

**CLARK COUNTY PUBLIC TRANSPORTATION
BENEFIT AREA**

VANCOUVER, WASHINGTON

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003

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

Clark County Public Transportation
Benefit Area
Vancouver, Washington

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended December 31, 2003

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**INTRODUCTORY
SECTION**



June 24, 2004

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, 2003. 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, 2002 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, 2003, 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, 2003, 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 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 of 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 113 vehicles to provide fixed route service on 380.2 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 48 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 2003 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 372,300.

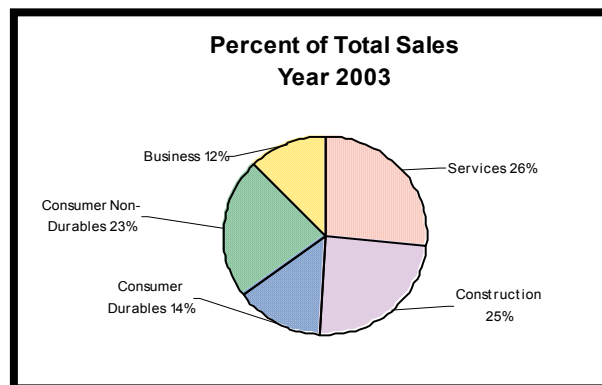
In common with the rest of the state of Washington and the Portland region, employment levels continued to decline during the first three quarters but rebounded in the fourth quarter 2003. Continued slow sales and outsourcing in the computer industry have caused more layoffs in area manufacturers and suppliers. Furthermore, the manufacturing sector is using less industrial real estate due to a combination of greater efficiencies, outsourcing, and aggressive cost controls. This has resulted in the commercial vacancy rate in flexible office parks rising to 21 percent.

With the fundamental changes in the manufacturing sector comes a need for increased distribution activity, and Clark County is becoming a major distribution location. Major new facilities have recently opened or are under construction.

Retail continued good growth during the year as consumers continued to spend and major retailers continued to build new stores, including the big box retailers. Even with this growth, Clark County continues to be underserved by retail due to a total sales tax of as much as 8 percent when the adjacent state (Oregon) continues to have no sales tax.

The PTBA's main source of revenue is sales tax, which also serves as an economic barometer. During 2003, retail sales grew at a 6.7 percent rate. The various business categories which collect a sales tax may be summarized into five categories. The following table shows the growth rate during 2003 and the percent of the total of each category. Although the business categories grew at the second fastest rate, after construction, their taxable total sales are about at the 1996 level due to economic conditions and tax incentives granted by the legislature. Consumer durables robust growth rate is the result of big ticket purchases such as vehicles from cash back from housing refinancing.

Percent of Growth 2003 Compared to 2002	
Services	3.4 %
Construction	10.3
Consumer Durables	5.4
Consumer Non-Durables	7.9
Business	8.0
Total	6.7 %



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 2003.

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

Cash & Investments Net of Liabilities December 31, 2002	<u>\$ 67,665,063</u>
2003 Activity:	
Operating Revenues More Than Planned	781,346
Operating Expenses Less Than Planned	1,974,613
Noncapital Financing Less Than Planned	(99,227)
Capital Grants More Than Planned	7,037,247
Capital Purchases More Than Planned	(9,774,899)
Interest Income Less Than Planned	(2,050,094)
Change in Liabilities	(766,394)
Change in Fair Value of Investments	(412,500)
Planned Reserve Use in 2002	<u>(4,898,417)</u>
Actual Change to Reserves in 2000	<u>(8,208,325)</u>
Net Cash & Investments Available For Future Plan Years at December 31, 2003	59,456,738
Less Planned Balance at December 31, 2003	<u>(60,886,726)</u>
Net Variance at December 31, 2003	<u>\$ (1,429,988)</u>

Composition of Cash & Investments Net of Liabilities December 31, 2003:

Current Assets:	
Cash & Cash Equivalents	\$ 49,455,863
Investments	11,611,563
Noncurrent Assets:	
Investments	<u>4,220,625</u>
Total Cash & Investments	65,288,051
Less Total Liabilities	<u>(5,831,313)</u>
Cash & Investments Net of Liabilities December 31, 2003	<u>\$ 59,456,738</u>

The following table shows adherence to the plan for the years 2000-2003:

Cash & Investments Net of Liabilities December 31, 1999	<u>\$ 66,333,742</u>
2000-2003 Activity	
Operating Revenues More Than Planned	705,305
Operating Expenses Less Than Planned	8,360,248
Noncapital Financing Less Than Planned	(7,113,899)
Capital Grants Less Than Planned	(3,092,764)
Capital Purchases Less Than Planned	2,050,659
Interest Income Less Than Planned	(1,751,687)
Change in Liabilities	(1,115,350)
Change in Fair Value of Investments	527,500
Planned Reserve Use in 2002	<u>(5,447,016)</u>
Actual Change to Reserves in 2000	<u>(6,877,004)</u>
Net Cash & Investments Available For Future Plan Years at December 31, 2003	59,456,738
Less Planned Balance at December 31, 2003	<u>(60,886,726)</u>
Net Variance at December 31, 2003	<u>\$ (1,429,988)</u>

As shown, aggressive cost controls have resulted in operating expense savings for the four-year period of more than \$8 million. However, these savings were offset by lower noncapital financing and interest income. The following table shows the variance by the type of revenue in the noncapital financing category.

Noncapital Financing Variance

	2000-2003 Actual	2000-2003 Planned	Variance	Cause
Federal Assistance	\$9,274,698	\$12,072,919	\$(2,798,221)	One Year Delay in Receiving Grant
State Assistance	4,885,564	7,382,580	(2,497,016)	Funds Appropriated Only One Year
Sales Tax	48,717,862	50,414,872	(1,697,010)	Lower Retail Sales From Economic Slowdown
Motor Vehicle Excise	<u>6,955,335</u>	<u>7,076,987</u>	<u>(121,652)</u>	Refunds by State
Total Noncapital Financing	<u>\$69,833,459</u>	<u>\$76,947,358</u>	<u>\$(7,113,899)</u>	

The following issues continued to be reviewed and updated as part of the 20-year planning efforts during the year and extending into 2004. 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, and the 2006 financial plan should be balanced.
- 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 \$36.1 million from the six-year plan for 1999-2006. These savings are the result of operating less service than planned (\$17.9 million) and other expense reductions (\$18.2 million).
- A twenty-year service planning process was developed which provided a variety of service and funding options for the public to consider and suggest modifications.
- Surveys show there is local support for transit.
 - a. Eighty-one percent of respondents believe a strong transit system is important for managing growth.
 - b. Fifty-seven percent of respondents thought taxes should be raised rather than services cut.
 - c. Seventy-seven percent of respondents favor supporting transit with taxes because of community benefits.
 - d. Eighty-nine percent of the riders are satisfied with the services provided.
- A number of the major facilities are nearing the end of their useful life and/or not under the control of the PTBA, and extensive capital investment will be needed in the near future, thus the need to program reserves to support the capital program rather than fund operating deficits.
- 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 and provide funds for some expansion and capital projects.

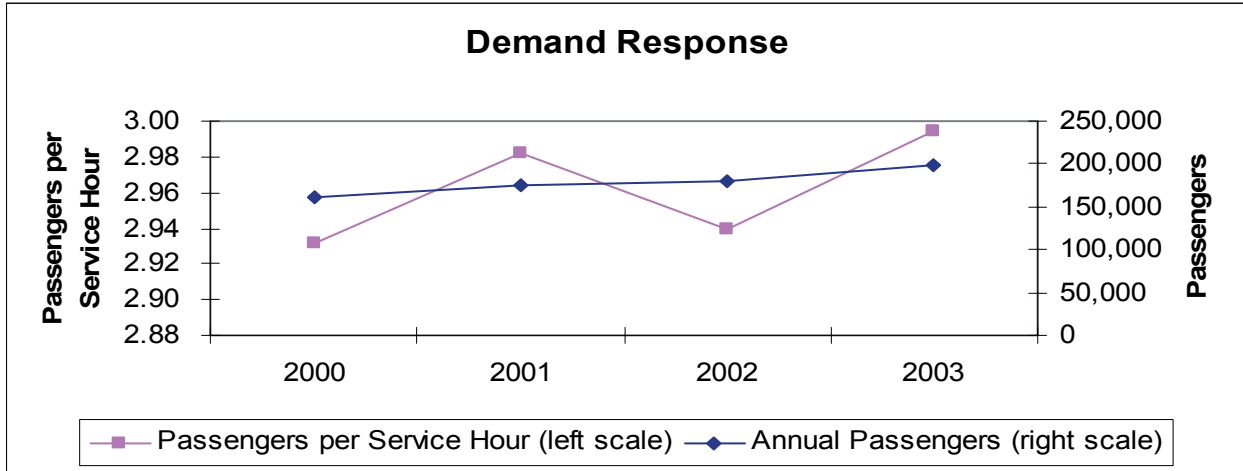
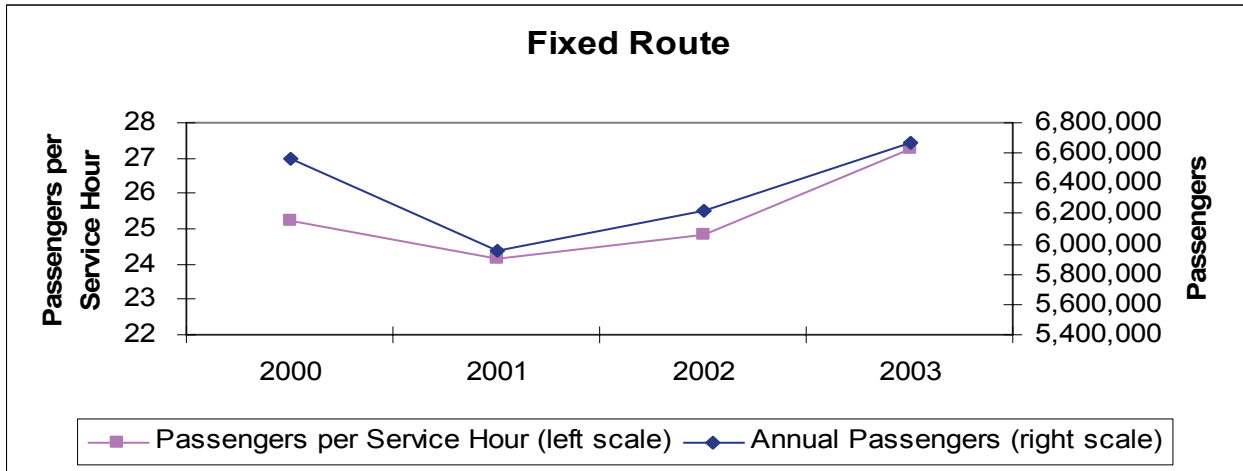
Early in 2004, after hearing representations from the public, the Board of Directors selected as the preferred alternative a plan which provides for an increase in the sales tax of 0.3 percent to maintain and expand service throughout the county. A resolution was adopted setting an election date for this sales tax increase to November 2004.

