, passengers per service hour increased in 2001 and held relatively constant in 2002.

The next two graphs compare operating revenue per passenger and operating revenue.



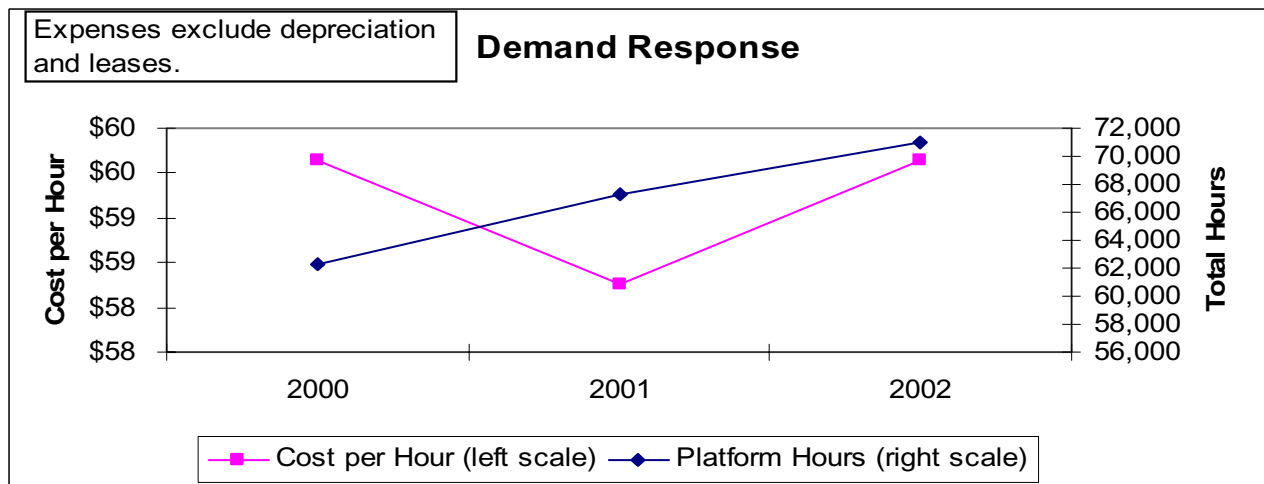
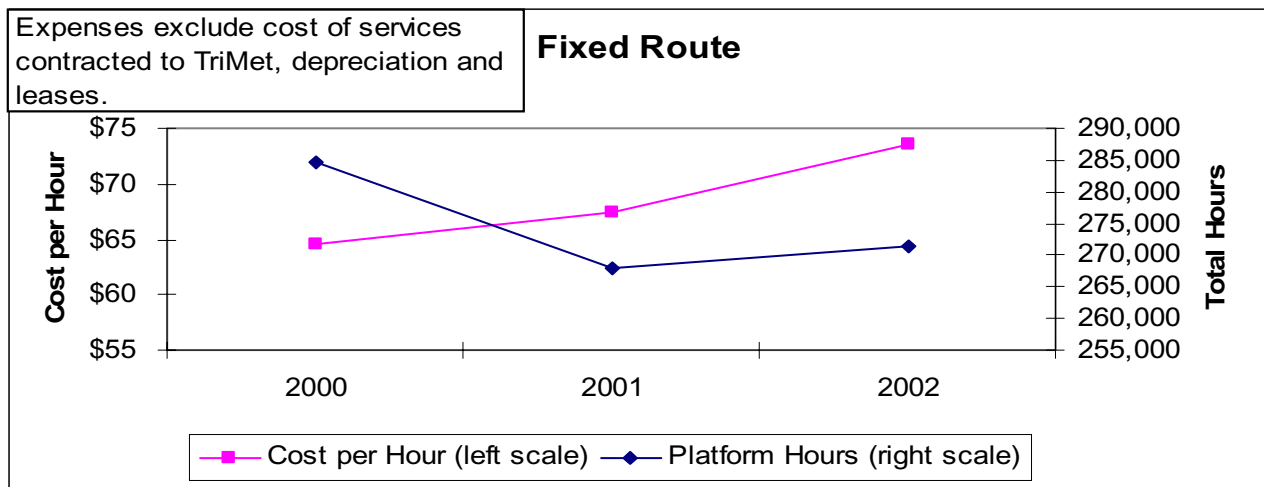
Increased operating revenue in fixed route service was due to the increase in subscription services.

The next two graphs compare operating expenses and operating income as a percent of expenses.



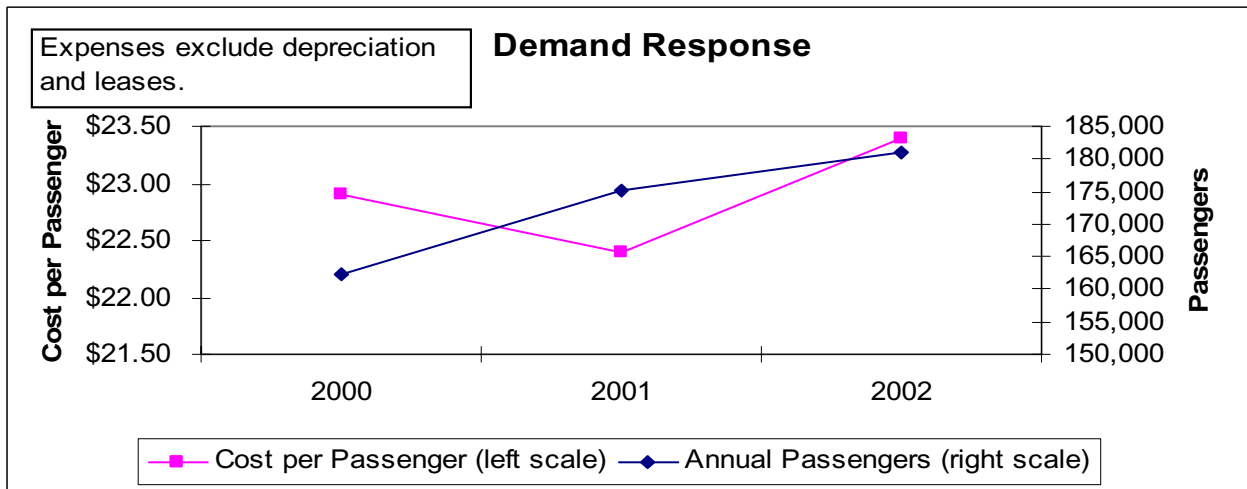
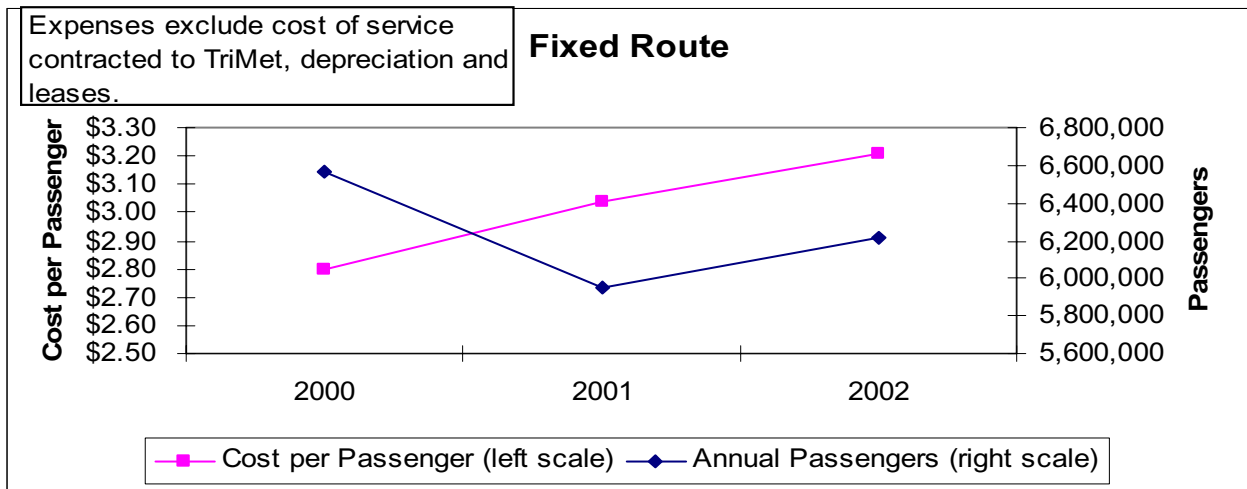
In 2002, expenses grew as a result of the first two fatal accidents in the PTBA's history and as a result of the development of the PTBA's Strategic Plan.

The next two graphs compare the total hours of service compared to cost per hour.



Fixed route hours of service increased slightly as a result of adding additional commuter trips to alleviate overcrowding and of adjusting scheduled running time to account for increased congestion. Due to the additional expenses described above, the cost per hour increased by almost 9 percent. Demand response hours initially decreased due to the service reduction, but because of the increase in people who qualify for service pursuant to the Americans with Disabilities Act (ADA), hours of service continue to trend up. The cost per hour for demand response service is growing faster than the rate of inflation as the vehicle fleet ages and requires more maintenance.

The next two graphs compare annual passengers and cost per passenger.



Fixed route cost per passenger increases resulted from the two fatal accidents plus the development of the PTBA's Strategic Plan. The cost per passenger increased from \$3.04 in 2001 to \$3.21 in 2002. Demand response cost per passenger increased from \$22.40 in 2001 to \$23.39 in 2002 due to the additional cost of maintaining an aging fleet.

Discussion of Financial Changes

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

	YEARS ENDED		
	Dec. 31, 2002	Dec. 31, 2001	Dec. 31, 2000
<u>OPERATING REVENUE</u>			
Passenger Fares	13.1%	13.5%	12.4%
Other Transit Revenue	<u>0.4</u>	<u>0.2</u>	<u>0.0</u>
TOTAL OPERATING REVENUE	<u>13.5%</u>	<u>13.7%</u>	<u>12.4%</u>
<u>OPERATING EXPENSES</u>			
Transit Services	47.8%	48.5%	47.8%
Maintenance	21.5	21.9	23.8
Administration	22.2	16.6	16.6
Depreciation	<u>8.5</u>	<u>13.0</u>	<u>11.8</u>
TOTAL OPERATING EXPENSES	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
OPERATING LOSS	<u>86.5%</u>	<u>86.3%</u>	<u>87.6%</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Sales Tax	43.5%	45.2%	45.4%
Motor Vehicle Excise Tax	0.0	0.0	27.5
Interest Income	7.9	16.1	20.5
Commuter Reduction Grants	0.2	0.3	0.1
State Assistance	0.0	0.0	18.7
Contributions to Road Projects	(0.1)	0.0	(0.4)
Federal Assistance	11.0	11.5	0.0
Gain on the Sale of Fixed Assets	<u>0.0</u>	<u>0.0</u>	<u>0.1</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>62.5%</u>	<u>73.1%</u>	<u>111.9%</u>
NET INCOME	(24.0)%	(13.2)%	24.3%
Capital Grants	<u>1.9</u>	<u>15.3</u>	<u>2.5</u>
CHANGE IN NET ASSETS	<u>(22.1)%</u>	<u>2.1%</u>	<u>26.8%</u>
	YEARS ENDED		
	Dec. 31, 2002	Dec. 31, 2001	Dec. 31, 2000
OPERATING EXPENSES BY MODE:			
Fixed Route	82.5%	81.1%	82.8%
Demand Response	16.3	17.4	15.7
Vanpool	0.6	0.8	1.0
Rideshare	<u>0.6</u>	<u>0.7</u>	<u>0.5</u>
TOTAL OPERATING EXPENSES	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Cash Management

Available cash was invested during the year in demand deposits, U.S. Treasury Notes, and with the Washington State Treasurer's Local Government Investment Pool. The return on investments during the year was 2.9 percent. This return was a decrease from the 5.7 percent return of 2001 and was a result of the sharp decrease in interest rates which were not offset by the increase in market value of the treasury notes as many of the high interest rate Treasury Notes matured during the year. All deposits are protected by collateral held on behalf of the Washington Public Deposit Protection Commission. The operating rules of the Washington State Treasurer's Local Government Investment Pool require the full collateralization of all repurchase agreements and deposits.

The use of intermediate term Treasury Notes permitted the PTBA to earn a higher rate of return without an increase in risk, as the PTBA intends to hold all investments until maturity. A laddered portfolio strategy was employed. At year-end 2002, 69 percent of investments were available on a daily basis, 16 percent have an original maturity (when purchased) of two years or less, 13 percent have an original maturity of five years, and 2 percent have an original maturity of ten years. The weighted average maturity of the portfolio at December 31, 2002, was five months or, excluding the pooled investments, 16 months.

Asset Replacement

A large portion of the original cost of the PTBA's assets was provided by capital grants from the FTA. Recognizing that federal support for mass transit as a percent of costs is declining, especially for the replacement of assets, the Board of Directors approved the designation of investments to accumulate funds for the replacement of assets while such assets are still in service. An allocation of interest on the balance in the account is also added. In 2002, \$857,090 in interest income was earned. At December 31, 2002, the account received 47 percent of the accumulated depreciation and had approximately 37 percent of the current replacement cost of assets. The account was funded at \$30,063,344 on December 31, 2002.

Risk Management

The PTBA maintains a \$15,000,000 excess liability insurance policy which affords coverage for claims in excess of \$2,000,000. All other risks arising from vehicle accidents are retained by the PTBA. Total casualty and liability costs of \$1,633,326 were more than the prior year as a result of two fatal accidents. The Board of Directors has authorized the designation of \$3,000,000 of investments for retained risks.

The PTBA's fleet of vehicles is insured for nonliability claims with a deductible of \$60,000 per occurrence. Facilities are insured against all perils for their estimated replacement cost.

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.

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 for the fiscal year ended December 31, 2001. This was the fourteenth 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 comprehensive annual report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. I believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and will submit it to the GFOA to determine its eligibility for another certificate.

It takes a great variety of skills to provide the quality of services for which the PTBA is known. The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Administration Department throughout the year, to whom I express appreciation for their efforts.

Special appreciation is also extended to the Office of State Auditor which provided a timely audit and opinion so this Comprehensive Annual Financial Report could be submitted to the GFOA for its review and evaluation in accordance with that organization's program.

Finally, special appreciation is expressed to the Board of Directors and the Executive Director/CEO without whose leadership and support the preparation of this report would not have been possible.

Sincerely,

Clark County PTBA



Frederick W. Bateman, Director
Finance & Administration

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Clark County Public
Transportation Benefit
Area Authority, Washington

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2001

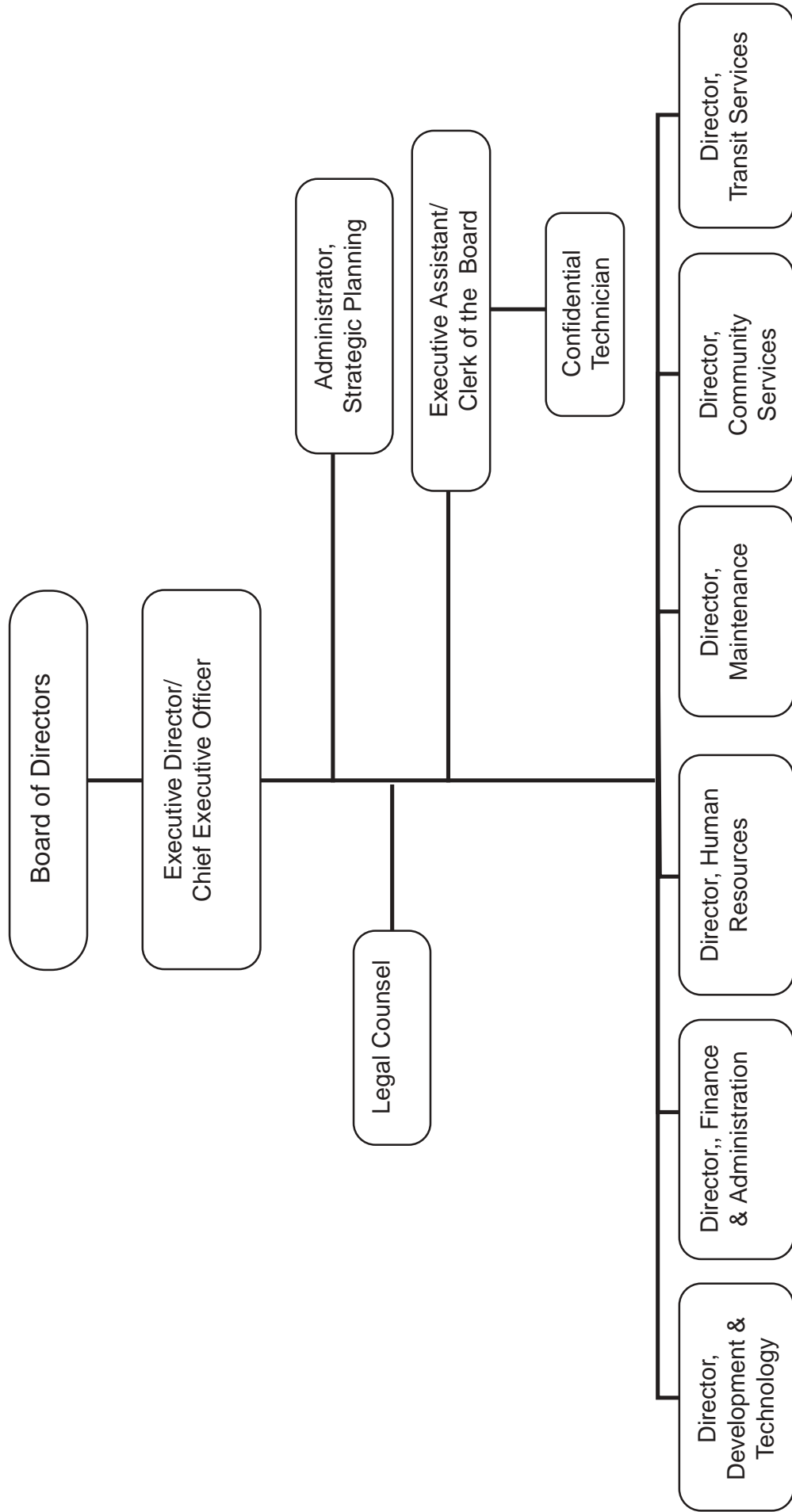
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

C-TRAN ORGANIZATIONAL STRUCTURE December 2002



**CLARK COUNTY PUBLIC TRANSPORTATION BENEFIT AREA
DIRECTORY OF OFFICIALS**

Board Member	Affiliation	Term	Expires
Elizabeth Cerveney	La Center Mayor	2 yrs.	12/31/03
Bill Ganley	Battle Ground City Council	3 yrs.	12/31/02
Helen Gerde	Camas City Council	3 yrs.	12/31/02
Jeanne Harris (Vice Chair-2002)	Vancouver City Council	3 yrs.	02/28/03
Betty Sue Morris	Clark County Commissioner	4 yrs.	12/31/04
Royce Pollard	Vancouver Mayor	1 yr.	02/28/03
Craig Pridemore (Chair-2002)	Clark County Commissioner	4 yrs.	12/31/02
Judie Stanton	Clark County Commissioner	4 yrs.	12/31/04
Dan Tonkovich	Vancouver City Council	1 yr.	02/28/03

APPOINTED

Executive Director/CEO	Lynne Griffith
Executive Assistant/Clerk of the Board	June Berry
Director, Community Services & Planning	Gail Spolar
Director, Finance & Administration	Frederick W. Bateman
Director, Human Resources	Arlene S. Doern
Director, Maintenance	John Hoefs
Director, Development & Technology	Dale Miller
Director, Transit Services	Lynn Halsey
Legal Counsel	Steve Horenstein

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Washington State Auditor

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INDEPENDENT AUDITOR'S REPORT

June 20, 2003

Chair of the Board and District Management
Clark County Public Transportation Benefit Area Authority
P.O. Box 2529
Vancouver, Washington 98668-2529

We have audited the accompanying financial statements of the Clark County Public Transportation Benefit Area Authority, in Clark County, Washington, as of and for the years ending December 31, 2002 and 2001, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our financial audit in accordance with governmental auditing standards generally accepted in the United States of America, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was performed pursuant to the *Revised Code of Washington* 43.09.260, under which a full report on the results of this audit will be issued. This report may include findings and recommendations on compliance matters, internal control procedures, and questionable costs or contingencies that would not be material in relation to the financial statements taken as a whole.

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 Authority, in Clark, Washington, as of December 31, 2002 and 2001, and the changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* in the United States of America, we will also issue our report on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis information on pages 20 through 27, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying introductory section, pages 1 through 17; and statistical tables, pages 49 through 60; are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR



CLARK COUNTY PTBA

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, 2002. 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, 2002, by \$106,761,819. Of this amount, \$71,428,623 may be used to meet the PTBA's ongoing obligation to provide services to the public and meet future obligations of creditors.
- The PTBA's total net assets decreased by \$6,082,597. Capital grants of \$511,383 partially offset a net loss of \$6,593,980.
- The PTBA remained free of long-term debt during the period.

Overview of the Financial Statements

This discussion and analysis are 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- and long-term financial information about its activities. The Statement of Net Assets presents information on all of the PTBA's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets 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 Assets presents information showing how the PTBA's net assets changed during the fiscal year. All changes in net assets 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 fiscal periods (for example, sales tax collected by merchants but not yet remitted to the PTBA, and earned but unused vacation leave).

The financial statements are found on pages 28 to 32 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 33 to 47 of this report.

Financial Analysis

For the year ended December 31, 2002, assets exceeded liabilities by \$106,761,819. Transit is a capital-intensive enterprise, and one-third of the net assets are invested in capital assets. An additional 26 percent is held for replacement of the capital assets. Following is a summary of the PTBA's net assets.

Statement of Net Assets

	2002	2001
Assets:		
Current Assets	\$ 61,300,594	\$ 65,883,043
Other Noncurrent Assets	15,192,948	14,658,677
Capital Assets (Net)	<u>35,333,196</u>	<u>36,675,761</u>
Total Assets	111,826,738	117,217,481
Liabilities:		
Current Liabilities	3,515,923	3,843,637
Noncurrent Liabilities	<u>1,548,996</u>	<u>529,428</u>
Total Liabilities	<u>5,064,919</u>	<u>4,373,065</u>
Net Assets:		
Invested in Capital Assets	35,333,196	36,675,761
Unrestricted	<u>71,428,623</u>	<u>76,168,655</u>
Total Net Assets	<u>\$106,761,819</u>	<u>\$112,844,416</u>

The PTBA's net assets decreased by \$6,082,597 during 2002. The following summary statement of revenues, expenses and changes in net assets shows how the \$6,082,597 decrease in net assets occurred. Also shown is the change for the year ended December 31, 2001.