Performance Indicators

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

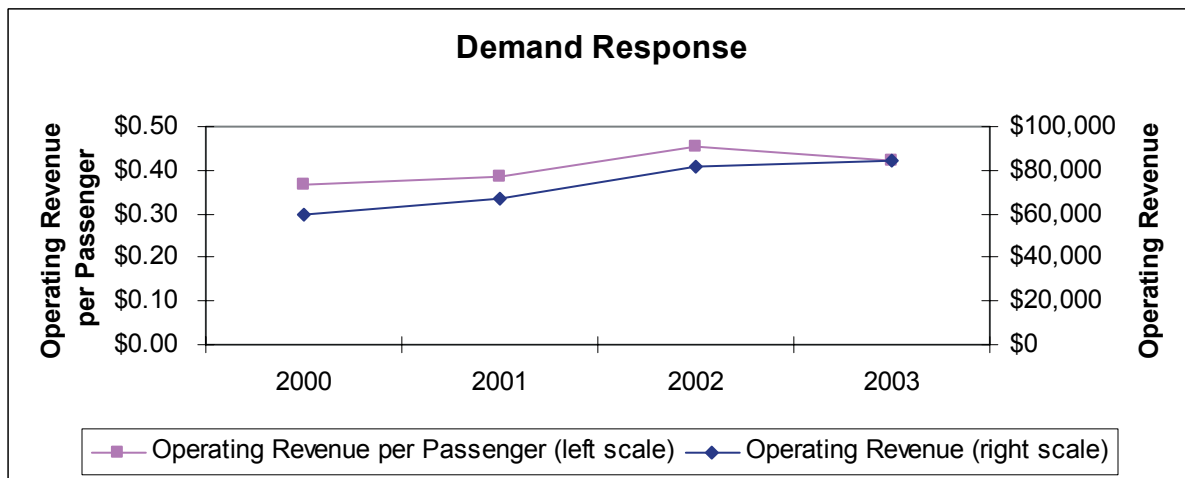
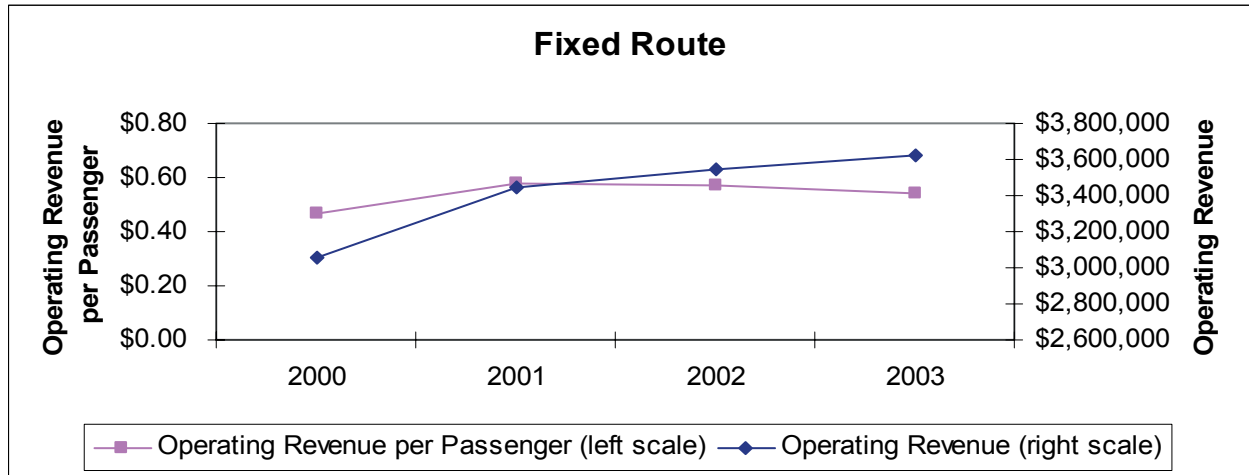
- The loss of half of the tax support (40 percent of revenue) through the enactment of I-695 and subsequent legislative action,
- A fare increase in 2000 and 2001 after more than a decade of stable fares,
- An approximate 13 percent service reduction in mid-2000 which, coupled with the fare increases, resulted in decreased ridership, and
- An increase in unemployment and other recessionary factors which resulted in less economic activity and utilization of transit services.

Four-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.



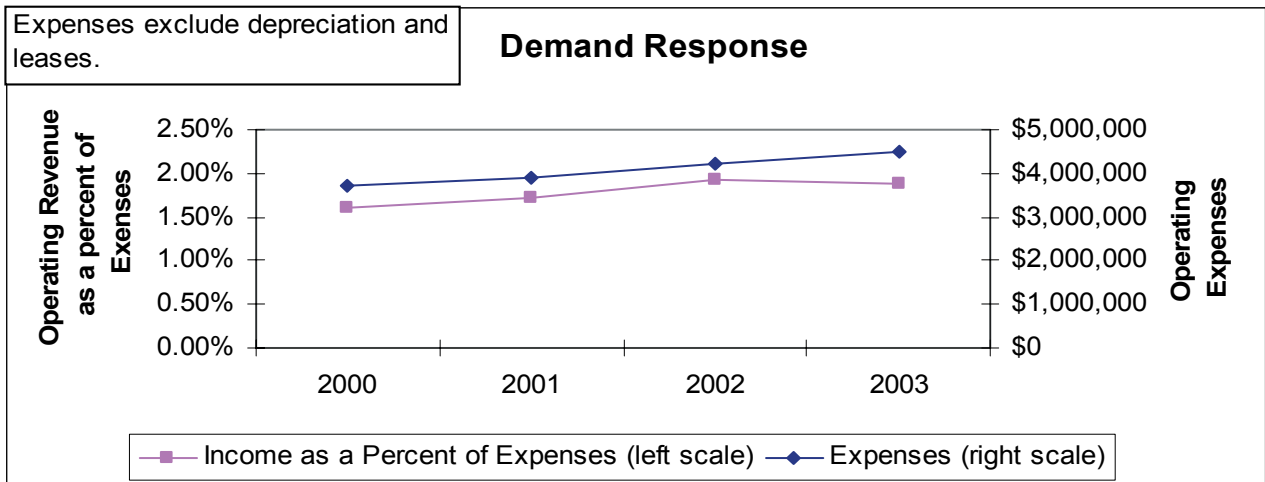
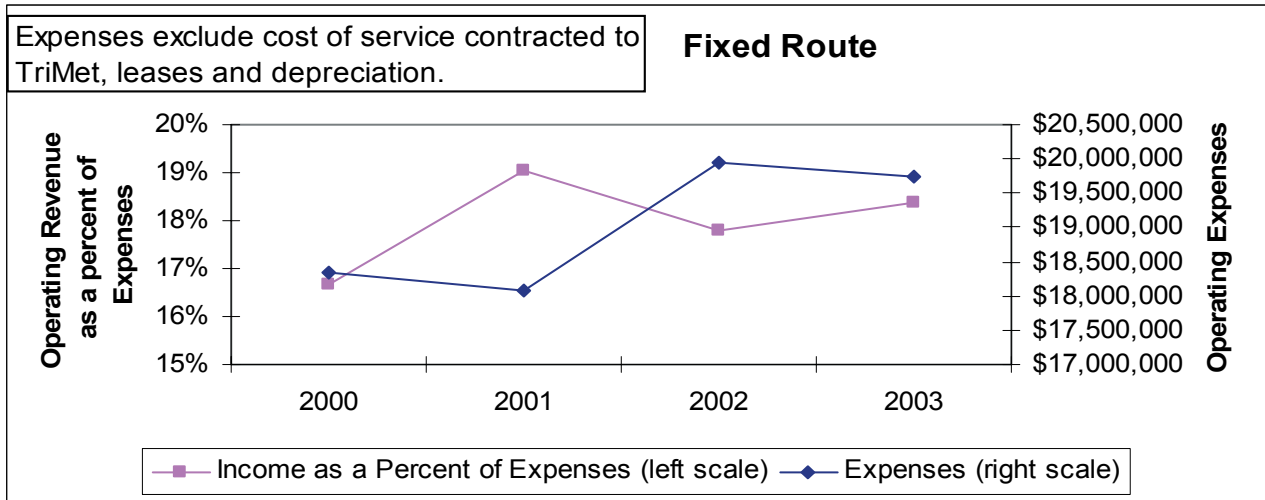
Fixed route ridership and passengers per service hour continued to improve in 2003. The increase in passengers per service hour means service is being deployed more efficiently. Demand response ridership also increased slightly in 2003. As in fixed route, the increase in passengers per service hour means service is being deployed more efficiently.

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



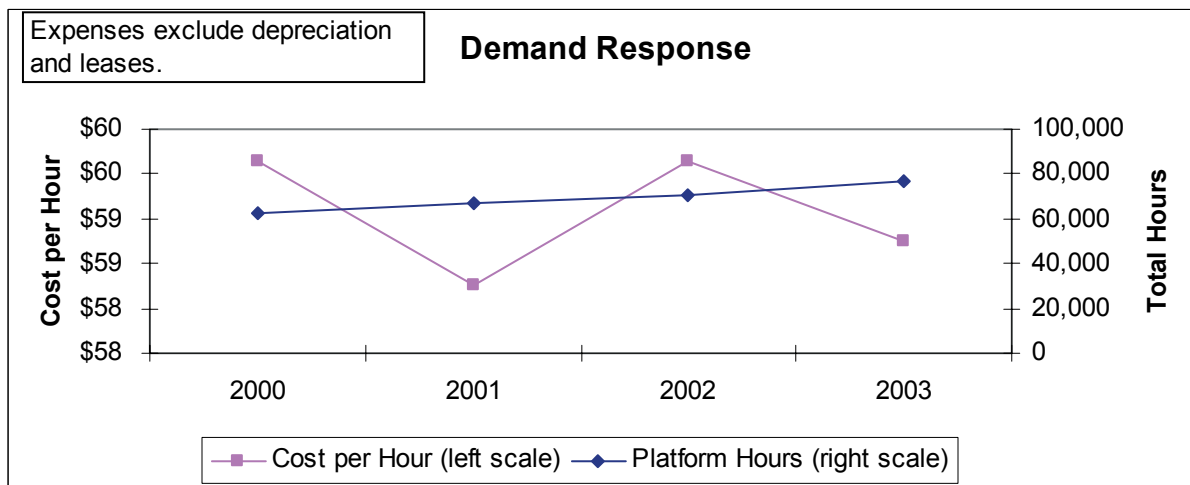
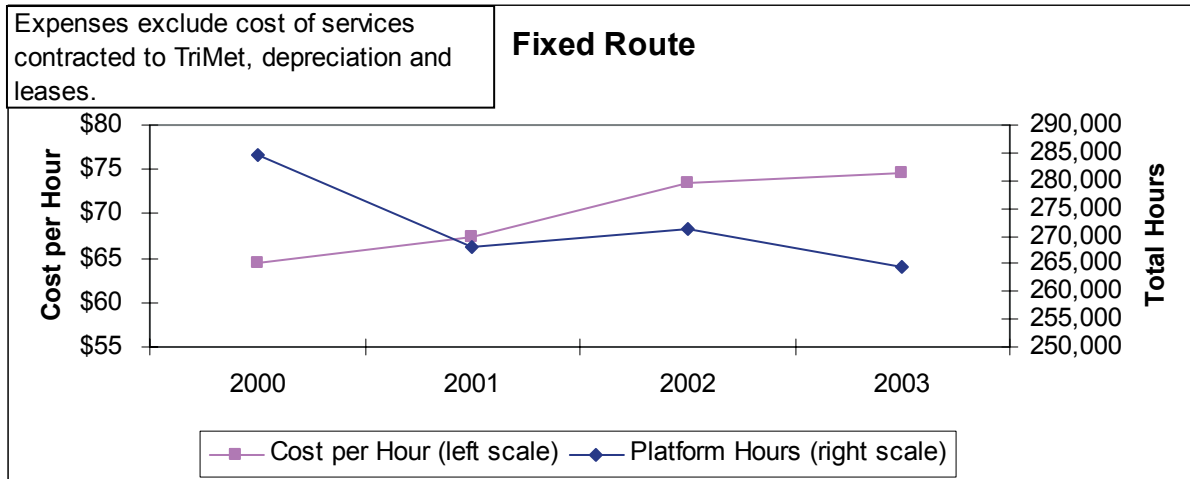
While fixed route operating revenue increased slightly in 2003, revenue per passenger decreased due to the effects of TriMet fare reciprocity. Likewise, while operating revenue increased in the demand response mode, revenue per passenger dropped because there was subscription service in the prior year.