Statement Of Revenues, Expenses, and Changes in Net Assets

	2002	2001
Total Operating Revenues	<u>\$ 3,707,585</u>	<u>\$ 3,605,207</u>
Operating Expenses:		
Operations	13,135,459	12,799,189
Maintenance	5,910,307	5,763,996
Administration	6,082,691	4,365,379
Depreciation	<u>2,325,653</u>	<u>3,437,263</u>
Total Operating Expenses	<u>27,454,110</u>	<u>26,365,827</u>
Operating Income (Loss)	<u>(23,746,525)</u>	<u>(22,760,620)</u>
Nonoperating Revenues (Expenses):		
Taxes	11,939,105	11,912,575
Interest Income	2,156,009	4,254,252
Non Capital Grants	3,074,572	3,107,750
Other (Net)	<u>(17,141)</u>	<u>(769)</u>
Total Nonoperating Revenues (Expenses)	<u>17,152,545</u>	<u>19,273,808</u>
Net Income (Loss) Before Contributions	(6,593,980)	(3,486,812)
Capital Contributions - FTA Grants	<u>511,383</u>	<u>4,027,375</u>
Total Change in Net Assets	(6,082,597)	540,563
Total Net Assets, Beginning	<u>112,844,416</u>	<u>112,303,853</u>
Total Net Assets, Ending	<u>\$106,761,819</u>	<u>\$112,844,416</u>

Revenues

During 2002, revenues decreased, mainly as a result of sharply lower interest rates as well as the use of reserves available for investment to finance operations. The following table lists 2002 revenue compared to 2001 and the amount and percentage of increase or decrease.

<u>REVENUES</u>	<u>2002 AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>2001 AMOUNT</u>	<u>INCREASE (DECREASE) FROM 2001</u>	<u>PERCENT INCREASE (DECREASE)</u>
Operating Revenue	\$ 3,707,585	17.76%	\$ 3,605,207	\$ 102,378	2.84 %
Interest Income	2,156,009	10.32	4,254,252	(2,098,243)	(49.32)
Sales Tax	11,939,105	57.18	11,912,575	26,530	0.22
Commute Reduction Grants	47,253	0.23	87,514	(40,261)	(46.01)
Federal Assistance	3,027,319	14.50	3,020,236	7,083	0.00
Miscellaneous	<u>2,859</u>	<u>0.01</u>	<u>5,371</u>	<u>(2,512)</u>	<u>(46.77)</u>
TOTAL REVENUE	<u>\$20,880,130</u>	<u>100.00%</u>	<u>\$ 22,885,155</u>	<u>\$(2,005,025)</u>	<u>(8.76) %</u>

- Operating revenue from bus fares and coach advertising increased by just under 3 percent. This is the result of a 4 percent increase in passengers coupled with an increase in the use of passes and other employer-sponsored programs which are discounted to cash fares.
- The annual rate of return on investments decreased from 5.7 percent in 2001 to 2.9 percent in 2002. As well, the invested balance of reserves decreased from \$76,046,685 at December 31, 2001, to \$72,692,269 at December 31, 2002. These lower interest rates were cushioned somewhat with higher rate two- and five-year Treasury Notes which were purchased in previous years. However, during the year, \$13,000,000 of Treasury Notes matured. These had interest rates from 5 3/4 to 6 5/8 percent interest. These were replaced with \$7,000,000 of Treasury Notes which had interest rates of 2 to 3 1/8 percent.
- As a result of the recession, which impacted the Pacific Northwest much more severely than other areas of the country, sales tax increased by a very negligible 1/4 of 1 percent. In common with the national economy sales taxes from business, transactions decreased; however consumer spending offset the decrease.
- Federal assistance, which is the allocation of Federal Transit Administration (FTA) funds which are made available to the PTBA on a formula basis, increased slightly as a result of higher appropriations. As lower service levels, which the PTBA currently operates, are factored into the formula program, revenue from this source will be adversely impacted in the future.

Expenses

Expenses are most directly impacted by the number of hours of operation that the PTBA provides. The amount of operating hours provided in 2002 compared to 2001 and the increase and decrease in hours and percentages is shown in the following table:

<u>OPERATING HOURS</u>	<u>2002 AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>2001 AMOUNT</u>	<u>INCREASE (DECREASE) FROM 2001</u>	<u>PERCENT INCREASE (DECREASE)</u>
Fixed Route	271,295	78.45 %	268,051	3,244	1.21 %
Demand Response	70,945	20.51	67,301	3,644	5.41
Vanpool	<u>3,593</u>	<u>1.04</u>	<u>4,965</u>	<u>(1,372)</u>	<u>(27.63)</u>
TOTAL OPERATING HOURS	<u>345,833</u>	<u>100.00 %</u>	<u>340,317</u>	<u>5,516</u>	<u>1.62 %</u>

- The fixed route 1 1/4 percent increase in operating hours is the result of adding additional trips to some commuter routes to alleviate overcrowding as well as adjust scheduled running time to take into account increasing congestion.
- Demand response service is provided pursuant to the Americans with Disabilities Act (ADA). In accordance with the act, the PTBA must provide a complementary paratransit service throughout its operating area during the same hours that the fixed route service is provided. Operating hours generally increase with increased passengers (which rose 3 1/3 percent during 2002 compared to 2001) as well as increased travel times due to congestion and distance traveled.
- Vanpool hours decreased as a result of employers who have sponsored vanpools, reducing or eliminating staffing.

Expenses by Mode

The following table shows expenses for 2002 compared to 2001 by mode of service and the increase or decrease in expenses.

<u>MODE</u>	<u>2002 AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>2001 AMOUNT</u>	<u>INCREASE (DECREASE) FROM 2001</u>	<u>PERCENT INCREASE (DECREASE)</u>
Fixed Route	\$22,638,308	82.40 %	\$21,385,051	\$1,253,257	5.86 %
Demand Response	4,487,217	16.33	4,610,589	(123,372)	(2.68)
Vanpool	166,840	0.61	198,340	(31,500)	(15.88)
Rideshare	<u>161,745</u>	<u>0.59</u>	<u>171,847</u>	<u>(10,102)</u>	<u>(5.88)</u>
Total Operating	\$27,454,110	99.93 %	\$26,365,827	\$1,088,283	4.13
Road Contributions	<u>20,000</u>	<u>0.07</u>	<u>6,140</u>	<u>13,860</u>	<u>225.73</u>
TOTAL EXPENSES	<u>\$27,474,110</u>	<u>100.00 %</u>	<u>\$26,371,967</u>	<u>\$1,102,143</u>	<u>4.18 %</u>

- As shown, the fixed route mode constitutes over 82 percent of the expenses, and due to an increase in operating hours, as well as cost-of-living adjustments and claims experienced an increased cost of about 6 percent.
- Demand response expenses decreased as a result of improved scheduling efficiency.
- Vanpool expenses decreased as a result of fewer vans and operation.

Expenses by Department

Expenses for 2002 compared to 2001 by department are listed in the following table:

<u>DEPARTMENT</u>	<u>2002 AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>2001 AMOUNT</u>	<u>INCREASE (DECREASE) FROM 2001</u>	<u>PERCENT INCREASE (DECREASE)</u>
Operations	\$13,135,459	47.81%	\$12,799,189	\$ 336,270	2.63%
Maintenance	5,910,307	21.51	5,763,996	146,311	2.54
Administration	6,102,691	22.21	4,371,519	1,731,172	39.60
Depreciation	<u>2,325,653</u>	<u>8.47</u>	<u>3,437,263</u>	<u>(1,111,610)</u>	<u>(32.34)</u>
TOTAL EXPENSES	<u>\$27,474,110</u>	<u>100.00%</u>	<u>\$26,371,967</u>	<u>\$1,102,143</u>	<u>4.18%</u>

- Operations increased as a result of the additional fixed route and demand response service operated as well as cost-of-living adjustments.
- Maintenance expenses were also impacted by the amount of service provided (miles of service increased by 1 1/2 percent in 2002 compared to 2001) as well as cost-of-living increases.
- Administration expenses increased as a result of the first two fatal accidents in the PTBA's history. Expenses also experienced an increase as result of expenses related to development of the PTBA's strategic plan, studying the existing services in order to determine how efficiency improvement could be obtained, and surveying the public concerning their opinion towards public transit services.
- Depreciation decreased as a result of assets reaching the end of their useful life. As the PTBA begins a major vehicle replacement program, depreciation expense will begin to increase as these new vehicles are placed into service.

Expenses by Object

The object is the classification of expenses by type of item. Expenses for 2002 compared to 2001 by object follow:

<u>OBJECT</u>	<u>2002 AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>2001 AMOUNT</u>	<u>INCREASE (DECREASE) FROM 2001</u>	<u>PERCENT INCREASE (DECREASE)</u>
Wages	\$12,135,853	44.17%	\$11,531,973	\$ 603,880	5.24%
Benefits	6,067,105	22.08	5,912,571	154,534	2.61
Services	1,695,113	6.17	1,467,842	227,271	15.48
Supplies & Materials	2,242,103	8.16	2,286,777	(44,674)	(1.95)
Utilities	389,773	1.42	383,707	6,066	1.58
Casualty & Liability	1,633,326	5.95	365,057	1,268,269	347.42
Taxes	14,383	0.05	13,718	665	4.85
Transit Services	198,082	0.72	156,407	41,675	26.65
Miscellaneous	241,003	0.88	269,432	(28,429)	(10.55)
Leases	531,716	1.94	547,220	(15,504)	(2.83)
Depreciation	<u>2,325,653</u>	<u>8.46</u>	<u>3,437,263</u>	<u>(1,111,610)</u>	<u>(32.34)</u>
TOTAL EXPENSES	<u>\$27,474,110</u>	<u>100.00%</u>	<u>\$26,371,967</u>	<u>\$1,102,143</u>	<u>4.18%</u>

- Wages increased by 5 1/4 percent over 2001 as a result of cost of living increases, step or merit increases, and the affect of incurring a full year's expense for positions which were vacant during part of 2001.
- The increase in benefits is all attributable to a 16 percent increase in employee insurance expense. The amount of this increase was \$320,000; therefore, some of the increase was offset by other lower costs, mainly a reduction in retirement expense.
- Services increased as a result of contracts for:

a. A community report card	\$29,000
b. A customer satisfaction survey	\$21,000
c. A current route and service system study and develop strategies to improve efficiency	\$37,000
d. Strategic planning activities	\$99,000
e. An origin-destination study to determine travel patterns	\$67,000
- Casualty and liability costs increased greatly due to the first two fatal accidents in the PTBA's history. One fatal accident was settled in 2002 for \$310,000. The other fatal accident was accrued based upon an estimate from the PTBA's attorney.
- Transit services represents the PTBA's portion of the cost of the Tri-County Metropolitan Transit District of Oregon (TriMet) local fixed route service between downtown Vancouver and Jantzen Beach in Oregon. The cost to the PTBA increased as a result of the major portion of the route miles being under construction during the year for a light rail line for TriMet. As a result of this construction, operating cost increased, and due to the schedule unreliability, passengers used other routes, and thus the net operating cost which the PTBA shares, increased.
- Depreciation decreased as a result of assets becoming fully depreciated during the year.

Capital Assets

The PTBA's investment in capital assets as of December 31, 2002, amounted to \$35,333,196 net of accumulated depreciation. Capital assets consist of transit coaches and other vehicles, buildings, equipment, transit centers, and park and ride lots. Capital assets increased by less than one percent during the year and consist of \$1,067,009 of additions and \$845,989 of retirements. In addition, depreciation expense was recorded of \$2,325,635. Major capital asset acquisitions during 2002 included the following:

- Additions to vehicles consisted of engines and transmissions for the transit coaches (\$430,000) and one transit coach (\$318,000). This coach is the first vehicle delivered under a multi-year contract for up to 60 vehicles.
- Security cameras costing \$95,000 were added to transit coaches. An additional \$44,000 was expended on maintenance and building equipment.
- Purchases as part of the Vancouver Area Smart Transportation (VAST) program totaled \$120,000. This is a multi-year, multi-jurisdictional project to deploy technology to improve area transportation.

Additional information on the PTBA's capital assets is in Note 5 to the financial statements on page 40 of this report.

Economic Factors and Future Outlook

- The unemployment rate for Clark County at December 31, 2002, was 7.6 percent, the same as the beginning of the year. Recent updates indicate that the unemployment rate is continuing at this level.
- Retail sales, which the PTBA relies on for its sales tax are expected to increase very slowly and are very dependent on consumers continuing their purchasing activity.
- Several state-wide transportation funding proposals have been before the state legislature and/or the voters. None have been enacted. Several proposals have included some funding for public transit. It is unknown if any proposal will be enacted, and if so, the amount of funds the PTBA may receive. However, it is not anticipated that the amount of funds would be sufficient to make up for the loss of Motor Vehicle Excise Tax (MVET) starting in 2000 which has resulted in the consumption of net assets to maintain service levels.
- The business plan for 2003 anticipates the expenditure of \$9.8 million of net assets to maintain the current service level. In addition, \$6.2 million of unrestricted net assets will be used to acquire capital assets of \$19.3 million with a balance of \$13.1 million provided by FTA grants.
- During 2003, major efforts will be devoted to engaging the public in a 20-year transit plan including funding options. Additional efforts will be used to deploy innovative service to improve efficiency as well as to complete the first phase of coach replacement and design of the 99th Street Park & Ride.

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 financial information should be addressed to the Director of Finance & Administration, P. O. Box 2529, Vancouver, WA 98668, telephone (360) 696-4494.

CLARK COUNTY PTBA
STATEMENT OF NET ASSETS
December 31, 2002 and 2001

ASSETS	2002	2001
Current Assets:		
Cash and Cash Equivalents	\$ 50,485,294	\$ 48,197,770
Receivables: (Net of Allowance for Uncollectibles of \$7,405 and \$2,458)		
Accounts	443,911	267,517
Due from Other Governments	2,046,538	2,731,484
Total Receivables	<u>2,490,449</u>	<u>2,999,001</u>
Investments	7,071,250	13,270,625
Inventories	933,196	1,070,839
Prepaid Expenses	320,405	344,808
Total Current Assets	<u>61,300,594</u>	<u>65,883,043</u>
Noncurrent Assets:		
Investments	15,173,438	14,629,375
Prepaid Leases	19,510	29,302
Capital Assets:		
Vehicles	28,365,860	28,382,028
Buildings	5,406,639	5,406,639
Equipment and Furnishings	5,914,318	5,610,294
Land Improvements	8,055,532	8,040,700
Land	15,248,793	15,330,460
Less Accumulated Depreciation	<u>(27,657,946)</u>	<u>(26,094,360)</u>
Total Capital Assets Net of Accumulated Depreciation	<u>35,333,196</u>	<u>36,675,761</u>
Total Noncurrent Assets	<u>50,526,144</u>	<u>51,334,438</u>
TOTAL ASSETS	<u>\$ 111,826,738</u>	<u>\$ 117,217,481</u>

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

CLARK COUNTY PTBA
STATEMENT OF NET ASSETS
December 31, 2002 and 2001

LIABILITIES	2002	2001
Current Liabilities:		
Accounts Payable	\$ 1,011,770	\$ 1,369,338
Accrued Wages and Benefits	2,393,906	2,286,132
Prepaid Fares	98,946	177,609
Other Payables	11,301	10,558
Total Current Liabilities	<u>3,515,923</u>	<u>3,843,637</u>
Noncurrent Liabilities:		
Provision for Uninsured Claims	1,548,996	529,428
Total Noncurrent Liabilities	<u>1,548,996</u>	<u>529,428</u>
 TOTAL LIABILITIES	 <u>5,064,919</u>	 <u>4,373,065</u>
NET ASSETS		
Invested in Capital Assets	35,333,196	36,675,761
Unrestricted	71,428,623	76,168,655
 TOTAL NET ASSETS	 <u>\$ 106,761,819</u>	 <u>\$ 112,844,416</u>

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

CLARK COUNTY PTBA

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS For The Fiscal Years Ended December 31, 2002 and 2001

	2002	2001
Operating Revenues:		
Passenger Fares	\$ 3,591,053	\$ 3,540,844
Other Transit Revenue	116,532	64,363
Total Operating Revenues	3,707,585	3,605,207
Operating Expenses:		
Operations	13,135,459	12,799,189
Maintenance	5,910,307	5,763,996
Administration	6,082,691	4,365,379
Depreciation	2,325,653	3,437,263
Total Operating Expenses	27,454,110	26,365,827
Operating Income (Loss)	(23,746,525)	(22,760,620)
Nonoperating Revenues (Expenses):		
Sales Tax	11,939,105	11,912,575
Interest Income	2,156,009	4,254,252
Other Nonoperating Revenues	2,859	5,371
Commuter Reduction Grants	47,253	87,514
Contributions to Road Projects	(20,000)	(6,140)
Federal Assistance	3,027,319	3,020,236
Total Nonoperating Revenues (Expenses)	17,152,545	19,273,808
Net Income (Loss) Before Contributions	(6,593,980)	(3,486,812)
Capital Contributions - FTA Grants	511,383	4,027,375
Change in Net Assets	(6,082,597)	540,563
Total Net Assets, Beginning	112,844,416	112,303,853
Total Net Assets, Ending	\$ 106,761,819	\$ 112,844,416

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, 2002 and 2001

	2002	2001
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 3,441,158	\$ 3,526,497
Cash Received from Contracts for Service	52,397	89,356
Cash Payments to Suppliers for Goods & Services	(9,700,026)	(9,021,078)
Cash Payments to Employees for Services	(14,092,837)	(13,370,899)
Other Cash Receipts	2,859	5,371
Net Cash Provided (Used) by Operating Activities	<u>(20,296,449)</u>	<u>(18,770,753)</u>
Cash Flows from Noncapital Financing Activities:		
Sales Tax Received	12,074,105	11,924,575
Federal Operating Grants Received	3,233,342	2,814,213
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>15,307,447</u>	<u>14,738,788</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(1,468,878)	(4,093,711)
Capital Grants and Contributions	850,162	3,826,611
Proceeds From Sale of Equipment	83,921	24,229
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(534,795)</u>	<u>(242,871)</u>
Cash Flows from Investing Activities:		
Purchase of Investment Securities	(14,500,000)	(13,000,000)
Proceeds From Maturities of Investment Securities	20,000,000	14,500,000
Interest on Investments	2,311,321	3,826,502
Net Cash Provided (Used) by Investing Activities	<u>7,811,321</u>	<u>5,326,502</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>2,287,524</u>	<u>1,051,666</u>
Cash and Cash Equivalents, Beginning	<u>48,197,770</u>	<u>47,146,104</u>
Cash and Cash Equivalents, Ending	<u>\$ 50,485,294</u>	<u>\$ 48,197,770</u>

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, 2002 and 2001

	2002	2001
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating Loss	\$ (23,746,525)	\$ (22,760,620)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation on Capital Assets	2,325,653	3,437,263
Noncapital Contract Proceeds	52,397	89,356
Nonoperating Expenses	(20,000)	(6,140)
Miscellaneous Nonoperating Revenue	2,859	5,371
Increase (Decrease) in Provision for Uncollectible Accounts	4,947	1,545
Change in Assets and Liabilities		
Decrease (Increase) in Accounts Receivable	(181,341)	(131,485)
Decrease (Increase) in Inventories	137,643	169,649
Decrease (Increase) in Prepaid Expenses	24,403	(102,925)
Decrease (Increase) in Prepaid Lease	9,792	9,792
Increase (Decrease) in Accounts Payable	44,301	280,912
Increase (Decrease) in Wages and Benefits Payable	107,774	41,231
Increase (Decrease) in Prepaid Fares	(78,663)	99,982
Increase (Decrease) in Other Payables	743	(591)
Increase (Decrease) in Provision for Uninsured Claims	1,019,568	95,907
Total Adjustments	3,450,076	3,989,867
Net Cash Provided (Used) by Operating Activities	\$ (20,296,449)	\$ (18,770,753)

Noncash Transactions:

The PTBA had non-realized appreciation on investments of \$900,000 at December 31, 2001 and \$744,688 at December 31, 2002.

The PTBA had accounts payable for capital expenditures of \$401,869 at December 31, 2001 and \$0 at December 31, 2002.

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, 2002 through December 31, 2002

NOTE 1. A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In evaluating how to define the entity for financial reporting purposes, management considered whether the PTBA is a component unit of another primary government and all potential component units of the PTBA. The PTBA is a special-purpose district organized to provide public transportation services for Clark County and provides both fixed route public transportation services under the name of C-TRAN and demand response services under the name of C-VAN. Clark County PTBA's general-purpose financial statements include the financial position and results of operations of the PTBA. A review of other units of local government, using the criteria set forth in generally accepted accounting principles, indicates there are no additional entities or funds for which the PTBA has reporting responsibilities. Management has determined the PTBA should not be considered a part of any unit of local government for reporting purposes for the following reasons:

1. The PTBA has separate legal standing from all other units of government.
2. No primary government appoints the voting majority of the PTBA's Board of Directors. The PTBA's Board consists of nine members: three of which 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. In addition, all three Clark County Commissioners serve on the Board during their term of office.

3. The PTBA is fiscally independent of all other units of local government. The PTBA's Board of Directors has the sole authority to determine financial programs, levy taxes, establish fares, and issue bonded debt.
4. The financial statements of other units of local government would not be misleading or incomplete without the inclusion of the PTBA's financial statements.

B. Measurement Focus, Basis of Presentation and Accounting

The PTBA is a single-enterprise proprietary fund and uses the accrual basis of accounting. The measurement focus is economic resources. Proprietary funds are used to account for operations that are financed in a manner similar to private business enterprise and that a periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Under this method, revenues are recorded when earned, and expenses are recognized as soon as they result in liabilities for the benefits provided.

The financial statements are prepared on the basis of Governmental Accounting Standards Board (GASB), Statement Number 34, Basic Financial Statements, Management Discussion and Analysis for State and Local Governments and related standards. This new statement provides for significant changes in terminology and includes recognition of capital grants in the Statement of Revenues, Expenses, and Changes in Net Assets; a presentation of net assets; as well as an inclusion of a management discussion and analysis; supplementary information; and other changes.

Capital grants are accrued, if they represent reimbursements of capital expenditures that are liabilities, as of the end of the accounting year. Supply items, including fuel, tires, and repair parts, are accounted for in inventory asset accounts and are expensed as they are issued from inventory.

The PTBA applies GASB pronouncements as well as Capital Financial Accounting Standards Board (FASB) statements and interpretations, and the Accounting Principles Board (APB) of the Committee on Accounting Procedure issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 and reimbursement by sponsors of subsidized routes. Operating expenses for proprietary funds include the cost of providing transit service, administrative expenses, and depreciation on capital assets. Tax revenue and grants used to finance operations and expenses not related to the provision of transit service

are reported as non-operating revenues and expenses. Restricted resources are used to replace capital assets and provide assurance that the self-insured retention is maintained.

The accounting records of the PTBA are maintained in accordance with the methods prescribed by the Federal Transit Administration (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 Section 15 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 Assets

1. Deposits and Investments

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 (PDPC) Commission, 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 State Treasurer's Local Government Investment Pool 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. Receivables and Payables

Accounts receivable consist mainly of bus passes and 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.

3. Inventory and Prepaid Expenses

Inventory consists of fuel, tires, repair parts, and supplies. No general administrative expenses are included in the inventory valuation. 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 and are expensed when the benefit is received.

4. 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:

<u>Asset</u>	<u>Years</u>
Vehicles	5-17
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.

5. Compensated Absences

It is the PTBA's policy to permit employees to accumulate earned but unused vacation and sick pay benefits in accordance with collective bargaining agreements or personnel policies. There is no liability for unpaid sick leave since the PTBA does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when earned.

6. 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

All investments made and held by the PTBA were in compliance with the investment policy.

- A. The following is presented to reconcile the amounts shown as cash and cash equivalents and investments on the Statements of Net Assets and Cash flows to the note disclosures of deposits and investments.