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



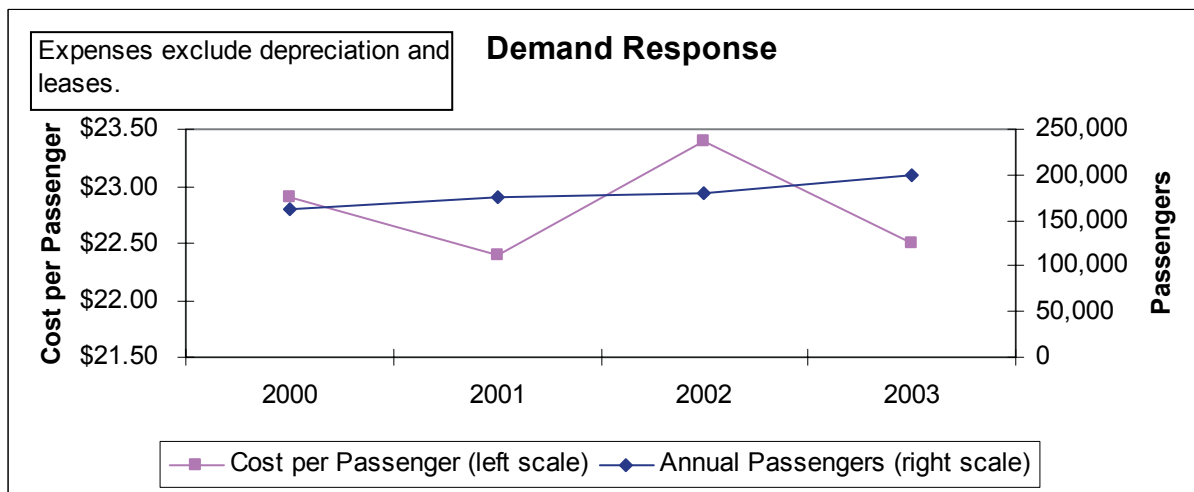
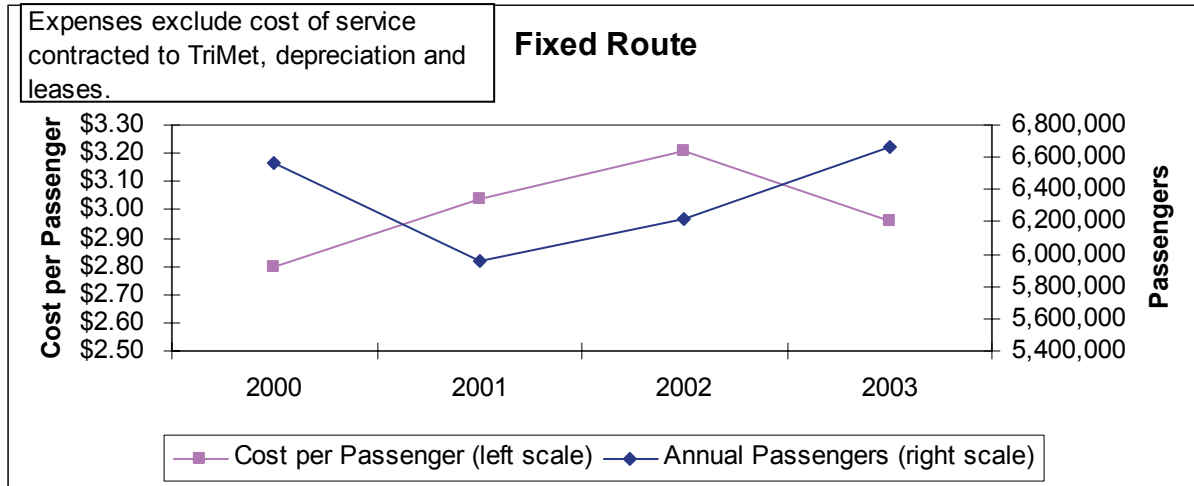
In 2003, fixed route costs decreased slightly due to a reduction in service hours. This was primarily the result of converting the Route 93 to The Connector service which is included in demand response and lower employer subsidized service. The shift of these hours increased the demand response operating expenses.

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



Fixed route hours of service decreased slightly as a result of converting Route 93 to The Connector service as described previously. The cost per hour increased 1.5% which was less than the cost of living adjustment, due to higher accident claims in 2002. Demand response hours of service increased due to the effects of The Connector service and additional demand. The cost per hour decreased slightly due to operating efficiencies and fewer accident claims.

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



The fixed route cost per passenger dropped from \$3.21 in 2002 to \$2.96 in 2003 as the cost for two fatal accidents was accrued in 2002. Demand response cost per passenger also decreased due an increase in passengers per hour.

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, 2003	Dec. 31, 2002	Dec. 31, 2001
<u>OPERATING REVENUE</u>			
Passenger Fares	12.6%	13.1%	13.5%
Other Transit Revenue	<u>1.1</u>	<u>0.4</u>	<u>0.2</u>
TOTAL OPERATING REVENUE	<u>13.7%</u>	<u>13.5%</u>	<u>13.7%</u>
<u>OPERATING EXPENSES</u>			
Operations	51.0%	47.8%	48.5%
Maintenance	21.6	21.5	21.9
Administration	15.0	22.2	16.6
Depreciation	<u>12.4</u>	<u>8.5</u>	<u>13.0</u>
TOTAL OPERATING EXPENSES	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
OPERATING LOSS	<u>86.3%</u>	<u>86.5%</u>	<u>86.3%</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Sales Tax	45.0%	43.5%	45.2%
Interest Income	3.6	7.9	16.1
Commuter Reduction Grants	0.5	0.2	0.3
State Assistance	0.5	0.0	0.0
Contributions to Road Projects	(0.1)	(0.1)	0.0
Federal Assistance	<u>10.7</u>	<u>11.0</u>	<u>11.5</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>60.2%</u>	<u>62.5%</u>	<u>73.1%</u>
NET INCOME (Loss)	(26.1)%	(24.0)%	(13.2)%
Capital Grants	<u>30.9%</u>	<u>1.9%</u>	<u>15.3%</u>
CHANGE IN NET ASSETS	<u>4.8%</u>	<u>(22.1)%</u>	<u>2.1%</u>

	YEARS ENDED		
	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2001
<u>OPERATING EXPENSES BY MODE:</u>			
Fixed Route	82.6%	82.5%	81.1%
Demand Response	16.2	16.3	17.4
Vanpool	0.5	0.6	0.8
Rideshare	<u>0.7</u>	<u>0.6</u>	<u>0.7</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 1.5 percent. This return was a decrease from the 2.9 percent return of 2002 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 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 2003, 75 percent of investments were available on a daily basis, 15 percent have an original maturity (when purchased) of two years or less, 8 percent have an original maturity of five years, and 2 percent have an original maturity of ten years. Given the very low interest rates and cash flow needs, it is not planned to purchase additional Treasury Notes during the next two years.

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 2003, \$439,302 in interest income was earned. As of December 31, 2003, the account had received 35 percent of the accumulated depreciation and had approximately 39 percent of the current replacement cost of assets. The account was funded at \$27,205,421 on December 31, 2003.

Risk Management

The PTBA maintains a \$11,500,000 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 \$478,663 were less than the prior year as 2002 included the costs 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, 2002. This was the fifteenth 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 of Finance

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, 2002

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.

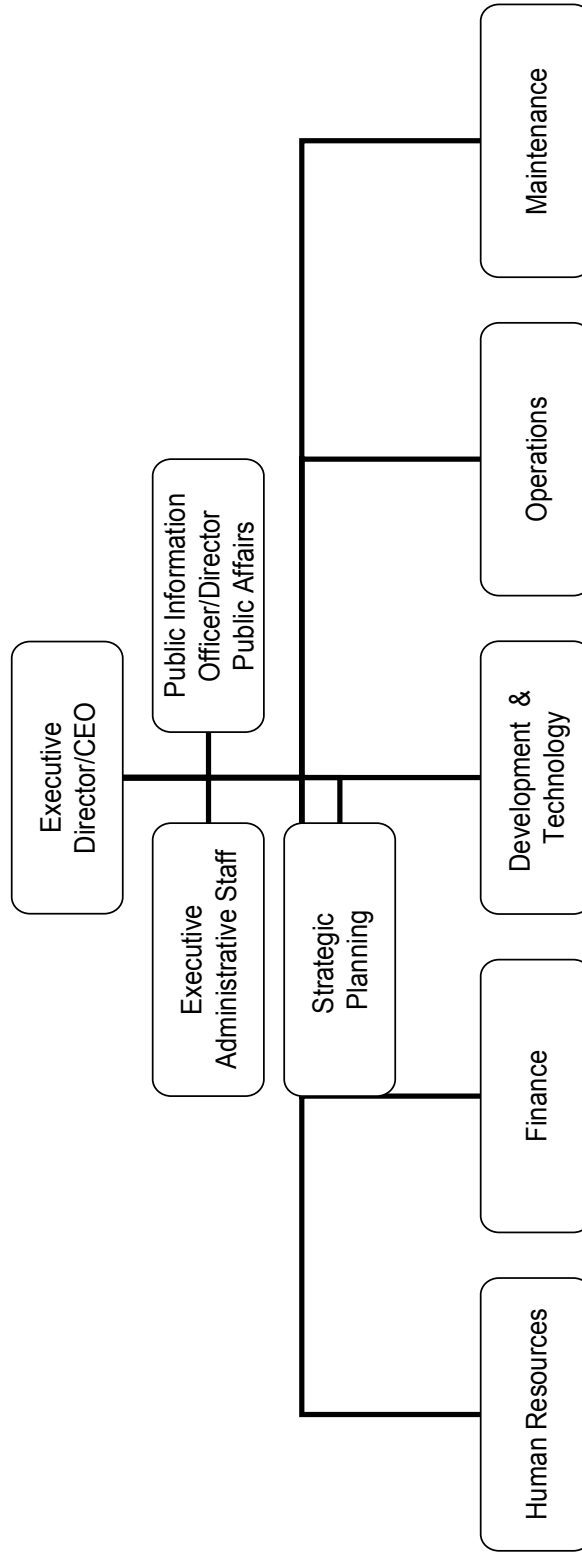


President

Executive Director

C-TRAN Organizational Chart

January 1, 2003



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

Board Member	Affiliation	Term	Expires
Garry Alexander	Washougal City Council	3 yrs.	12/31/04
Elizabeth Cerveney (Vice Chair)	La Center Mayor	2 yrs.	12/31/03
Bill Ganley	Battle Ground City Council	3 yrs.	12/31/05
Jeanne Harris (Chair)	Vancouver City Council	1 yr.	12/31/03
Greg Kimsey (Alternate for Craig Pridemore)	Clark County Auditor	1 yr.	12/31/03
Tim Leavitt (Replaced Mayor Pollard)	Vancouver City Council	8 mo.	12/31/03
Betty Sue Morris	Clark County Commissioner	4 yrs.	12/31/04
Royce Pollard	Vancouver Mayor	1 yr., 4 mo.	04/30/03
Craig Pridemore	Clark County Commissioner	4 yrs.	12/31/06
Judie Stanton	Clark County Commissioner	4 yrs.	12/31/04
Jeanne Stewart (Replaced Dan Tonkovich)	Vancouver City Council	8 mo.	12/31/03
Dan Tonkovich	Vancouver City Council	1 yr., 4 mo.	04/30/03

APPOINTED

Executive Director/CEO	Lynne Griffith
Executive Assistant/Clerk of the Board	June Berry
Director of Finance	Frederick W. Bateman
Director of Human Resources	Arlene S. Doern
Director of Operations	Lynn Halsey
Director of Maintenance	John Hoefs
Director of Development & Technology	Dale Miller
Director of Public Affairs/Public Information Officer	Scott Patterson
Legal Counsel	Jillian Bruce
	(Effective January 13, 2004)

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**FINANCIAL
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Washington State Auditor
Brian Sonntag

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FAX (360) 753-0646
TDD Relay 1-800-833-6388
<http://www.sao.wa.gov>

INDEPENDENT AUDITOR'S REPORT

April 19, 2004

Board of Directors and Authority Management
Clark County Public Transportation Benefit Area Authority
Vancouver, Washington 98668-8979

We have audited the accompanying financial statements of the business-type activities, of the Clark County Public Transportation Benefit Area, Clark County, Washington, as of and for the years ended December 31, 2002 and 2003 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 auditing standards generally accepted in 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Clark County Public Transportation Benefit Area, Clark County, Washington, as of 2003, and 2002, and the respective changes in financial position and cash flows, where applicable, thereof, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 20 through 26 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.