	<u>2002</u>	<u>2001</u>
Net Assets and Cash Flow Statements:		
Cash and Cash Equivalents	\$50,485,294	\$48,197,770
Investments – Current Assets	7,071,250	13,270,625
Investments – Noncurrent Assets	<u>15,173,438</u>	<u>14,629,375</u>
Total Cash, Cash Equivalents and Investments as presented in the Statements of Net Assets & Cash Flows	<u>\$72,729,982</u>	<u>\$76,097,770</u>
Note Disclosures:		
Cash	\$ 10,866	\$ 6,948
Deposits	1,391,619	454,715
Investments	<u>71,327,497</u>	<u>75,636,107</u>
Total Cash, Deposits and Investments as presented in the Note Disclosures	<u>\$72,729,982</u>	<u>\$76,097,770</u>

B. Deposits

At December 31, 2002, the carrying amount of the deposits was \$1,391,619 and the bank balances were \$1,451,761.

All of the bank balances were insured by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the PDPC.

C. Investments

Investments held by the PTBA are categorized to indicate the risk assumed at year-end. Category 1 includes investments that are either insured, registered, or held by the PTBA or its agent in the PTBA's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the PTBA's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the PTBA's name. The pooled investments are not categorized because the PTBA does not own identifiable securities.

Type	Category 1	Category 2	Category 3	Reported Amount Fair Value
U.S. Government Securities	<u>\$21,744,688</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$21,744,688</u>
Total	<u>\$21,744,688</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$21,744,688</u>
Investments not subject to categorization:				
Washington State Local Government Investment Pool				<u>49,582,809</u>
Total Investments				<u>\$71,327,497</u>

All U.S. Government securities are in the form of U.S. Treasury notes through Treasury Direct of the Federal Reserve Bank. These notes have maturities in 2003 through 2005 and carry interest rates of 1.875 to 7.125 percent.

The operations of the LGIP are governed by the State Finance Committee, whose composition and responsibilities are established by state statute. The LGIP is a 2a7-like pool (i.e., not SEC registered but operating in a manner consistent with the Security Exchange Commission's (SEC) rule 2a7 of the Investment Company Act of 1940) and uses amortized cost rather than fair value to report net assets. The LGIP publishes an annual report which is available from the Office of the State Treasurer, Legislative Building, 2nd Floor, Olympia, WA 98504-0200, phone: (360) 902-9000, e-mail: watreas@tre.wa.gov.

As of the most recent report date, June 30, 2002, fair value equaled 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 of 2002 was 1.85 percent; the month of December 2002 net annualized rate of return was 1.48 percent.

NOTE 3. RECEIVABLES DUE FROM OTHER GOVERNMENTS

Receivables due from other governments at December 31, 2002 and 2001, are as follows:

	<u>December 31, 2002</u>	<u>December 31, 2001</u>
Sales Tax-November and December Collections due in January and February of the following year	\$2,025,000	\$2,160,000
Operating Grants from FTA	0	206,023
Capital Grants from FTA	0	338,779
Planning Grants from Clark County	<u>21,538</u>	<u>26,682</u>
Total Receivables Due From Other Governments	<u>\$2,046,538</u>	<u>\$2,731,484</u>

NOTE 4. DESIGNATION OF INVESTMENTS

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

Purpose	Investment Balance Jan. 1, 2002	Replacement Purchases	Interest Earnings	Investment Balance Dec. 31, 2002
Designated for Asset Replacement	\$29,718,126	\$(511,872)	\$857,090	\$30,063,344
Designated for Retained Risks	<u>3,000,000</u>	<u>0</u>	<u>0</u>	<u>3,000,000</u>
Total Designated	<u>\$32,718,126</u>	<u>\$(511,872)</u>	<u>\$857,090</u>	<u>\$33,063,344</u>

The designation for asset replacement originally was funded with a portion of the annual depreciation expense, plus interest earnings. Currently only interest earnings are contributed. The non-grant-funded portion of equipment replacement purchases is deducted.

The following table shows accumulated net contributions and interest, as well as the percent of accumulated depreciation for the last two years:

Year Ended Dec. 31	Net Contributions to Date	Total Interest Credited	Total	Accumulated Depreciation at Dec. 31	Percent of Contributions to Accumulated Depreciation
2001	\$13,498,740	\$16,219,386	\$29,718,126	\$26,094,360	52%
2002	\$12,986,868	\$17,076,476	\$30,063,344	\$27,657,946	47%

The designation of investments for retained risks remained at \$3,000,000 throughout the year. This designation provides the retention on the excess liability policy (\$2,000,000) and meets the self-insured requirements for the underground storage tank farm (\$1,000,000).

NOTE 5. CAPITAL ASSETS

A summary of changes in capital assets during 2002 is as follows:

Description	Balance January 1, 2002	Increases	Decreases	Balance December 31, 2002
Capital assets not being depreciated:				
Land	\$15,330,460	\$ 103	\$ (81,770)	\$15,248,793
Total capital assets not being depreciated	15,330,460	103	(81,770)	15,248,793
Depreciable capital assets:				
Vehicles	28,382,028	748,050	(764,218)	28,365,860
Buildings and structures	5,406,639	0	0	5,406,639
Equipment & furnishings	5,610,294	304,024	0	5,914,318
Land improvements	<u>8,040,700</u>	<u>14,832</u>	<u>0</u>	<u>8,055,532</u>
Total depreciable capital assets at cost	47,439,661	1,066,906	(764,218)	47,742,349
Less accumulated depreciation for:				
Vehicles	(17,546,972)	(1,462,921)	762,067	(18,247,826)
Buildings and structures	(2,043,178)	(116,821)	0	(2,159,999)
Equipment and furnishings	(3,674,825)	(442,223)	0	(4,117,048)
Land improvements	<u>(2,829,385)</u>	<u>(303,688)</u>	<u>0</u>	<u>(3,133,073)</u>
Total accumulated depreciation	(26,094,360)	(2,325,653)	762,067	(27,657,946)
Depreciable capital assets, net	<u>21,345,301</u>	<u>(1,258,747)</u>	<u>(2,151)</u>	<u>20,084,403</u>
Total capital assets, net	<u>\$36,675,761</u>	<u>\$(1,258,644)</u>	<u>\$ (83,921)</u>	<u>\$35,333,196</u>

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 any equity interests in the property. Lease expense for the year ended December 31, 2002, totaled to \$531,716. Future minimum rental commitments for these leases are as follows:

Year	Amount
2003	\$ 395,766
2004	347,361
2005	341,368
2006	232,032
2007	19,868
2008-2112	<u>3,240</u>
Total	<u>\$ 1,339,635</u>

The terms of the lease of 7th Street for the Vancouver Transit Center provided the PTBA would pay to the City of Vancouver, in advance, a one-time payment of \$195,796. This amount is being amortized over the life of the lease at a rate of \$9,792 per year. The balance of prepaid leases of \$19,510 at December 31, 2002, represents approximately two remaining years of lease for 7th Street.

NOTE 7. PENSION PLANS

Substantially all PTBA 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 (DRS), under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The DRS, a department within the primary government of the State of Washington, issues a publicly available (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, P. O. Box 48380, Olympia, WA 98504-8380. The following disclosures are made pursuant to GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*.

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

1. Plan Description

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 combination defined benefit/defined contribution plan. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees (not in national higher education retirement programs); judges of district and municipal courts; and employees of local governments. PERS participants who joined the system by September 30, 1997, 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 participants 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 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. PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 1 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement at any age 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 annual pension is 2 percent of the average

final compensation per year of service, capped at 60 percent. The average final compensation is based on the greatest compensation during any 24 eligible consecutive compensation months. If qualified, after reaching the age of 66 a cost-of-living allowance is granted based on years of service credit and is capped at 3 percent annually.

Plan 2 retirement benefits are vested after an employee completes five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service, or at the age of 55 with 20 years of service with an allowance of 2 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 2 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at 1 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 3 members become eligible for retirement if they have: at least 10 years of service; or 5 years including 12 months that were earned after age 54; or 5 service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2. The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Employee Retirement Benefits Board.

There are 1,155 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2001:

Retirees and Beneficiaries Receiving Benefits	62,189
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	18,412
Active Plan Members Vested	97,777
Active Plan Members Nonvested	<u>55,159</u>
Total	<u>233,537</u>

2. 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 and do not vary from year-to-year. 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. PERS Plan 3 defined contribution is a non-contributing plan for employers. Employees who participate in the defined contribution portion of PERS Plan 3 do not contribute to the defined benefit portion of PERS Plan 3. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; 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, 2002, were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	1.32%	1.32%	1.32%**
Employee	6.00%	0.65%	***

* The employer rates include the employer administrative expense fee currently set at 0.22%.

** Plan 3 defined benefit portion only.

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

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

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2002	\$13,526	\$185,804	\$914
2001	\$17,501	\$218,599	\$ 0
2000	\$47,076	\$560,380	\$ 0

B. Deferred Compensation Plan

The PTBA offers 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. T. Rowe Price under one of 15 investment options or a combination thereof manages its investments. The participants make the choice of investment options.

NOTE 8. INSURANCE

The PTBA carries the following insurance policies with the indicated limits of coverage:

Risk	Carrier	Coverage
Fleet Physical Damage	Fireman's Fund	\$27,205,345 subject to a \$60,000 deductible on transit coaches and \$5,000 deductible on service vehicles
Building and Contents	National Surety	All risk including earthquake coverage on building and contents, with a limit of liability \$9,513,500, and includes \$825,000 of additional expense coverage
Inland Marine	National Surety	\$1,376,933 on radios and other itemized pieces of equipment
Felonious Assault	Hartford	\$100,000 coverage for coach operators and supervisors, covering accidental death and dismemberment
Bond	Aetna	Employee dishonest blanket bond coverage for a maximum of \$50,000 with a \$1,000 deductible
Treasurer's Bond	Aetna	Continuous public official bond in the amount of \$100,000
Money and Securities	Aetna	Coverage for wrongful abstraction of money and securities inside and outside the premises in the amount of \$10,000, with a \$1,000 deductible
Public Liability	National Surety	Combined bodily injury and property damage liability for non-vehicle related claims with an aggregate coverage of \$1,000,000
Excess Liability	Washington State Transit Insurance Pool	\$25,000,000 with a \$2,000,000 deductible

There were no reductions of insurance coverage during 2002. Where commercial insurance was used to manage the risk of loss, no settlements exceeded such insurance coverage during any of the past three years.

Since December 22, 1985, the PTBA has not purchased any auto liability coverage. As shown above, the PTBA has purchased excess liability coverage through the Washington State Transit Insurance Pool (WSTIP) as an associate (non-participating) member. As a public transportation operator, most of the PTBA's risk exposure is in the operation of its fleet of transit coaches.

Claims expense and related liabilities are 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, 2002, the amount of this liability estimate was \$1,548,996. This liability is the PTBA's best estimate based upon available information. Changes in the reported liability since January 1, 2001, resulted from the following:

	<u>2002</u>	<u>2001</u>
Unpaid claims and claims adjustment expenses as of January 1	\$ 529,428	\$433,521
Incurred claims and claims adjustment expenses (including IBNR) as of December 31:		
Provision for current-year events	1,867,302	209,250
Increases (decreases) in provision for prior years' events	<u>(326,766)</u>	<u>73,778</u>
Total incurred claims & claims adjustment expenses	<u>\$1,540,536</u>	<u>\$283,028</u>
Payments:		
Claims & claims adjustment expenses attributable to current-year events	428,556	98,696
Claims & claims adjustment expenses attributable to prior years' events	<u>92,412</u>	<u>88,425</u>
Total payments	<u>\$ 520,968</u>	<u>\$187,121</u>
Total unpaid claims & claims adjustment expenses as of December 31	<u>\$1,548,996</u>	<u>\$529,428</u>

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. The estimate includes claims adjustment expenses that are incremental only. 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, 2002, the Board of Directors designated \$3,000,000 of investments to pay these and future claims.

NOTE 9. CAPITAL CONTRIBUTIONS

As a part of the capital program, the PTBA has received grants from FTA, as well as contributions from 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.

Following is an analysis of the capital contributions activity for 2002:

Source	Balance Jan. 1, 2002	Grants Received	Refunded	Disposed	Balance Dec. 31, 2002
WA-03-0018	\$ 43,710	\$	\$	\$	\$ 43,710
WA-03-0041	4,345,134			(213,371)	4,131,763
WA-03-0042	3,344,404				3,344,404
WA-03-0056	43,841				43,841
WA-03-0146	2,312,375				2,312,375
WA-05-0015	243,656				243,656
WA-05-0018	715,525				715,525
WA-05-0032	775,651				775,651
WA-90-0006	318,471				318,471
WA-90-0021	61,361				61,361
WA-90-0044	592,972				592,972
WA-90-0049	483,097				483,097
WA-90-0068	264,723				264,723
WA-90-0081	811,162			(17,948)	793,214
WA-90-0093	1,376,800			(136,068)	1,240,732
WA-90-0117	228,896				228,896
WA-90-0129	304,000				304,000
WA-90-0139	2,512,173			(66,650)	2,445,523
WA-90-0150	2,224,343			(33,324)	2,191,019
WA-90-0158	3,967,755			(68,262)	3,899,493
WA-90-0184	4,364,635	128,213			4,492,848
WA-90-0198	499,413				499,413
WA-90-0217	3,197,523	251,257			3,448,780
WA-90-0255*	1,715,000				1,715,000
WA-90-0267	0	131,913			131,913
Federal Government	34,746,620	511,383	0	(535,623)	34,722,380
Other Local Government	675,146				675,146
Private Contributions	111,218				111,218
Total Capital Contributions	<u>\$35,532,984</u>	<u>\$ 511,383</u>	<u>\$ 0</u>	<u>\$(535,623)</u>	<u>\$35,508,744</u>

* Beginning balance was amended to remove \$3,020,236 non-capital grant proceeds received in 2001.

NOTE 10. GRANT ACTIVITY

The PTBA is a recipient of grants from the United States Department of Transportation (DOT). All open grants are allocations from Section 9 of the FTA or the Surface Transportation Program (STP). Funds are drawn from these grants for the grant eligible expenditures as they occur.

The following table show open grant activity during 2002:

**CLARK COUNTY PUBLIC TRANSPORTATION BENEFIT AREA
(C-TRAN)**

NOTES TO THE FINANCIAL STATEMENTS

January 1, 2002 through December 31, 2002

NOTE 1. A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In evaluating how to define the entity for financial reporting purposes, management considered whether the PTBA is a component unit of another primary government and all potential component units of the PTBA. The PTBA is a special-purpose district organized to provide public transportation services for Clark County and provides both fixed route public transportation services under the name of C-TRAN and demand response services under the name of C-VAN. Clark County PTBA's general-purpose financial statements include the financial position and results of operations of the PTBA. A review of other units of local government, using the criteria set forth in generally accepted accounting principles, indicates there are no additional entities or funds for which the PTBA has reporting responsibilities. Management has determined the PTBA should not be considered a part of any unit of local government for reporting purposes for the following reasons:

1. The PTBA has separate legal standing from all other units of government.
2. No primary government appoints the voting majority of the PTBA's Board of Directors. The PTBA's Board consists of nine members: three of which 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. In addition, all three Clark County Commissioners serve on the Board during their term of office.

**STATISTICAL
SECTION**

CLARK COUNTY PTBA
OPERATING PROFILE
December 31, 2002

FARES:

Fare History

Selected Fares

	Adult				Honored Citizen			
	Cash		Pass		Cash		Pass	
	1 Zone	All Zone	1 Zone	All Zone	1 Zone	All Zone	1 Zone	All Zone
January 1, 1981	\$ 0.35	na	\$ 12	\$ 35	\$ 0.15	na	\$ 5	\$ 35
May 1, 1981	0.50	1.75	18	60	0.25	0.45	8	12
January 1, 1987	0.60	1.35	18	40	0.30	0.65	8	12
December 31, 1999	0.90	1.40	26	42	na	0.50	na	14
September, 2001	1.00	1.75	28	52	na	0.50	na	14

Current Fixed Route Fares (Effective Sept. 2001)	Zone	Adult	Reduced	Honored Citizen	Day Pass
Cash:	C-Zone	\$ 1.00	na	na	na
	All-Zone	\$ 1.75	na	\$ 0.50	\$ 3.50
Monthly Pass:	C-Zone	\$ 28	na	na	na
	All-Zone	\$ 52	\$ 24	\$ 14	na
Annual Pass:	C-Zone	\$ 308	na	na	na
	All-Zone	\$ 572	\$ 154	\$ 264	na

Note: There is no cash fare discount for Reduced
Honored Citizen is 62 or over or disabled
Current fares were effective September 9, 2001
Demand Response cash fare is \$1.00
na means no fare for this item

FACILITIES:

Operating Base:

Combined facility constructed in 1983:

Administration	5,812	square feet
Maintenance	31,793	square feet
Operations	3,288	square feet
Revenue Vehicle Capacity	100	

Annex: Leased in 1992

Administration	8,360	square feet
Maintenance	7,587	square feet
Operations	3,601	square feet

Transit Centers and Park & Ride Lots:

Name	Location	Year Built	Revenue Vehicle Capacity	Parking Spaces
7th Street Transit Center	Downtown Vancouver	1984	18	na
Vancouver Mall Transit Center	Vancouver Mall	1985	6	na
Evergreen Transit Center	18th & 138th Ave.	1990	8	279
Fisher's Landing Transit Center	SE 164th Ave. and SR 14	2000	12	560
Ridgefield Park & Ride	I-5 and SR 501	1984	na	42
Salmon Creek Park & Ride	I-5 and I-205 Interchange	1985	4	438
Battle Ground Park & Ride	City of Battle Ground	1985	2	28
Washougal Park & Ride	City of Washougal	Unimp.	na	20
	Bonneville Power Admin.	na	4	200

Other:

Passenger Waiting Shelters	219
Bus Stops	1,253

**CLARK COUNTY PTBA
OPERATING PROFILE
December 31, 2002**

FLEET ROSTER:

<u>YEAR</u>	<u>LENGTH</u>	<u>MANUFACTURER</u>	<u>SEATING CAPACITY</u>	<u>NUMBER</u>
1982	40	General Motors	45	33
1995	40	Gillig	43	13
1998	40	Gillig	40	2
1999	40	Gillig	40	14
2002	40	Gillig	41	1
1976	35	General Motors	0	1 *
1990	35	Gillig	37	12
1995	35	Gillig	37	10
1990	30	Gillig	30	8
1995	30	Gillig	30	17
1993	25	Collins	16	7
1994	25	Eldorado	16	9
1996	25	Eldorado	17	15
1997	25	Eldorado	17	17
1999	25	Eldorado	17	2
Total Fleet				<u>161</u>
Average Fleet Age (Years)				<u>9.66</u>
Weighted Average Fleet Ages (Years)				<u>10.78</u>

Weighted average fleet age is based upon seating capacity. This considers the fact that the larger coaches are more expensive and generally have longer useful lives than smaller coaches.

* Held in reserve for special events service - not considered in average fleet age.

CLARK COUNTY PTBA
MISCELLANEOUS STATISTICS

	<u>2002</u>	<u>Increase (Decrease)</u>	<u>1980</u>
Population Total	363,400	89.0 %	192,227
Incorporated	187,690	233.5	56,278
Unincorporated	175,710	29.2	135,949
Age: 0-4	27,971	71.4 %	16,318
5-14	57,800	72.6	33,493
15-19	26,169	53.3	17,071
20-29	44,838	34.2	33,407
30-49	114,188	128.6	49,953
50-64	57,912	135.5	24,593
65+	34,522	98.5	17,392
Licensed Drivers	266,030	125.4 %	118,002
Vehicles Total	347,825	102.8 %	171,474
Passenger Cars	241,264	125.7	106,889
Trucks	77,150	103.7	37,880
Other	29,411	10.1	26,705
Education (2001 - 2002 data)			
Annual School Enrollment	65,623	66.5 %	39,403
Annual School Rev. (thousands)	\$ 451,355	419.1	\$ 86,947
Employment			
Number (2000 data)	113,780	123.0 %	51,011
Wages Paid (thousands) (2000 data)	\$ 3,658,394	381.3	\$ 760,141
Average Wages (2000 data)	\$ 32,153	115.8	\$ 14,902
Personal Income			
Per Capita (2000)	\$ 29,085	197.1 %	\$ 9,790
Public Assistance			
Total Grants (2001 data)	\$ 42,292,175	211.0 %	\$ 13,600,000
Persons Served (2001 data)	37,963	408.3	7,468
Assessed Value			
Total (millions)	\$ 24,455	709.5 %	\$ 3,021
Per Capita	\$ 67,296	298.6	\$ 16,885

Sources: Washington State Office of Financial Management, Employment Security, Departments of Revenue, Licensing and Social and Health Services

CLARK COUNTY PTBA
REVENUES AND NON-REVENUES
2002-1993

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Passenger Fares	\$ 3,591,053	\$ 3,540,844	\$ 3,227,198	\$ 2,611,353
Advertising Fees	109,617	57,270	0	0
Interest Income	2,156,009	4,254,252	5,350,765	2,988,909
Sales Tax	11,939,105	11,912,575	11,853,310	11,699,532
Motor Vehicle Excise Tax	0	0	7,173,943	11,699,532
Miscellaneous	9,774	12,464	3,435	4,680
State Grants	47,253	87,514	40,254	155,365
State Assistance	0	0	4,885,564	0
Federal Assistance	3,027,319	3,020,236	0	0
Capital Grants	511,383	4,027,375	651,663	3,450,152
Capital Contributions	0	0	0	0
TOTAL	<u>\$ 21,391,513</u>	<u>\$ 26,912,530</u>	<u>\$ 33,186,132</u>	<u>\$ 32,609,523</u>

EXPENSES AND EXPENDITURES
2002-1993

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Salaries and Wages	\$ 12,135,853	\$ 11,531,973	\$ 11,389,304	\$ 11,518,766
Benefits	6,067,105	5,912,571	5,723,800	5,854,739
Services	1,695,113	1,467,842	1,536,611	2,824,821
Fuel	825,351	910,642	1,157,719	831,886
Supplies and Materials	1,416,752	1,376,135	1,679,398	2,099,084
Utilities	389,773	383,707	362,409	345,021
Casualty and Liability	1,633,326	365,057	319,802	329,165
Taxes	14,383	13,718	12,885	12,313
Transit Services	198,082	156,407	124,465	1,055,463
Miscellaneous	241,003	269,432	224,479	418,388
Interest	0	0	0	0
Leases	531,716	547,220	576,830	608,594
Depreciation	2,325,653	3,437,263	3,087,500	2,736,053
Capital Acquisition	1,067,009	4,363,432	4,004,121	8,191,857
TOTAL	<u>\$ 28,541,119</u>	<u>\$ 30,735,399</u>	<u>\$ 30,199,323</u>	<u>\$ 36,826,150</u>

CLARK COUNTY PTBA
REVENUES AND NON-REVENUES
2002-1993

<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>
\$ 2,434,569	\$ 2,169,843	\$ 2,050,863	\$ 1,724,110	\$ 1,640,784	\$ 1,541,015
0	0	0	0	0	0
4,640,244	3,910,002	3,609,628	3,645,120	2,707,656	2,139,351
11,320,182	10,632,757	10,292,273	9,443,705	8,890,580	7,998,244
11,320,182	10,632,757	10,292,273	9,443,705	8,890,580	7,782,244
8,253	6,448	5,977	2,333	3,010	2,182
103,775	128,482	75,414	1,512,863	2,109,296	1,655,782
0	0	0	0	0	0
0	0	0	0	0	0
699,112	3,989,504	104,757	7,678,277	682,539	368,128
0	0	0	0	750	24,300
<u>\$ 30,526,317</u>	<u>\$ 31,469,793</u>	<u>\$ 26,431,185</u>	<u>\$ 33,450,113</u>	<u>\$ 24,925,195</u>	<u>\$ 21,511,246</u>