The information identified in the table of contents in the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Authority. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we 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, 2003. 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, 2003, by \$108,153,139. Of this amount, \$62,937,248 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 increased by \$1,391,230. Capital grants of \$8,908,836 offset a net loss of \$7,517,516.
- 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 Comparative 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 Comparative Statement of Revenues, Expenses and Changes in Net Assets presents information showing how the PTBA's net assets changed during the fiscal years. 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, 2003, assets exceeded liabilities by \$108,153,139. Transit is a capital-intensive enterprise, and 58 percent of the net assets are invested in capital assets. An additional 25 percent is held for replacement of the capital assets. Following is a summary of the PTBA's net assets.

Comparative Statement of Net Assets

	2003	2002	2001
Assets:			
Current Assets	\$ 64,538,218	\$ 61,300,594	\$ 65,883,043
Other Noncurrent Assets	4,230,343	15,192,948	14,658,677
Capital Assets (Net)	<u>45,215,891</u>	<u>35,333,196</u>	<u>36,675,761</u>
Total Assets	<u>113,984,452</u>	<u>111,826,738</u>	<u>117,217,481</u>
Liabilities:			
Current Liabilities	4,048,313	3,515,923	3,843,637
Noncurrent Liabilities	<u>1,783,000</u>	<u>1,548,996</u>	<u>529,428</u>
Total Liabilities	<u>5,831,313</u>	<u>5,064,919</u>	<u>4,373,065</u>
Net Assets:			
Invested in Capital Assets	45,215,891	35,333,196	36,675,761
Unrestricted	<u>62,937,248</u>	<u>71,428,623</u>	<u>76,168,655</u>
Total Net Assets	<u>\$108,153,139</u>	<u>\$106,761,819</u>	<u>\$112,844,416</u>

The PTBA's net assets increased by \$1,391,320 during 2003. The following Summary Statement of Revenues, Expenses and Changes in Net Assets shows how the \$1,391,320 increase in net assets occurred. Also shown is the change for the years ended December 31, 2002 and 2001.

Comparative Statement of Revenues, Expenses, and Changes in Net Assets

	2003	2002	2001
Total Operating Revenues	\$ <u>3,954,060</u>	\$ <u>3,707,585</u>	\$ <u>3,605,207</u>
Operating Expenses:			
Operations	14,690,285	13,135,459	12,799,189
Maintenance	6,224,940	5,910,307	5,763,996
Administration	4,324,891	6,082,691	4,365,379
Depreciation	<u>3,589,764</u>	<u>2,325,653</u>	<u>3,437,263</u>
Total Operating Expenses	<u>28,829,880</u>	<u>27,454,110</u>	<u>26,365,827</u>
Operating Income (Loss)	<u>(24,875,820)</u>	<u>(23,746,525)</u>	<u>(22,760,620)</u>
Nonoperating Revenues (Expenses):			
Taxes	12,972,872	11,939,105	11,912,575
Interest Income	1,036,272	2,156,009	4,254,252
Non Capital Grants	3,357,786	3,074,572	3,107,750
Other (Net)	<u>(8,626)</u>	<u>(17,141)</u>	<u>(769)</u>
Total Nonoperating Revenues (Expenses)	<u>17,358,304</u>	<u>17,152,545</u>	<u>19,273,808</u>
Net Income (Loss) Before Contributions	(7,517,516)	(6,593,980)	(3,486,812)
Capital Contributions - FTA Grants	<u>8,908,836</u>	<u>511,383</u>	<u>4,027,375</u>
Total Change in Net Assets	<u>1,391,320</u>	<u>(6,082,597)</u>	<u>540,563</u>
Total Net Assets, Beginning	<u>\$106,761,819</u>	<u>\$112,844,416</u>	<u>\$112,303,853</u>
Total Net Assets, Ending	<u>\$108,153,139</u>	<u>\$106,761,819</u>	<u>\$112,844,416</u>

Revenues

During 2003, revenues increased, mainly as a result of improving sales tax collections which were offset by lower interest income as a result of lower interest rates as well as the use of reserves to finance operations. The following table lists 2003 revenue compared to 2002 and the amount and percentage of increase or decrease.

<u>REVENUES</u>	<u>2003 AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>2002 AMOUNT</u>	<u>INCREASE (DECREASE) FROM 2002</u>	<u>PERCENT INCREASE (DECREASE)</u>
Operating Revenue	\$ 3,954,060	18.53 %	\$ 3,707,585	\$ 246,475	6.65 %
Interest Income	1,036,272	4.86	2,156,009	(1,119,737)	(51.94)
Sales Tax	12,972,872	60.81	11,939,105	1,033,767	8.66
Commute Reduction Grants	130,643	0.61	47,253	83,390	176.48
State Assistance	135,980	0.64	0	135,980	~
Federal Assistance	3,091,163	14.49	3,027,319	63,844	2.11
Miscellaneous	<u>13,874</u>	<u>0.06</u>	<u>2,859</u>	<u>11,015</u>	<u>385.27</u>
TOTAL REVENUE	<u>\$21,334,864</u>	<u>100.00 %</u>	<u>\$20,880,130</u>	<u>\$ 454,734</u>	<u>2.18 %</u>

- Operating revenue increased by just under 7 percent. Most of this increase was from rent income (\$166,739); fare revenue increased by 1.5 percent (\$54,501); and coach advertising increased by 23 percent or by \$25,235.
- The annual rate of return on investments decreased from 2.9 percent in 2002 to 1.5 percent in 2003. As well, the invested balance of reserves decreased from \$72,692,000 at December 31, 2002, to \$65,220,000 at December 31, 2003. The low money market interest rates were cushioned somewhat with higher rate two- and five-year Treasury Notes which were purchased in previous years. However, during the year, \$7,000,000 of Treasury Notes matured. These had interest rates from 2 3/4 to 5 3/4 percent interest.
- Sales tax revenue increased over 8.6 percent with strong retail sales growth which offset slower sales tax on business activity. National data suggests that retail spending is driven by lower interest rates resulting in housing refinancing so the outlook is uncertain once this is completed.
- 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. State assistance for special needs transportation became available for the biennium starting July 1, 2003.

Expenses

Expenses are most directly impacted by the number of hours of operation that the PTBA provides. The amount of operating hours provided in 2003 compared to 2002 and the increase and decrease in hours and percentages is shown in the following table:

<u>OPERATING HOURS</u>	<u>2003 AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>2002 AMOUNT</u>	<u>INCREASE (DECREASE) FROM 2002</u>	<u>PERCENT INCREASE (DECREASE)</u>
Fixed Route	264,254	76.84 %	268,051	(3,797)	(1.42)%
Demand Response	76,431	22.22	67,301	9,130	13.57
Vanpool	<u>3,223</u>	<u>0.94</u>	<u>4,965</u>	<u>(1,742)</u>	<u>(35.09)</u>
TOTAL OPERATING HOURS	<u>343,908</u>	<u>100.00 %</u>	<u>340,317</u>	<u>3,591</u>	<u>1.06 %</u>

- The fixed route 1.4 percent decrease in operating hours is mainly the result of converting the Route 93 to Connector service, which is included in Demand Response and lower employer subsidized service.
- 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 increased with increased passengers (which rose 8 percent during 2003 compared to 2002) including the transition to the Connector service.
- Vanpool hours decreased mainly as a result of shorter trips as a long-distance vanpool ended.

Expenses by Mode

The following table shows expenses for 2003 compared to 2002 by mode of service and the increase or decrease in expenses.

<u>MODE</u>	<u>2003 AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>2002 AMOUNT</u>	<u>INCREASE (DECREASE) FROM 2002</u>	<u>PERCENT INCREASE (DECREASE)</u>
Demand Response	4,671,327	16.19	4,487,217	184,110	4.10
Vanpool	145,111	0.50	166,840	(21,729)	(13.02)
Rideshare	<u>196,741</u>	<u>0.68</u>	<u>161,745</u>	<u>34,996</u>	<u>21.64</u>
Total Operating	\$28,829,880	99.92 %	\$27,454,110	\$1,375,770	5.01
Road Contributions	<u>22,500</u>	<u>0.08</u>	<u>20,000</u>	<u>2,500</u>	<u>12.50</u>
TOTAL EXPENSES	<u>\$28,852,380</u>	<u>100.00 %</u>	<u>\$27,474,110</u>	<u>\$1,378,270</u>	<u>5.02 %</u>

- As shown, the fixed route mode constitutes over 82 percent of the expenses and, as a result of new coaches which were put in service in 2003 and the resulting higher depreciation expenses, as well as cost-of-living adjustments, experienced an increased cost of about 5 percent.
- Demand response expenses increased as a result of the increased service hours shown previously.
- Vanpool expenses decreased as a result of fewer operating hours and miles.

Expenses by Department

Expenses for 2003 compared to 2002 by department are listed in the following table:

<u>DEPARTMENT</u>	<u>2003 AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>2002 AMOUNT</u>	<u>INCREASE (DECREASE) FROM 2002</u>	<u>PERCENT INCREASE (DECREASE)</u>
Operations	\$14,690,285	50.91%	\$13,135,459	\$1,554,826	11.84 %
Maintenance	6,224,940	21.58	5,910,307	314,633	5.32
Administration	4,347,391	15.06	6,102,691	(1,755,300)	(28.76)
Depreciation	<u>3,589,764</u>	<u>12.45</u>	<u>2,325,653</u>	<u>1,264,111</u>	54.36
TOTAL EXPENSES	<u>\$28,852,380</u>	<u>100.00%</u>	<u>\$27,474,110</u>	<u>\$1,378,270</u>	5.02 %

- Operations increased as a result of the net increase in fixed route and demand response service hours operated as well as cost-of-living adjustments. In addition, the customer service function was moved from Administration to Operations.
- Maintenance expenses were most directly impacted by the cost of fuel which increased by \$188,000, as well as cost-of-living increases.
- Administration expenses decreased as 2002 contained the expense of the first two fatal accidents in the PTBA's history. Expenses also decreased as a result of the transfer of the customer service function to Operations.
- Depreciation increased as the result of 36 new coaches added to the fleet in 2003.

Expenses by Object

The object is the classification of expenses by type of item. Expenses for 2003 compared to 2002 by object follow:

<u>OBJECT</u>	<u>2003 AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>2002 AMOUNT</u>	<u>INCREASE (DECREASE) FROM 2002</u>	<u>PERCENT INCREASE (DECREASE)</u>
Wages	\$12,587,992	43.63%	\$12,135,853	\$ 452,139	3.73 %
Benefits	6,707,907	23.25	6,067,105	640,802	10.56
Services	1,687,051	5.85	1,695,113	(8,062)	(0.48)
Supplies & Materials	2,381,338	8.25	2,242,103	139,235	6.21
Utilities	414,156	1.43	389,773	24,383	6.26
Casualty & Liability	478,663	1.66	1,633,326	(1,154,663)	(70.69)
				8,141	
Taxes	22,524	0.08	14,383		56.60
Transit Services	261,197	0.91	198,082	63,115	31.86
Miscellaneous	207,928	0.72	241,003	(33,075)	(13.72)
Leases	513,860	1.78	531,716	(17,856)	(3.36)
Depreciation	<u>3,589,764</u>	<u>12.44</u>	<u>2,325,653</u>	<u>1,264,111</u>	54.36
TOTAL EXPENSES	<u>\$28,852,380</u>	<u>100.00%</u>	<u>\$27,474,110</u>	<u>\$1,378,270</u>	5.02 %

- Wages increased by 3.7 percent over 2002 as a result of cost of living increases, and step or merit increases. Full time equivalent employee count increased by 1.5 to 310.6 FTEs in 2003.
- Of the nearly \$641,000 increase in benefits, \$344,000 was the result of higher medical insurance premiums. An additional \$209,000 was higher leave expense, which is the result of higher accrual rates from increasing years of service.
- The increase in supplies and materials can all be attributed to an increase in fuel costs of \$188,000 which was partially offset by lower tire costs as a result of the new vehicles.
- Casualty and liability costs decreased due to accrual of the costs of two fatal accidents in 2002.
- As previously noted, depreciation expense increased as a result of the receipt of 36 coaches in 2003.