EXPENSES AND EXPENDITURES
2002-1993

<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>
\$ 10,120,848	\$ 8,925,144	\$ 7,606,579	\$ 6,511,746	\$ 5,878,922	\$ 5,258,592
5,169,498	4,401,785	3,660,303	3,111,193	2,932,760	2,525,171
2,153,040	2,700,338	2,750,574	3,247,532	3,088,544	2,734,713
639,397	820,448	760,872	565,409	510,184	544,898
2,099,261	1,611,193	1,534,244	1,217,599	1,090,933	899,408
345,212	243,198	206,088	215,528	166,323	163,320
142,543	209,699	136,869	99,814	73,003	68,810
9,653	9,198	8,720	7,987	8,889	6,537
1,961,794	1,563,534	1,152,231	887,713	703,679	605,541
452,491	410,020	428,838	287,057	219,192	212,779
0	0	0	0	0	260
422,217	428,029	247,096	160,112	163,526	150,371
2,863,542	2,633,532	2,405,004	1,967,096	1,741,939	1,700,995
2,201,682	6,366,473	7,293,041	10,349,734	1,184,642	1,042,359
<u>\$ 28,581,178</u>	<u>\$ 30,322,591</u>	<u>\$ 28,190,459</u>	<u>\$ 28,628,520</u>	<u>\$ 17,762,536</u>	<u>\$ 15,913,754</u>

CLARK COUNTY PTBA
SUMMARY STATEMENT OF NET ASSETS
2002-1993

	2002	2001	2000	1999
Assets:				
Current Assets:				
Cash & Cash Equivalents	\$ 50,485,294	\$ 48,197,770	\$ 47,146,104	\$ 44,745,017
Receivables	2,490,449	2,999,001	2,495,866	2,289,723
Investments	7,071,250	13,270,625	5,512,812	6,508,438
Other	1,253,601	1,415,647	1,482,371	1,684,907
Total Current Assets	61,300,594	65,883,043	56,637,153	55,228,085
Noncurrent Assets:				
Investments	15,173,438	14,629,375	23,439,688	19,796,250
Other	19,510	29,302	39,094	48,886
Capital Assets (net)	35,333,196	36,675,761	35,773,821	34,955,665
Total Noncurrent Assets	50,526,144	51,334,438	59,252,603	54,800,801
Total Assets	111,826,738	117,217,481	115,889,756	110,028,886
Liabilities:				
Current Liabilities	3,515,923	3,843,637	3,152,382	4,213,942
Noncurrent Liabilities	1,548,996	529,428	433,521	502,021
Total Liabilities	5,064,919	4,373,065	3,585,903	4,715,963
Net Assets:				
Invested in Capital Assets	35,333,196	36,675,761	35,773,821	34,955,665
Unrestricted	71,428,623	76,168,655	76,530,032	70,357,258
Total Net Assets	\$ 106,761,819	\$ 112,844,416	\$ 112,303,853	\$ 105,312,923

SUMMARY STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
2002-1993

	2002	2001	2000	1999
Operating Revenue	\$ 3,707,585	\$ 3,605,207	\$ 3,229,103	\$ 2,611,716
Operating Expenses				
Operations	13,135,459	12,799,189	12,469,654	13,482,851
Maintenance	5,910,307	5,763,996	6,197,716	6,345,505
Administration	6,082,691	4,365,379	4,326,917	5,651,801
Depreciation	2,325,653	3,437,263	3,101,340	2,763,224
Total Operating Expenses	27,454,110	26,365,827	26,095,627	28,243,381
Operating Loss	23,746,525	22,760,620	22,866,524	25,631,665
Taxes	11,939,105	11,912,575	19,027,253	23,399,064
Operating Grants	3,074,572	3,020,236	4,885,564	0
Other Non-Operating Revenue (net)	2,138,868	4,340,997	5,292,974	2,757,679
Total Non-Operating Rev.	17,152,545	19,273,808	29,205,791	26,156,743
Net Income (Loss) Before Contributions	(6,593,980)	(3,486,812)	6,339,267	525,078
Capital Grants	511,383	4,027,375	651,663	3,450,152
Change in Net Assets	(6,082,597)	540,563	6,990,930	3,975,230
Total Net Assets, Beginning	112,844,416	112,303,853	105,312,923	101,337,693
Total Net Assets, Ending	\$ 106,761,819	\$ 112,844,416	\$ 112,303,853	\$ 105,312,923

CLARK COUNTY PTBA
SUMMARY STATEMENT OF NET ASSETS
2002-1993

1998	1997	1996	1995	1994	1993
\$ 37,576,886	\$ 28,902,111	\$ 25,129,657	\$ 25,618,105	\$ 22,348,105	\$ 14,882,730
2,543,007	3,745,997	2,409,436	2,492,691	2,846,186	3,034,101
9,108,110	5,977,180	10,135,290	4,000,000	2,000,000	8,000,000
1,610,968	1,431,931	1,309,356	1,171,024	995,504	863,483
<u>50,838,971</u>	<u>40,057,219</u>	<u>38,983,739</u>	<u>33,281,820</u>	<u>28,189,795</u>	<u>26,780,314</u>
24,934,035	30,513,095	27,385,020	32,000,000	30,000,000	22,000,000
58,678	1,310,415	1,016,448	767,839	551,329	474,755
29,551,833	30,215,014	26,482,071	21,828,171	13,463,278	14,046,880
<u>54,544,546</u>	<u>62,038,524</u>	<u>54,883,539</u>	<u>54,596,010</u>	<u>44,014,607</u>	<u>36,521,635</u>
105,383,517	102,095,743	93,867,278	87,877,830	72,204,402	63,301,949
3,720,303	3,270,051	2,873,050	2,650,826	2,383,553	1,919,870
325,521	1,634,820	1,317,031	1,083,574	848,746	757,277
<u>4,045,824</u>	<u>4,904,871</u>	<u>4,190,081</u>	<u>3,734,400</u>	<u>3,232,299</u>	<u>2,677,147</u>
29,551,833	30,215,014	26,482,071	21,828,171	13,463,278	14,046,880
71,785,860	66,975,858	63,195,126	62,315,259	55,508,825	46,577,922
<u>\$ 101,337,693</u>	<u>\$ 97,190,872</u>	<u>\$ 89,677,197</u>	<u>\$ 84,143,430</u>	<u>\$ 68,972,103</u>	<u>\$ 60,624,802</u>

SUMMARY STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
2002-1993

1998	1997	1996	1995	1994	1993
\$ 2,435,699	\$ 2,170,850	\$ 2,051,699	\$ 1,724,770	\$ 1,641,290	\$ 1,541,427
12,673,530	11,626,575	9,367,208	7,670,418	6,658,282	6,001,847
5,980,629	5,877,104	4,901,548	4,009,686	3,644,426	3,404,856
4,855,964	3,520,004	3,211,967	2,502,627	1,878,949	1,734,858
2,864,864	2,632,638	2,379,735	1,951,783	1,728,479	1,693,048
<u>26,374,987</u>	<u>23,656,321</u>	<u>19,860,458</u>	<u>16,134,514</u>	<u>13,910,136</u>	<u>12,834,609</u>
23,939,288	21,485,471	17,808,759	14,409,744	12,268,846	11,293,182
22,640,364	21,265,514	20,584,546	18,887,410	17,781,160	15,780,488
0	0	0	0	0	0
4,746,633	3,744,128	2,653,223	3,015,384	2,151,698	1,760,117
<u>27,386,997</u>	<u>25,009,642</u>	<u>23,237,769</u>	<u>21,902,794</u>	<u>19,932,858</u>	<u>17,540,605</u>
3,447,709	3,524,171	5,429,010	7,493,050	7,664,012	6,247,423
699,112	3,989,504	104,757	7,678,277	683,289	392,428
4,146,821	7,513,675	5,533,767	15,171,327	8,347,301	6,639,851
<u>97,190,872</u>	<u>89,677,197</u>	<u>84,143,430</u>	<u>68,972,103</u>	<u>60,624,802</u>	<u>53,984,951</u>
<u>\$ 101,337,693</u>	<u>\$ 97,190,872</u>	<u>\$ 89,677,197</u>	<u>\$ 84,143,430</u>	<u>\$ 68,972,103</u>	<u>\$ 60,624,802</u>

CLARK COUNTY PTBA
RETAIL SALES BY CATEGORY (IN THOUSANDS)
2002-1993

CATEGORY	PERCENT INCR. OVER PRIOR YEAR		2001	PERCENT INCR. OVER PRIOR YEAR		2000	PERCENT INCR. OVER PRIOR YEAR		1999	PERCENT INCR. OVER PRIOR YEAR	
	2002	YEAR		YEAR	YEAR		YEAR	YEAR		YEAR	
Building Materials and Hardware	168,550	23.8 %	\$ 136,177	5 %	\$ 129,874	1 %	\$ 129,086	3 %			
General Merchandise	237,315	4.2	227,779	13	202,250	5	192,479	14			
Food	298,999	0.1	298,688	3	290,788	8	270,329	(1)			
Auto Dealers/Gas Stations	384,490	6.4	361,258	1	358,768	8	332,981	12			
Apparel/Accessories	67,448	3.3	65,307	5	62,175	0	62,318	2			
Furniture/Furnishings	82,423	2.6	80,354	(10)	89,667	(4)	93,394	(6)			
Eating/Drinking Places	293,787	6.7	275,432	4	263,962	6	250,060	7			
Misc. Retail Stores	213,552	3.8	205,683	1	204,039	7	190,759	6			
Services	375,750	3.3	363,702	6	342,842	1	340,411	1			
Contracting	688,678	5.6	652,279	(1)	656,960	1	652,504	(2)			
Manufacturing	79,310	(6.1)	84,430	4	81,096	(6)	85,841	1			
Transportation, Communication, and Utilities	195,845	3.6	188,975	6	179,110	20	149,648	9			
Wholesaling	281,956	(15.4)	333,106	(5)	351,848	(3)	362,153	(5)			
Finance, Insurance, and Real Estate	76,180	21.1	62,913	3	61,320	(3)	63,273	(15)			
Other Business	45,938	15.3	39,833	4	38,244	5	36,251	1			
TOTAL RETAIL SALES	\$ 3,490,221	3.4 %	\$ 3,375,916	2 %	\$ 3,312,943	3 %	\$ 3,211,487	2 %			
Sales Tax at Applicable Rate:	10,470,663	3.4 %	\$ 10,127,748	2 %	\$ 9,938,829	3 %	\$ 9,634,461	2 %			
Sales and Use Tax Revenue	11,939,105	0.2 %	\$ 11,912,575	0 %	\$ 11,853,310	1 %	\$ 11,699,532	3 %			
Percent of Tax from Retail Sales	87.7%		85.0%		83.8%		82.3%				
(Balance is from Use Tax)											

Source: Quarterly Business Review, Washington Department of Revenue.

CLARK COUNTY PTBA
RETAIL SALES BY CATEGORY (IN THOUSANDS)
2002-1993

	PERCENT INCR. OVER PRIOR YEAR		PERCENT INCR. OVER PRIOR YEAR		PERCENT INCR. OVER PRIOR YEAR		PERCENT INCR. OVER PRIOR YEAR		PERCENT INCR. OVER PRIOR YEAR		
	1998		1997		1996		1995		1994		1993
\$	125,725	8 %	\$ 116,698	5 %	\$ 110,680	9 %	\$ 101,194	(7) %	\$ 108,360	14 %	\$ 94,829
	169,094	8	157,279	6	148,210	9	136,275	5	130,165	10	118,715
	273,377	5	260,084	8	241,437	8	223,765	8	207,104	7	192,934
	296,107	8	273,442	5	260,877	10	236,573	7	221,942	8	204,736
	61,259	4	58,634	5	55,670	1	54,897	1	54,122	0	54,324
	99,420	26	79,196	3	76,715	9	70,140	8	64,816	1	63,981
	233,418	7	219,144	7	205,094	8	190,710	6	179,658	8	166,278
	179,843	7	168,335	7	157,156	13	138,657	7	129,433	12	115,054
	337,807	(6)	358,333	8	331,339	23	268,503	0	267,429	12	239,184
	663,668	12	594,719	4	572,512	11	516,534	7	481,996	16	414,443
	85,368	(17)	102,319	9	93,741	(5)	98,280	10	89,451	8	82,675
	137,115	8	126,940	3	123,112	2	120,169	31	91,539	4	87,725
	381,620	13	338,503	3	327,169	3	318,695	6	301,278	11	270,234
	74,060	64	45,221	4	43,559	(1)	44,054	4	42,356	1	42,096
	35,767	9	32,798	20	27,289	7	25,492	(34)	38,824	200	12,935
	<u>\$ 3,153,648</u>	8 %	<u>\$ 2,931,645</u>	6 %	<u>\$ 2,774,560</u>	9 %	<u>\$ 2,543,938</u>	6 %	<u>\$ 2,408,473</u>	11 %	<u>\$ 2,160,143</u>
\$	9,460,944	8 %	\$ 8,794,935	6 %	\$ 8,323,680	9 %	\$ 7,631,814	6 %	\$ 7,225,419	11 %	\$ 6,480,429
\$	11,320,182	6 %	\$ 10,632,757	3 %	\$ 10,292,273	9 %	\$ 9,443,705	6 %	\$ 8,890,580	11 %	\$ 7,998,244
	83.6%		82.7%		80.9%		80.8%		81.3%		81.0%

**CLARK COUNTY PTBA
OPERATING INFORMATION
2002-1993**

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
PASSENGER BOARDINGS										
A. Fixed Route	6,215,424	5,954,946	6,564,961	7,750,095	7,208,587	6,658,550	5,985,456	5,153,190	4,806,285	4,255,417
B. Demand Response	180,867	175,029	162,130	188,269	189,074	172,531	142,495	115,841	99,052	84,850
C. Vanpool	35,911	51,255	66,555	68,096	49,352	32,886	18,458	16,913	18,712	20,503
PASSENGER MILES										
A. Fixed Route	30,905,761	32,070,824	35,185,123	42,011,749	37,935,106	33,804,994	31,803,968	28,306,655	23,237,291	21,988,044
B. Demand Response	1,334,937	1,254,787	1,197,375	1,347,268	1,189,885	1,355,168	1,061,587	905,478	693,364	669,418
C. Vanpool	873,359	1,129,905	1,836,135	1,979,572	1,095,168	780,152	430,259	379,015	408,994	481,574
OPERATING MILES										
A. Fixed Route	4,158,718	4,103,129	4,656,608	5,275,297	5,029,537	4,542,174	3,908,548	3,526,803	3,651,352	3,186,151
B. Demand Response	1,103,405	1,079,495	1,023,470	1,200,544	1,345,583	1,134,622	865,040	625,285	544,633	451,608
C. Vanpool	127,216	157,981	249,255	286,482	175,832	117,285	80,348	81,057	88,815	97,041
OPERATING HOURS										
A. Fixed Route	271,295	268,052	284,515	310,981	299,117	283,297	241,087	203,406	182,402	167,252
B. Demand Response	70,945	67,301	62,275	74,953	82,160	69,302	54,193	39,772	34,959	29,096
C. Vanpool	3,593	4,966	7,569	7,448	4,960	3,356	2,248	2,331	2,760	3,232
IN-SERVICE MILES										
A. Fixed Route	3,815,471	3,648,956	4,044,919	4,537,911	4,353,422	3,890,427	3,269,911	2,895,984	2,711,498	2,589,971
B. Demand Response	988,039	968,913	915,330	1,046,512	1,493,258	961,594	729,268	544,162	494,350	449,428
C. Vanpool	127,216	157,981	249,255	286,482	175,832	117,285	80,348	81,057	75,775	89,516
IN-SERVICE HOURS										
A. Fixed Route	250,108	246,593	260,482	283,218	275,208	217,900	190,008	158,406	144,808	137,443
B. Demand Response	61,538	58,695	55,308	65,822	70,714	59,179	48,317	36,212	32,948	28,987
C. Vanpool	3,593	4,966	7,569	7,448	4,960	3,356	2,248	2,331	2,325	2,856
NET OPERATING COST										
A. Fixed Route	\$19,946,477	\$18,085,091	\$18,347,197	\$19,882,603	\$18,151,993	\$16,499,967	\$14,209,482	\$12,346,873	\$10,652,664	\$9,721,237
B. Demand Response	4,230,820	3,921,158	3,713,625	4,512,630	4,507,156	3,544,665	2,747,996	1,486,101	1,250,481	1,158,480
C. Vanpool	77,832	81,357	94,840	125,543	90,148	102,967	68,554	35,106	33,888	35,385
OPERATING REVENUE										
A. Fixed Route	\$3,552,347	\$3,452,965	\$3,056,588	\$2,445,552	\$2,323,839	\$2,096,685	\$1,982,114	\$1,660,119	\$1,581,079	\$1,481,028
B. Demand Response	81,943	67,417	59,396	37,434	40,753	33,272	28,151	22,810	20,402	17,442
C. Vanpool	73,295	84,825	113,119	128,730	71,107	40,893	41,434	41,841	39,809	42,957
PASSENGERS PER IN-SERVICE HOUR										
A. Fixed Route	24.851	24.149	25.203	24.921	24.100	23.504	24.827	25.335	26.350	25.443
B. Demand Response	2.939	2.982	2.931	2.512	2.301	2.490	2.629	2.913	2.833	2.916
C. Vanpool	9.995	10.321	8.793	9.143	9.950	9.799	8.211	7.256	6.780	6.344

**CLARK COUNTY PTBA
OPERATING INFORMATION
2002-1993**

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
COST PER PASSENGER MILE										
A. Fixed Route	\$0.008	\$0.008	\$0.007	\$0.007	\$0.007	\$0.006	\$0.006	\$0.006	\$0.006	\$0.006
B. Demand Response	0.046	0.047	0.046	0.049	0.059	0.044	0.046	0.040	0.048	0.043
C. Vanpool	0.004	0.004	0.004	0.004	0.005	0.004	0.005	0.006	0.006	0.006
COST PER OPERATING MILE										
A. Fixed Route	\$4.796	\$4.408	\$3.940	\$3.769	\$3.609	\$3.633	\$3.635	\$3.501	\$2.917	\$3.051
B. Demand Response	3.834	3.632	3.628	3.759	3.350	3.124	3.177	2.377	2.296	2.565
C. Vanpool	0.612	0.515	0.380	0.438	0.513	0.878	0.853	0.433	0.382	0.365
COST PER PASSENGER BOARDING										
A. Fixed Route	\$3.209	\$3.037	\$2.795	\$2.565	\$2.518	\$2.478	\$2.374	\$2.396	\$2.216	\$2.284
B. Demand Response	23.392	22.403	22.905	23.969	23.838	20.545	19.285	12.829	12.624	13.653
C. Vanpool	2.167	1.587	1.425	1.844	1.827	3.131	3.714	2.076	1.811	1.726
COST PER OPERATING HOUR										
A. Fixed Route	\$73.523	\$67.469	\$64.486	\$63.935	\$60.685	\$58.243	\$58.939	\$60.701	\$58.402	\$58.123
B. Demand Response	59.635	58.263	59.633	60.206	54.858	51.148	50.708	37.366	35.770	39.816
C. Vanpool	21.662	16.383	12.530	16.856	18.175	30.681	30.496	15.060	12.278	10.948
OPERATING REVENUE PER PASSENGER										
A. Fixed Route	\$0.572	\$0.580	\$0.466	\$0.316	\$0.322	\$0.315	\$0.331	\$0.322	\$0.329	\$0.348
B. Demand Response	0.453	0.385	0.366	0.199	0.216	0.193	0.198	0.197	0.206	0.206
C. Vanpool	2.041	1.655	1.700	1.890	1.441	1.243	2.245	2.474	2.127	2.095
PERCENT OF OPERATING REVENUE TO OPERATING COSTS										
A. Fixed Route	17.809 %	19.093 %	16.660 %	12.300 %	12.802 %	12.707 %	13.949 %	13.446 %	14.842 %	15.235 %
B. Demand Response	1.937	1.719	1.599	0.830	0.904	0.939	1.024	1.535	1.632	1.506
C. Vanpool	94.171	104.263	119.274	102.539	78.878	39.715	60.440	119.185	117.472	121.398

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 (Tri-Met), 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 Besserman Community Room at Fisher's Landing Transit Center.

**CLARK COUNTY PTBA
FEDERAL TRANSIT ADMINISTRATION
GRANTS HISTORY
2002-1993 and Prior**

FTA GRANT NUMBER	TOTAL	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1991 & PRIOR
WA-03-0018*	\$ 505,736	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 505,736
WA-03-0041	4,355,950											4,355,950
WA-03-0042	3,953,633											3,953,633
WA-03-0056	433,173											433,173
WA-03-0146	2,312,375		2,312,375									0
WA-05-0015	389,346				(15,774)							405,120
WA-05-0018	881,670											881,670
WA-05-0032	775,651				(68,366)							775,651
WA-90-0006	401,255											401,255
WA-90-0021	429,322											497,688
WA-90-0044	824,536											824,536
WA-90-0049	483,097											483,097
WA-90-0068	446,782											446,782
WA-90-0081	972,970											903,166
WA-90-0093	1,376,800								71,793	(335)	(1,654)	1,376,800
WA-90-0117	228,896					(23)	117,993	5,393	59		105,474	0
WA-90-0129	304,000						44,430	2,697	29		256,844	0
WA-90-0139	2,551,700						116,759	46,866	2,036,492	344,197	7,386	0
WA-90-0150	2,224,343				(55,278)	(367)	119,871		1,866,966	293,073	78	0
WA-90-0158	3,966,949					222,842			3,698,503	45,604		0
WA-90-0184	4,494,460			471,663	2,185,832	111,292	1,545,665	51,795				0
WA-90-X198	499,413					199,737	299,676					0
WA-90-X217	3,448,780				3,032,781	164,742						0
WA-90-X255	4,735,236		4,735,236									0
WA-90-X261	3,027,319											0
WA-90-X267	131,913											0
LA-3167	0				(1,745,999)	889	1,745,110					0
SUBTOTAL	\$ 44,155,305	\$ 3,538,702	\$ 7,047,611	\$ 471,663	\$ 3,333,196	\$ 699,112	\$ 3,989,504	\$ 106,751	\$ 7,673,842	\$ 682,539	\$ 368,128	\$ 16,244,257
Retirements	(2,588,997)	(535,624)	0	0	0	0	(146,589)	(701,426)	(521,848)	(282,239)	(10,984)	(390,287)
TOTAL	\$ 41,566,308	\$ 3,003,078	\$ 7,047,611	\$ 471,663	\$ 3,333,196	\$ 699,112	\$ 3,842,915	\$ (594,675)	\$ 7,151,994	\$ 400,300	\$ 357,144	\$ 15,853,970

* Grant assumed from the City of Vancouver upon purchase of the Vancouver Transit System in 1981.
NOTE: Amounts shown in brackets are retirements and refunds.