Capital Assets

The PTBA's investment in capital assets as of December 31, 2003, amounted to \$45,215,891 net of accumulated depreciation. Capital assets consist of transit coaches and other vehicles, buildings, equipment, transit centers, and park and ride lots. Depreciable capital assets increased by over 19 percent during the year and consisted of \$13,399,378 of additions and \$4,094,797 of retirements. In addition, depreciation expense was recorded of \$3,633,954, and accumulated depreciation of \$4,086,479 on assets disposed was removed. Major capital asset acquisitions during 2003 included the following:

- Additions to vehicles consisted of 36 heavy-duty coaches (\$11,264,000), five light-duty coaches (\$353,000), new and rebuilt engines and transmissions (\$930,000), and two vans (\$35,000).
- Additions to equipment consisted of expenditures on the intelligent transportation project (\$91,000), farebox vault receiver (\$11,000), and computer hardware and software (\$187,000).
- Other additions include costs related to the 99th Street Park & Ride lot (\$578,000) and Vancouver Mall Transit Center (\$44,000)

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 for the fourth quarter of 2003 was 8.6 percent. The rate increased during the first three quarters and peaked at 10 percent.
- Sales tax income, after increasing 8.7 percent in 2003, which was the strongest growth since 1996, are expected to increase moderately as more retail businesses locate in Clark County. However, achieving sales tax revenue indicative to population levels will continue to be adversely affected by having total sales tax rates as high as 8.2 percent when the bordering jurisdictions in Oregon do not have sales tax.
- The business plan for 2004 anticipates the expenditure of \$6 million of net assets to maintain the current service level. In addition, \$10.6 million of unrestricted net assets will be used to acquire capital assets costing \$20.6 million with a balance of \$10 million provided by FTA grants.
- Upon completion of a 20-year transit plan developed with public participation, the C-TRAN Board selected an alternative which would maintain and enhance transit throughout Clark County. Funding would come from an additional 0.3 percent sales and use tax which is the major taxing authority granted by the legislature. An election to approve this funding is scheduled for November 2004. If the funding is not approved, the alternative which balances service levels to the existing taxing authority would be implemented during 2005 with a projected 40 percent service reduction. Both alternatives envision that revenues and expenses would be in balance by 2006. This decision is made necessary by Initiative 695 which eliminated the Motor Vehicle Excise Tax in 2000 which provided 50 percent of the tax support for public transit in Clark County.

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, P.O. Box 2529, Vancouver, WA 98668, telephone (360) 696-4494.

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CLARK COUNTY PTBA
COMPARATIVE STATEMENT OF NET ASSETS
December 31, 2003 and 2002

ASSETS	2003	2002
Current Assets:		
Cash and Cash Equivalents	\$ 49,455,863	\$ 50,485,294
Receivables: (Net of Allowance for Uncollectibles of \$6,583 and \$7,405)		
Accounts	143,467	443,911
Due from Other Governments	2,113,606	2,046,538
Total Receivables	<u>2,257,073</u>	<u>2,490,449</u>
Investments	11,611,563	7,071,250
Inventories	947,854	933,196
Prepaid Expenses	265,865	320,405
Total Current Assets	<u>64,538,218</u>	<u>61,300,594</u>
Noncurrent Assets:		
Investments	4,220,625	15,173,438
Prepaid Leases	9,718	19,510
Capital Assets:		
Vehicles	36,871,485	28,365,860
Buildings	5,406,639	5,406,639
Equipment and Furnishings	6,216,905	5,914,318
Land Improvements	8,551,901	8,055,532
Land	15,374,382	15,248,793
Less Accumulated Depreciation	<u>(27,205,421)</u>	<u>(27,657,946)</u>
Total Capital Assets Net of Accumulated Depreciation	<u>45,215,891</u>	<u>35,333,196</u>
Total Noncurrent Assets	<u>49,446,234</u>	<u>50,526,144</u>
TOTAL ASSETS	<u>\$ 113,984,452</u>	<u>\$ 111,826,738</u>

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

CLARK COUNTY PTBA
COMPARATIVE STATEMENT OF NET ASSETS
December 31, 2003 and 2002

LIABILITIES	2003	2002
Current Liabilities:		
Accounts Payable	\$ 1,390,178	\$ 1,011,770
Accrued Wages and Benefits	2,513,764	2,393,906
Prepaid Fares	125,205	98,946
Other Payables	19,166	11,301
Total Current Liabilities	<u>4,048,313</u>	<u>3,515,923</u>
Noncurrent Liabilities:		
Provision for Uninsured Claims	<u>1,783,000</u>	<u>1,548,996</u>
Total Noncurrent Liabilities	<u>1,783,000</u>	<u>1,548,996</u>
 TOTAL LIABILITIES	 <u>5,831,313</u>	 <u>5,064,919</u>
NET ASSETS		
Invested in Capital Assets	45,215,891	35,333,196
Unrestricted	<u>62,937,248</u>	<u>71,428,623</u>
 TOTAL NET ASSETS	 <u>\$ 108,153,139</u>	 <u>\$ 106,761,819</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, 2003 and 2002

	2003	2002
Operating Revenues:		
Passenger Fares	\$ 3,645,554	\$ 3,591,053
Other Transit Revenue	308,506	116,532
Total Operating Revenues	<u>3,954,060</u>	<u>3,707,585</u>
Operating Expenses:		
Operations	14,690,285	13,135,459
Maintenance	6,224,940	5,910,307
Administration	4,324,891	6,082,691
Depreciation	3,589,764	2,325,653
Total Operating Expenses	<u>28,829,880</u>	<u>27,454,110</u>
Operating Income (Loss)	<u>(24,875,820)</u>	<u>(23,746,525)</u>
Nonoperating Revenues (Expenses):		
Sales Tax	12,972,872	11,939,105
Interest Income	1,036,272	2,156,009
Other Nonoperating Revenues	13,874	2,859
Commute Reduction Grants	130,643	47,253
State Assistance	135,980	0
Contributions to Road Projects	(22,500)	(20,000)
Federal Assistance	3,091,163	3,027,319
Total Nonoperating Revenues (Expenses)	<u>17,358,304</u>	<u>17,152,545</u>
Net Income (Loss) Before Contributions	(7,517,516)	(6,593,980)
Capital Contributions - FTA Grants	8,908,836	511,383
Change in Net Assets	1,391,320	(6,082,597)
Total Net Assets, Beginning	<u>106,761,819</u>	<u>112,844,416</u>
Total Net Assets, Ending	<u>\$ 108,153,139</u>	<u>\$ 106,761,819</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, 2003 and 2002

	2003	2002
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 4,335,199	\$ 3,441,158
Cash Received from Contracts for Service	38,575	52,397
Cash Payments to Suppliers for Goods & Services	(10,309,710)	(9,700,026)
Cash Payments to Employees for Services	(14,764,681)	(14,092,837)
Other Cash Receipts	13,874	2,859
Net Cash Provided (Used) by Operating Activities	<u>(20,686,743)</u>	<u>(20,296,449)</u>
Cash Flows from Noncapital Financing Activities:		
Sales Tax Received	12,997,872	12,074,105
Federal Operating Grants Received	3,227,143	3,233,342
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>16,225,015</u>	<u>15,307,447</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(12,977,819)	(1,468,878)
Capital Grants and Contributions	8,908,836	850,162
Proceeds From Sale of Equipment	52,508	83,921
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(4,016,475)</u>	<u>(534,795)</u>
Cash Flows from Investing Activities:		
Purchase of Investment Securities	(8,500,000)	(14,500,000)
Proceeds From Maturities of Investment Securities	14,500,000	20,000,000
Interest on Investments	1,448,772	2,311,321
Net Cash Provided (Used) by Investing Activities	<u>7,448,772</u>	<u>7,811,321</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(1,029,431)</u>	<u>2,287,524</u>
Cash and Cash Equivalents, Beginning	<u>50,485,294</u>	<u>48,197,770</u>
Cash and Cash Equivalents, Ending	<u>\$ 49,455,863</u>	<u>\$ 50,485,294</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, 2003 and 2002

	2003	2002
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating Loss	(24,875,820)	\$ (23,746,525)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation on Capital Assets	3,589,764	2,325,653
Noncapital Contract Proceeds	38,575	52,397
Nonoperating Expenses	(22,500)	(20,000)
Miscellaneous Nonoperating Revenue	13,874	2,859
(Decrease)Increase in Provision for Uncollectible Accounts	(822)	4,947
Change in Assets and Liabilities		
Decrease (Increase) in Accounts Receivable	301,266	(181,341)
Decrease (Increase) in Inventories	(14,658)	137,643
Decrease (Increase) in Prepaid Expenses	54,540	24,403
Decrease (Increase) in Prepaid Lease	9,792	9,792
Increase (Decrease) in Accounts Payable	(168,740)	44,301
Increase (Decrease) in Wages and Benefits Payable	119,858	107,774
Increase (Decrease) in Prepaid Fares	26,259	(78,663)
Increase (Decrease) in Other Payables	7,865	743
Increase (Decrease) in Provision for Uninsured Claims	234,004	1,019,568
Total Adjustments	4,189,077	3,450,076
Net Cash Provided (Used) by Operating Activities	\$ (20,686,743)	\$ (20,296,449)

Noncash Transactions:

The PTBA had non-realized appreciation on investments of \$744,688 at December 31, 2002 and \$332,188 at December 31, 2003.

The PTBA had accounts payable for capital assets of \$0 at December 31, 2002 and \$547,148 at December 31, 2003.

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, 2003, through December 31, 2003

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 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 funds' 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	5-12
Buildings and structures	10-40
Equipment and furnishings	5-20
Land improvements	5-40

The PTBA has acquired certain assets with funding provided by federal assistance from the FTA grant programs. The PTBA holds title to these assets; however, the federal government retains an interest in these should the assets no longer be used for mass transit purposes.

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 to the note disclosures of deposits and investments.

Net Assets Statement:

Cash and Cash Equivalents	\$49,455,863	\$50,485,294
Investments – Current Assets	11,611,563	7,071,250
Investments – Noncurrent Assets	<u>4,220,625</u>	<u>15,173,438</u>
Total Cash, Cash Equivalents and Investments as presented in the Statement of Net Assets	<u>\$65,288,051</u>	<u>\$72,729,982</u>

Note Disclosures:

Cash	\$ 16,941	\$ 10,866
Deposits	3,338,383	1,391,619
Investments	<u>61,932,727</u>	<u>71,327,497</u>
Total Cash, Deposits and Investments as presented in the Note Disclosures	<u>\$65,288,051</u>	<u>\$72,729,982</u>

B. Deposits

At December 31, 2003, the carrying amount of the deposits was \$3,338,383 and the bank balances were \$3,747,867.

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	\$15,332,188	\$ 0	\$ 0	\$15,332,188
Total	\$15,332,188	\$ 0	\$ 0	\$15,332,188
Investments not subject to categorization:				
Washington State Local Government Investment Pool				46,600,539
Total Investments				\$61,932,727

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 2004 and 2005 and carry interest rates of 1.625 to 7.25 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, 2003, 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 2003 was 1.21 percent; the month of December 2003 net annualized rate of return was 1.07 percent.

NOTE 3. RECEIVABLES DUE FROM OTHER GOVERNMENTS

Receivables due from other governments at December 31, 2003 and 2002, are as follows:

	<u>December 31, 2003</u>	<u>December 31, 2002</u>
Sales Tax-November and December Collections due in January and February of the following year	\$2,000,000	\$2,025,000
Operating Grants from FTA	3,840	0
Operating Grants from State	13,275	0
Planning Grants from Clark County	<u>96,491</u>	<u>21,538</u>
Total Receivables Due From Other Governments	<u>\$2,113,606</u>	<u>\$2,046,538</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, 2003	Replacement Purchases	Interest Earnings	Investment Balance Dec. 31, 2003
Designated for Asset Replacement	\$30,063,344	\$(3,342,134)	\$439,302	\$27,160,512
Designated for Retained Risks	<u>3,000,000</u>	<u>0</u>	<u>0</u>	<u>3,000,000</u>
Total Designated	<u>\$33,063,344</u>	<u>\$(3,342,134)</u>	<u>\$439,302</u>	<u>\$30,160,512</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
2002	\$12,986,868	\$17,076,476	\$30,063,344	\$27,657,946	47%
2003	\$ 9,644,734	\$17,515,778	\$27,160,512	\$27,205,421	35%

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 2003 is as follows:

Description	Balance January 1, 2003	Increases	Decreases	Balance December 31, 2003
Capital assets not being depreciated:				
Land	\$15,248,793	\$ 125,589	\$ 0	\$15,374,382
Total capital assets not being depreciated	15,248,793	125,589	0	15,374,382
Depreciable capital assets:				
Vehicles	28,365,860	12,593,345	(4,087,720)	36,871,485
Buildings and structures	5,406,639	0	0	5,406,639
Equipment & furnishings	5,914,318	309,664	(7,077)	6,216,905
Land improvements	<u>8,055,532</u>	<u>496,369</u>	<u>0</u>	<u>8,551,901</u>
Total depreciable capital assets at cost	47,742,349	13,399,378	(4,094,797)	57,046,930
Less accumulated depreciation for:				
Vehicles	(18,247,826)	(2,720,139)	4,079,402	(16,888,563)
Buildings and structures	(2,159,999)	(166,242)	0	(2,326,241)
Equipment and furnishings	(4,117,048)	(449,156)	7,077	(4,559,127)
Land improvements	<u>(3,133,073)</u>	<u>(298,417)</u>	<u>0</u>	<u>(3,431,490)</u>
Total accumulated depreciation	<u>(27,657,946)</u>	<u>(3,633,954)</u>	<u>4,086,479</u>	<u>(27,205,421)</u>
Depreciable capital assets, net	<u>20,084,403</u>	<u>9,765,424</u>	<u>(8,318)</u>	<u>29,841,509</u>
Total capital assets, net	<u>\$35,333,196</u>	<u>\$ 9,891,013</u>	<u>\$ (8,318)</u>	<u>\$45,215,891</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, 2003, totaled to \$513,860. Future minimum rental commitments for these leases are as follows:

Year	Amount
2004	\$ 377,432
2005	378,828
2006	259,689
2007	37,186
2008	8,570
2009-2013	<u>1,615</u>
Total	<u>\$ 1,063,320</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 \$9,718 at December 31, 2003, represents approximately one remaining year 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 1,167 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2002:

Retirees and Beneficiaries Receiving Benefits	63,756
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	19,152
Active Plan Members Vested	98,994
Active Plan Members Nonvested	<u>55,191</u>
Total	<u>237,093</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, 2003, were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	1.40%	1.14%	1.40%**
Employee	6.00%	1.18%	***

* 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
2003	\$12,806	\$178,283	\$10,627
2002	\$13,526	\$185,804	\$ 914
2001	\$17,501	\$218,599	\$ 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 accor-

dance with the Small Business Job Protection Act of 1996, the assets of the Plan are held in a trust for the exclusive benefit of the participants. Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA CREF) is the third-party administrator and manages the 19 investment options available.

NOTE 8. INSURANCE

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

Risk	Carrier	Coverage
Fleet Physical Damage	Fireman's Fund	\$18,394,245 subject to a \$60,000 deductible on transit coaches and \$5,000 deductible on service vehicles
Building and Contents	Associated Indemnity	All risk including earthquake coverage on building and contents, with a limit of liability \$9,703,850, 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 \$2,500 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	American Int'l. Group	\$11,500,000 with a \$2,000,000 deductible

As a result of greatly increased premium quotes, the excess liability coverage was reduced from \$25,000,000 in 2002 to \$11,500,000 in 2003. 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, 2003, the amount of this liability estimate was \$1,783,000. This liability is the PTBA's best estimate based upon available information. Changes in the reported liability since January 1, 2002, resulted from the following:

	<u>2003</u>	<u>2002</u>
Unpaid claims and claims adjustment expenses as of January 1	\$1,548,996	\$ 529,428
Incurring claims and claims adjustment expenses (including IBNR) as of December 31:		
Provision for current-year events	194,694	1,867,302
Increases (decreases) in provision for prior years' events	<u>214,921</u>	<u>(326,766)</u>
Total incurred claims & claims adjustment expenses	<u>\$ 409,615</u>	<u>\$1,540,536</u>
Payments:		
Claims & claims adjustment expenses attributable to current-year events	60,819	428,556
Claims & claims adjustment expenses attributable to prior years' events	<u>114,792</u>	<u>92,412</u>
Total payments	<u>\$ 175,611</u>	<u>\$ 520,968</u>
Total unpaid claims & claims adjustment expenses as of December 31	<u>\$1,783,000</u>	<u>\$1,548,996</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. 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, 2003, 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 2003:

Source	Balance Jan. 1, 2003	Grants Received	Refunded	Disposed	Balance Dec. 31, 2003
WA-03-0018	\$ 43,710	\$	\$	\$	\$ 43,710
WA-03-0041	4,131,763			(2,784,780)	1,346,982
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	793,214			(26,605)	766,609
WA-90-0093	1,240,732			(102,545)	1,138,187
WA-90-0117	228,896				228,896
WA-90-0129	304,000				304,000
WA-90-0139	2,445,523				2,445,523
WA-90-0150	2,191,019				2,191,019
WA-90-0158	3,899,493				3,899,493
WA-90-0184	4,492,848				4,492,848
WA-90-0198	499,413				499,413
WA-90-0217	3,448,780	3,030,642			6,479,422
WA-90-0255	1,715,000	1,595,000			3,310,000
WA-90-0267	131,913	70,133			202,046
WA-90-0275	0	4,213,061			4,213,061
LA-3167	0				0
Federal Government	34,722,380	\$8,908,836	0	(2,913,930)	40,717,286
Other Local Government	675,146				675,146
Private Contributions	111,218				111,218
Total Capital Contributions	<u>\$35,508,744</u>	<u>\$8,908,836</u>	<u>\$ 0</u>	<u>\$(2,913,930)</u>	<u>\$41,503,650</u>

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 shows open grant activity during 2003:

CFDA No.	Federal ID	Total Award Amount	Balance at Jan. 1, 2003	2003 Awards & Amendments	2003 Grant Revenues & Expenditures	Balance at Dec. 31, 2003
20.507	WA-90-X217	\$ 6,479,422	\$ 3,030,642	\$ 0	\$ 3,030,642	\$ 0
20.507	WA-90-X255	6,360,438	1,625,202	965,000	1,595,000	995,202
20.507	WA-90-0146	6,627,018	4,314,643	0	0	4,314,643
20.507	WA-03-X261	3,163,129	135,810	0	35,072	100,738
20.507	WA-90-X267	800,000	668,087	0	70,133	597,954
20.507	WA-90-X275	4,213,061	4,213,061	0	4,213,061	0
20.507	WA-90-X282	3,056,949	3,056,949	0	3,027,000	29,949
20.507	WA-26-0007	0	0	827,318	0	827,318
20.507	WA-90-X011	<u>0</u>	<u>0</u>	<u>356,000</u>	<u>56,391</u>	<u>299,609</u>
TOTAL		<u>\$30,700,017</u>	<u>\$17,044,394</u>	<u>\$2,148,318</u>	<u>\$12,027,299</u>	<u>\$ 7,165,413</u>

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

Grantor Agency	Program Name	Other ID	Total Award Amount	Balance at Jan. 1, 2003	2003 Awards & Amendments	2003 Grant Revenues & Expenditures	Balance at Dec. 31, 2003
Clark County	CTR Planning	July 1, 2002	\$ 89,993	\$ 16,058	\$ 88,651	\$ 104,709	\$ 0
		July 1, 2003	77,600	0	77,600	25,934	51,666
Washington State Dept. of Transportation	Paratransit/ Special Needs Transit Formula	GCA3934	638,845	0	638,845	96,491	542,354
Washington State Dept. of Transportation	Regional Vanpool Feasibility Study & Market Analysis	GCA3425	<u>40,000</u>	<u>0</u>	<u>40,000</u>	<u>39,489</u>	<u>511</u>
TOTAL			<u>\$ 846,438</u>	<u>\$ 16,058</u>	<u>\$ 845,096</u>	<u>\$ 266,623</u>	<u>\$ 594,531</u>

Of the total \$12,293,922 of grant revenues, \$3,357,786 was available to finance operating expenses, \$27,300 was available to offset fare revenues lost during Clean Air Action Days, and \$8,908,836 was a capital contribution.

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**STATISTICAL
SECTION**

**CLARK COUNTY PTBA
OPERATING PROFILE
December 31, 2003**

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.	Ross Complex	na	4	200

Other:

Passenger Waiting Shelters	217
Bus Stops	1,253

**CLARK COUNTY PTBA
OPERATING PROFILE
December 31, 2003**

FLEET ROSTER:

<u>YEAR</u>	<u>LENGTH</u>	<u>MANUFACTURER</u>	<u>SEATING CAPACITY</u>	<u>NUMBER</u>
Active Fleet				
1995	40	Gillig	43	13
1998	40	Gillig	40	2
1999	40	Gillig	43	14
2002	40	Gillig	43	1
2003	40	Gillig	43	36
1990	35	Gillig	37	12
1995	35	Gillig	37	10
1990	30	Gillig	30	8
1995	30	Gillig	30	17
1993	25	Collins	16	5
1994	25	Eldorado	16	9
1996	25	Eldorado	17	15
1997	25	Eldorado	17	17
1999	25	Eldorado	17	2
Subtotal Active Fleet				161
Contingency Fleet				
1982	40	General Motors	45	10
1976	35	General Motors	42	1
Subtotal Contingency Fleet				11
Total Fleet				172
Average Fleet Age (Years) - Active Fleet				6.17
Weighted Average Fleet Ages (Years) - Active Fleet				5.58

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>2003</u>	<u>Increase (Decrease)</u>	<u>1980</u>
Population Total	372,300	93.7 %	192,227
Incorporated	192,475	242.0	56,278
Unincorporated	179,825	32.3	135,949
Age: 0-4	28,378	73.9 %	16,318
5-14	58,454	74.5	33,493
15-19	26,667	56.2	17,071
20-29	46,331	38.7	33,407
30-49	115,340	130.9	49,953
50-64	61,577	150.4	24,593
65+	35,553	104.4	17,392
Licensed Drivers	271,215	129.8 %	118,002
Vehicles Total	363,157	111.8 %	171,474
Passenger Cars	253,760	137.4	106,889
Trucks	72,789	92.2	37,880
Other	36,608	37.1	26,705
Education (2002 - 2003 data)			
Annual School Enrollment	66,962	69.9 %	39,403
Annual School Rev. (thousands)	\$ 472,461	443.4	\$ 86,947
Employment			
Number (2002 data)	114,270	124.0 %	51,011
Wages Paid (thousands) (2002 data)	\$ 3,857,921	407.5	\$ 760,141
Average Wages (2002 data)	\$ 33,761	126.6	\$ 14,902
Personal Income			
Per Capita (2002 data)	\$ 29,626	202.6 %	\$ 9,790
Public Assistance			
Total Grants	\$ 49,458,103	263.7 %	\$ 13,600,000
Persons Served	37,891	407.4	7,468
Assessed Value			
Total (millions)	\$ 25,994	760.4 %	\$ 3,021
Per Capita	\$ 69,820	313.5	\$ 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
2003-1994**

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Passenger Fares	\$ 3,645,554	\$ 3,591,053	\$ 3,540,844	\$ 3,227,198
Advertising Fees	134,852	109,617	57,270	0
Interest Income	1,036,272	2,156,009	4,254,252	5,350,765
Sales Tax	12,972,872	11,939,105	11,912,575	11,853,310
Motor Vehicle Excise Tax	0	0	0	7,173,943
Miscellaneous	187,528	9,774	12,464	3,435
State Grants	266,623	47,253	87,514	40,254
State Assistance	0	0	0	4,885,564
Federal Assistance	3,091,163	3,027,319	3,020,236	0
Capital Grants	8,908,836	511,383	4,027,375	651,663
Capital Contributions	0	0	0	0
TOTAL	<u><u>\$ 30,243,700</u></u>	<u><u>\$ 21,391,513</u></u>	<u><u>\$ 26,912,530</u></u>	<u><u>\$ 33,186,132</u></u>

**EXPENSES AND EXPENDITURES
2003-1994**

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Salaries and Wages	\$ 12,587,992	\$ 12,135,853	\$ 11,531,973	\$ 11,389,304
Benefits	6,707,907	6,067,105	5,912,571	5,723,800
Services	1,687,051	1,695,113	1,467,842	1,536,611
Fuel	1,013,372	825,351	910,642	1,157,719
Supplies and Materials	1,367,966	1,416,752	1,376,135	1,679,398
Utilities	414,156	389,773	383,707	362,409
Casualty and Liability	478,663	1,633,326	365,057	319,802
Taxes	22,524	14,383	13,718	12,885
Transit Services	261,197	198,082	156,407	124,465
Miscellaneous	207,928	241,003	269,432	224,479
Interest	0	0	0	0
Leases	513,860	531,716	547,220	576,830
Depreciation	3,589,764	2,325,653	3,437,263	3,087,500
Capital Acquisition	13,524,967	1,067,009	4,363,432	4,004,121
TOTAL	<u><u>\$ 42,377,347</u></u>	<u><u>\$ 28,541,119</u></u>	<u><u>\$ 30,735,399</u></u>	<u><u>\$ 30,199,323</u></u>

**CLARK COUNTY PTBA
REVENUES AND NON-REVENUES
2003-1994**

<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
\$ 2,611,353	\$ 2,434,569	\$ 2,169,843	\$ 2,050,863	\$ 1,724,110	\$ 1,640,784
0	0	0	0	0	0
2,988,909	4,640,244	3,910,002	3,609,628	3,645,120	2,707,656
11,699,532	11,320,182	10,632,757	10,292,273	9,443,705	8,890,580
11,699,532	11,320,182	10,632,757	10,292,273	9,443,705	8,890,580
4,680	8,253	6,448	5,977	2,333	3,010
155,365	103,775	128,482	75,414	1,512,863	2,109,296
0	0	0	0	0	0
0	0	0	0	0	0
3,450,152	699,112	3,989,504	104,757	7,678,277	682,539
0	0	0	0	0	750
<u>\$ 32,609,523</u>	<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>

**EXPENSES AND EXPENDITURES
2003-1994**

<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
\$ 11,518,766	\$ 10,120,848	\$ 8,925,144	\$ 7,606,579	\$ 6,511,746	\$ 5,878,922
5,854,739	5,169,498	4,401,785	3,660,303	3,111,193	2,932,760
2,824,821	2,153,040	2,700,338	2,750,574	3,247,532	3,088,544
831,886	639,397	820,448	760,872	565,409	510,184
2,099,084	2,099,261	1,611,193	1,534,244	1,217,599	1,090,933
345,021	345,212	243,198	206,088	215,528	166,323
329,165	142,543	209,699	136,869	99,814	73,003
12,313	9,653	9,198	8,720	7,987	8,889
1,055,463	1,961,794	1,563,534	1,152,231	887,713	703,679
418,388	452,491	410,020	428,838	287,057	219,192
0	0	0	0	0	0
608,594	422,217	428,029	247,096	160,112	163,526
2,736,053	2,863,542	2,633,532	2,405,004	1,967,096	1,741,939
8,191,857	2,201,682	6,366,473	7,293,041	10,349,734	1,184,642
<u>\$ 36,826,150</u>	<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>

CLARK COUNTY PTBA
SUMMARY STATEMENT OF NET ASSETS
2003-1994

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Assets:				
Current Assets:				
Cash & Cash Equivalents	\$ 49,455,863	\$ 50,485,294	\$ 48,197,770	\$ 47,146,104
Receivables	2,257,073	2,490,449	2,999,001	2,495,866
Investments	11,611,563	7,071,250	13,270,625	5,512,812
Other	1,213,719	1,253,601	1,415,647	1,482,371
Total Current Assets	<u>64,538,218</u>	<u>61,300,594</u>	<u>65,883,043</u>	<u>56,637,153</u>
Noncurrent Assets:				
Investments	4,220,625	15,173,438	14,629,375	23,439,688
Other	9,718	19,510	29,302	39,094
Capital Assets (net)	<u>45,215,891</u>	<u>35,333,196</u>	<u>36,675,761</u>	<u>35,773,821</u>
Total Noncurrent Assets	<u>49,446,234</u>	<u>50,526,144</u>	<u>51,334,438</u>	<u>59,252,603</u>
Total Assets	<u>113,984,452</u>	<u>111,826,738</u>	<u>117,217,481</u>	<u>115,889,756</u>
Liabilities:				
Current Liabilities				
Current Liabilities	4,048,313	3,515,923	3,843,637	3,152,382
Noncurrent Liabilities				
Noncurrent Liabilities	<u>1,783,000</u>	<u>1,548,996</u>	<u>529,428</u>	<u>433,521</u>
Total Liabilities	5,831,313	5,064,919	4,373,065	3,585,903
Net Assets:				
Invested in Capital Assets	45,215,891	35,333,196	36,675,761	35,773,821
Unrestricted	<u>62,937,248</u>	<u>71,428,623</u>	<u>76,168,655</u>	<u>76,530,032</u>
Total Net Assets	<u>\$ 108,153,139</u>	<u>\$ 106,761,819</u>	<u>\$ 112,844,416</u>	<u>\$ 112,303,853</u>

SUMMARY STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
2003-1994

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Operating Revenue	\$ 3,954,060	\$ 3,707,585	\$ 3,605,207	\$ 3,229,103
Operating Expenses				
Operations	14,690,285	13,135,459	12,799,189	12,469,654
Maintenance	6,224,940	5,910,307	5,763,996	6,197,716
Administration	4,324,891	6,082,691	4,365,379	4,326,917
Depreciation	<u>3,589,764</u>	<u>2,325,653</u>	<u>3,437,263</u>	<u>3,101,340</u>
Total Operating Expenses	28,829,880	27,454,110	26,365,827	26,095,627
Operating Loss	24,875,820	23,746,525	22,760,620	22,866,524
Taxes	12,972,872	11,939,105	11,912,575	19,027,253
Operating Grants	3,357,786	3,074,572	3,020,236	4,885,564
Other Non-Operating Revenue (net)	<u>1,027,646</u>	<u>2,138,868</u>	<u>4,340,997</u>	<u>5,292,974</u>
Total Non-Operating Rev.	17,358,304	17,152,545	19,273,808	29,205,791
Net Income (Loss) Before				
Contributions	(7,517,516)	(6,593,980)	(3,486,812)	6,339,267
Capital Grants	<u>8,908,836</u>	<u>511,383</u>	<u>4,027,375</u>	<u>651,663</u>
Change in Net Assets	1,391,320	(6,082,597)	540,563	6,990,930
Total Net Assets, Beginning	<u>106,761,819</u>	<u>112,844,416</u>	<u>112,303,853</u>	<u>105,312,923</u>
Total Net Assets, Ending	<u>\$ 108,153,139</u>	<u>\$ 106,761,819</u>	<u>\$ 112,844,416</u>	<u>\$ 112,303,853</u>

CLARK COUNTY PTBA
SUMMARY STATEMENT OF NET ASSETS
2003-1994

1999	1998	1997	1996	1995	1994
\$ 44,745,017	\$ 37,576,886	\$ 28,902,111	\$ 25,129,657	\$ 25,618,105	\$ 22,348,105
2,289,723	2,543,007	3,745,997	2,409,436	2,492,691	2,846,186
6,508,438	9,108,110	5,977,180	10,135,290	4,000,000	2,000,000
1,684,907	1,610,968	1,431,931	1,309,356	1,171,024	995,504
<u>55,228,085</u>	<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>
19,796,250	24,934,035	30,513,095	27,385,020	32,000,000	30,000,000
48,886	58,678	1,310,415	1,016,448	767,839	551,329
<u>34,955,665</u>	<u>29,551,833</u>	<u>30,215,014</u>	<u>26,482,071</u>	<u>21,828,171</u>	<u>13,463,278</u>
<u>54,800,801</u>	<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>110,028,886</u>	<u>105,383,517</u>	<u>102,095,743</u>	<u>93,867,278</u>	<u>87,877,830</u>	<u>72,204,402</u>
4,213,942	3,720,303	3,270,051	2,873,050	2,650,826	2,383,553
<u>502,021</u>	<u>325,521</u>	<u>1,634,820</u>	<u>1,317,031</u>	<u>1,083,574</u>	<u>848,746</u>
<u>4,715,963</u>	<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>
34,955,665	29,551,833	30,215,014	26,482,071	21,828,171	13,463,278
<u>70,357,258</u>	<u>71,785,860</u>	<u>66,975,858</u>	<u>63,195,126</u>	<u>62,315,259</u>	<u>55,508,825</u>
<u>\$ 105,312,923</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>

SUMMARY STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
2003-1994

1999	1998	1997	1996	1995	1994
\$ 2,611,716	\$ 2,435,699	\$ 2,170,850	\$ 2,051,699	\$ 1,724,770	\$ 1,641,290
13,482,851	12,673,530	11,626,575	9,367,208	7,670,418	6,658,282
6,345,505	5,980,629	5,877,104	4,901,548	4,009,686	3,644,426
5,651,801	4,855,964	3,520,004	3,211,967	2,502,627	1,878,949
<u>2,763,224</u>	<u>2,864,864</u>	<u>2,632,638</u>	<u>2,379,735</u>	<u>1,951,783</u>	<u>1,728,479</u>
<u>28,243,381</u>	<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>
25,631,665	23,939,288	21,485,471	17,808,759	14,409,744	12,268,846
23,399,064	22,640,364	21,265,514	20,584,546	18,887,410	17,781,160
0	0	0	0	0	0
<u>2,757,679</u>	<u>4,746,633</u>	<u>3,744,128</u>	<u>2,653,223</u>	<u>3,015,384</u>	<u>2,151,698</u>
<u>26,156,743</u>	<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>
525,078	3,447,709	3,524,171	5,429,010	7,493,050	7,664,012
<u>3,450,152</u>	<u>699,112</u>	<u>3,989,504</u>	<u>104,757</u>	<u>7,678,277</u>	<u>683,289</u>
<u>3,975,230</u>	<u>4,146,821</u>	<u>7,513,675</u>	<u>5,533,767</u>	<u>15,171,327</u>	<u>8,347,301</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>
<u>\$ 105,312,923</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>

**CLARK COUNTY PTBA
RETAIL SALES BY CATEGORY (IN THOUSANDS)
2003-1994**

CATEGORY	PERCENT INCR. OVER PRIOR YEAR		PERCENT INCR. OVER PRIOR YEAR		PERCENT INCR. OVER PRIOR YEAR		PERCENT INCR. OVER PRIOR YEAR	
	2003	2002	2002	2001	2000	2000	2000	2000
Building Materials and Hardware	\$ 204,679	21.4 %	\$ 168,550	24 %	\$ 136,177	5 %	\$ 129,874	1 %
General Merchandise	382,657	61.2	237,315	4	227,779	13	202,250	5
Food	178,158	(40.4)	298,999	0	298,688	3	290,788	8
Auto Dealers/Gas Stations	409,830	6.6	384,490	6	361,258	1	358,768	8
Apparel/Accessories	79,222	17.5	67,448	3	65,307	5	62,175	0
Furniture/Furnishings	93,869	13.9	82,423	3	80,354	(10)	89,667	(4)
Eating/Drinking Places	316,666	7.8	293,787	7	275,432	4	263,962	6
Misc. Retail Stores	221,151	3.6	213,552	4	205,683	1	204,039	7
Services	368,307	(2.0)	375,750	3	363,702	6	342,842	1
Contracting	740,443	7.5	688,678	6	652,279	(1)	656,960	1
Manufacturing	87,869	10.8	79,310	(6)	84,430	4	81,096	(6)
Transportation, Communication, and Utilities	197,868	1.0	195,845	4	188,975	6	179,110	20
Wholesaling	299,687	6.3	281,956	(15)	333,106	(5)	351,848	(3)
Finance, Insurance, and Real Estate	91,018	19.5	76,180	21	62,913	3	61,320	(3)
Other Business	52,251	13.7	45,938	15	39,833	4	38,244	5
TOTAL RETAIL SALES	\$ 3,723,675	6.7 %	\$ 3,490,221	3 %	\$ 3,375,916	2 %	\$ 3,312,943	3 %
Sales Tax at Applicable Rate:	11,171,026	6.7 %	\$ 10,470,663	3 %	\$ 10,127,748	2 %	\$ 9,938,829	3 %
Sales and Use Tax Revenue	12,972,872	8.7 %	\$ 11,939,105	0 %	\$ 11,912,575	0 %	\$ 11,853,310	1 %
Percent of Tax from Retail Sales (Balance is from Use Tax)	86.1%		87.7%		85.0%		83.8%	

Source: Quarterly Business Review, Washington Department of Revenue.

CLARK COUNTY PTBA
RETAIL SALES BY CATEGORY (IN THOUSANDS)
2003-1994

PERCENT INCR. OVER PRIOR		PERCENT INCR. OVER PRIOR		PERCENT INCR. OVER PRIOR		PERCENT INCR. OVER PRIOR		PERCENT INCR. OVER PRIOR		
<u>1999</u>	<u>YEAR</u>	<u>1998</u>	<u>YEAR</u>	<u>1997</u>	<u>YEAR</u>	<u>1996</u>	<u>YEAR</u>	<u>1995</u>	<u>YEAR</u>	<u>1994</u>
\$ 129,086	3 %	\$ 125,725	8 %	\$ 116,698	5 %	\$ 110,680	9 %	\$ 101,194	(7) %	\$ 108,360
192,479	14	169,094	8	157,279	6	148,210	9	136,275	5	130,165
270,329	(1)	273,377	5	260,084	8	241,437	8	223,765	8	207,104
332,981	12	296,107	8	273,442	5	260,877	10	236,573	7	221,942
62,318	2	61,259	4	58,634	5	55,670	1	54,897	1	54,122
93,394	(6)	99,420	26	79,196	3	76,715	9	70,140	8	64,816
250,060	7	233,418	7	219,144	7	205,094	8	190,710	6	179,658
190,759	6	179,843	7	168,335	7	157,156	13	138,657	7	129,433
340,411	1	337,807	(6)	358,333	8	331,339	23	268,503	0	267,429
652,504	(2)	663,668	12	594,719	4	572,512	11	516,534	7	481,996
85,841	1	85,368	(17)	102,319	9	93,741	(5)	98,280	10	89,451
149,648	9	137,115	8	126,940	3	123,112	2	120,169	31	91,539
362,153	(5)	381,620	13	338,503	3	327,169	3	318,695	6	301,278
63,273	(15)	74,060	64	45,221	4	43,559	(1)	44,054	4	42,356
36,251	1	35,767	9	32,798	20	27,289	7	25,492	(34)	38,824
<u>\$ 3,211,487</u>	<u>2 %</u>	<u>\$ 3,153,648</u>	<u>8 %</u>	<u>\$ 2,931,645</u>	<u>6 %</u>	<u>\$ 2,774,560</u>	<u>9 %</u>	<u>\$ 2,543,938</u>	<u>6 %</u>	<u>\$ 2,408,473</u>
\$ 9,634,461	2 %	\$ 9,460,944	8 %	\$ 8,794,935	6 %	\$ 8,323,680	9 %	\$ 7,631,814	6 %	\$ 7,225,419
\$ 11,699,532	3 %	\$ 11,320,182	6 %	\$ 10,632,757	3 %	\$ 10,292,273	9 %	\$ 9,443,705	6 %	\$ 8,890,580
82.3%		83.6%		82.7%		80.9%		80.8%		81.3%

**CLARK COUNTY PTBA
OPERATING INFORMATION
2003-1994**

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
PASSENGER BOARDINGS										
A. Fixed Route	6,669,074	6,215,424	5,954,946	6,564,961	7,750,095	7,208,567	6,658,550	5,985,456	5,153,190	4,806,285
B. Demand Response	199,524	180,867	175,029	162,130	188,269	189,074	172,531	142,495	115,841	99,052
C. Vanpool	36,442	35,911	51,255	66,555	68,096	49,352	32,886	18,458	16,913	18,712
PASSENGER MILES										
A. Fixed Route	35,570,764	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
B. Demand Response	1,395,737	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
C. Vanpool	888,064	873,359	1,129,905	1,836,135	1,979,572	1,095,168	780,152	430,259	379,015	408,994
OPERATING MILES										
A. Fixed Route	4,108,899	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
B. Demand Response	1,193,712	1,103,405	1,079,495	1,023,470	1,200,544	1,345,583	1,134,622	865,040	625,285	544,633
C. Vanpool	104,600	127,216	157,981	249,255	286,482	175,832	117,285	80,348	81,057	88,815
OPERATING HOURS										
A. Fixed Route	264,254	271,295	268,052	284,515	310,981	299,117	283,297	241,087	203,406	182,402
B. Demand Response	76,431	70,945	67,301	62,275	74,953	82,160	69,302	54,193	39,772	34,959
C. Vanpool	3,223	3,593	4,966	7,569	7,448	4,960	3,356	2,248	2,331	2,760
IN-SERVICE MILES										
A. Fixed Route	3,779,640	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
B. Demand Response	1,064,508	988,039	968,913	915,330	1,046,512	1,493,258	961,594	729,268	544,162	494,350
C. Vanpool	104,600	127,216	157,981	249,255	286,482	175,832	117,285	80,348	81,057	75,775
IN-SERVICE HOURS										
A. Fixed Route	244,548	250,108	246,593	260,482	283,218	275,208	217,900	190,008	158,406	144,808
B. Demand Response	66,634	61,538	58,695	55,308	65,822	70,714	59,179	48,317	36,212	32,948
C. Vanpool	3,223	3,593	4,966	7,569	7,448	4,960	3,356	2,248	2,331	2,325
NET OPERATING COST										
A. Fixed Route	\$19,731,628	\$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
B. Demand Response	4,489,742	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
C. Vanpool	64,318	77,832	81,357	94,840	125,543	90,148	102,967	68,554	35,106	33,888
OPERATING REVENUE										
A. Fixed Route	\$3,627,654	\$3,545,432	\$3,445,872	\$3,054,683	\$2,445,189	\$2,322,709	\$2,095,678	\$1,981,278	\$1,659,459	\$1,580,573
B. Demand Response	84,458	81,943	67,417	59,396	37,434	40,753	33,272	28,151	22,810	20,402
C. Vanpool	68,294	73,295	84,825	113,119	128,730	71,107	40,893	41,434	41,841	39,809
PASSENGERS PER IN-SERVICE HOUR										
A. Fixed Route	27.271	24.851	24.149	25.203	24.921	24.100	23.504	24.827	25.335	26.350
B. Demand Response	2.994	2.939	2.982	2.931	2.512	2.301	2.490	2.629	2.913	2.833
C. Vanpool	11.307	9.995	10.321	8.793	9.143	9.950	9.799	8.211	7.256	6.780

**CLARK COUNTY PTBA
OPERATING INFORMATION
2003-1994**

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
COST PER PASSENGER MILE										
A. Fixed Route	\$0.555	\$0.645	\$0.564	\$0.521	\$0.473	\$0.479	\$0.488	\$0.447	\$0.436	\$0.458
B. Demand Response	3.217	3.169	3.125	3.101	3.349	3.788	2.616	2.589	1.641	1.803
C. Vanpool	0.072	0.089	0.072	0.052	0.063	0.082	0.132	0.159	0.093	0.083
COST PER OPERATING MILE										
A. Fixed Route	\$4.802	\$4.796	\$4.408	\$3.940	\$3.769	\$3.609	\$3.633	\$3.635	\$3.501	\$2.917
B. Demand Response	3.761	3.834	3.632	3.628	3.759	3.350	3.124	3.177	2.377	2.296
C. Vanpool	0.615	0.612	0.515	0.380	0.438	0.513	0.878	0.853	0.433	0.382
COST PER PASSENGER BOARDING										
A. Fixed Route	\$2.959	\$3.209	\$3.037	\$2.795	\$2.565	\$2.518	\$2.478	\$2.374	\$2.396	\$2.216
B. Demand Response	22.502	23.392	22.403	22.905	23.969	23.838	20.545	19.285	12.829	12.624
C. Vanpool	1.765	2.167	1.587	1.425	1.844	1.827	3.131	3.714	2.076	1.811
COST PER OPERATING HOUR										
A. Fixed Route	\$74.669	\$73.523	\$67.469	\$64.486	\$63.935	\$60.685	\$58.243	\$58.939	\$60.701	\$58.402
B. Demand Response	58.742	59.635	58.263	59.633	60.206	54.858	51.148	50.708	37.366	35.770
C. Vanpool	19.956	21.662	16.383	12.530	16.856	18.175	30.681	30.496	15.060	12.278
OPERATING REVENUE PER PASSENGER										
A. Fixed Route	\$0.544	\$0.570	\$0.579	\$0.465	\$0.316	\$0.322	\$0.315	\$0.331	\$0.322	\$0.329
B. Demand Response	0.423	0.453	0.385	0.366	0.199	0.216	0.193	0.198	0.197	0.206
C. Vanpool	1.874	2.041	1.655	1.700	1.890	1.441	1.243	2.245	2.474	2.127
PERCENT OF OPERATING REVENUE TO OPERATING COSTS										
A. Fixed Route	18.385 %	17.775 %	19.054 %	16.649 %	12.298 %	12.796 %	12.701 %	13.943 %	13.440 %	14.837 %
B. Demand Response	1.881	1.937	1.719	1.599	0.830	0.904	0.939	1.024	1.535	1.632
C. Vanpool	106.182	94.171	104.263	119.274	102.539	78.878	39.715	60.440	119.185	117.472

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, and advertising revenue.

**CLARK COUNTY PTBA
FEDERAL TRANSIT ADMINISTRATION
GRANTS HISTORY
2003-1994 and Prior**

FTA GRANT NUMBER	TOTAL	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993 & 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											775,651
WA-37-0011	56,391	56,391										0
WA-90-0006	401,255											401,255
WA-90-0021	429,322					(68,366)						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									71,793	(335)	901,512
WA-90-0093	1,376,800											1,376,800
WA-90-0117	228,896						(23)	117,993	5,393	59		105,474
WA-90-0129	304,000							44,430	2,697	29		256,844
WA-90-0139	2,551,700							116,759	46,866	2,036,492	344,197	7,386
WA-90-0150	2,224,343					(55,278)	(367)	119,871		1,866,966	293,073	78
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-90-0198	499,413						199,737	299,676				0
WA-90-0217	6,479,422	3,030,642	251,257			3,032,781	164,742					0
WA-90-0255	6,330,236	1,595,000										0
WA-90-0261	3,062,391	35,072	3,027,319	4,735,236								0
WA-90-0267	202,046	70,133	131,913									0
WA-90-0275	4,213,061	4,213,061										0
WA-90-0282	3,027,000	3,027,000										0
LA-3167	0					(1,745,999)	889	1,745,110				0
SUBTOTAL	\$ 56,182,604	\$ 12,027,299	\$ 3,538,702	\$ 7,047,611	\$ 471,663	\$ 3,333,196	\$ 699,112	\$ 3,989,504	\$ 106,751	\$ 7,673,842	\$ 682,539	\$ 16,612,385
Retirements	(2,588,997)	(2,913,930)	(535,624)	0	0	0	0	(146,589)	(701,426)	(521,848)	(282,239)	(401,271)
TOTAL	\$ 53,593,607	\$ 9,113,369	\$ 3,003,078	\$ 7,047,611	\$ 471,663	\$ 3,333,196	\$ 699,112	\$ 3,842,915	\$ (594,675)	\$ 7,151,994	\$ 400,300	\$ 16,211,114

* 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.