Table of Contents

Transmittal Letter .................................................................................................................. i

Fiscal Policies ....................................................................................................................... vi

Revenues
  Operating Revenue per Capita ........................................................................................... 1
  General Fund Revenue per Capita ....................................................................................... 2
  Tax Revenue per Capita ....................................................................................................... 3
  Intergovernmental Revenues per Capita .............................................................................. 4
  Enterprise Operating Revenues and Expenses ................................................................. 5
  Elastic Operating Revenue .................................................................................................. 6

Expenditures
  Governmental Expenditures per Capita ............................................................................ 7
  Capital Project Expenditures per Capita ............................................................................ 8
  General Fund Expenditures per Capita ............................................................................ 9
  Employees per 1,000 Capita .............................................................................................. 10
  Personnel Expenditures ..................................................................................................... 11
  Employee Benefit Costs .................................................................................................... 12
  Repair and Maintenance Costs .......................................................................................... 13

Operating Position
  General Fund Surplus or Deficit ......................................................................................... 14
  Fund Balance – General Fund and Permanent Reserve .................................................... 15
  Fund Balance – Road Fund ............................................................................................... 16
  Fund Liquidity – General Fund and Road Fund ................................................................. 17
  Enterprise Funds-Net Assets ............................................................................................. 18
  Net Assets – Insurance Reserves ........................................................................................ 19

Debt Structure
  Long-Term Debt ................................................................................................................ 20
  Debt Service Costs ............................................................................................................. 21
  Overlapping Debt per Capita .............................................................................................. 22

Economic Base
  Population of Cities and County ......................................................................................... 23
  Median Household Income ................................................................................................. 24
  Registered/Participating Voters ........................................................................................ 25
  Assessed Property Values ................................................................................................... 26
  Residential & Commercial Development ......................................................................... 27
  Community Employment .................................................................................................... 28
  Taxable Sale of Goods and Services .................................................................................. 29
August 13, 2014

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

RE: Clark County Financial Trends Monitoring Report

Dear Commissioner Mielke,

The following represents our report of financial trends for Clark County for the ten year period ended December 31, 2013.

**INTRODUCTION**

This report has been compiled in accordance with the provisions of the Clark County Fiscal Policy Plan, and includes trends of key financial and economic indicators for the government and community of Clark County, Washington.

Information for the report is derived from various County financial records and reports, including the Comprehensive Annual Financial Report (CAFR), and from various other local and state governments and agencies.

**FISCAL POLICIES**

The report presents the 17 fiscal policies included in the Clark County Fiscal Policy Plan. These policies provide guidelines for the prudent management of the County's finances. These guidelines are not absolute rules, but variation from them should be carefully considered and of limited duration only. We have provided a brief narrative following each policy statement that represents our opinion of the degree to which the County is in compliance with the policy.

---

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

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

The report presents a combination of 29 financial measures and demographic indicators which can help highlight issues and trends. The analysis of each indicator gives guidance on what trends may mean in terms of Clark County’s fiscal health.

It is important to analyze the numbers that make up the indicators to obtain a better understanding of what is occurring and whether there is a need for concern. Therefore, formulas and the data sources are identified for each of the indicators. The indicators are divided into five categories: Revenues, Expenditures, Operating Position, Debt Structure, and Economic Base.

Regular analysis can highlight potential fiscal problems and provide the necessary information required for timely corrective action. By taking action to address weaknesses and to strengthen fiscal health, the county can help ensure that resources are available to fund the level of services required by the taxpayers.

RATING STRUCTURE

There is considerable variation in the way that local governments manage their finances. The variations make development of benchmarks difficult for many indicators. Ratings for these indicators were influenced by the model for evaluating financial condition that was developed by the International City/County Management Association in 2003.

The analysis of these indicators includes a “Warning Trend,” which helps to focus on conditions that currently exist or that should be avoided. Staff has evaluated each indicator and assigned a rating according to the following rating scheme of "positive," "negative," or "mixed," based on the following:

Green – the trend is positive and favorable.

Yellow – the trend is mixed and uncertain. The indicator should be watched carefully because it may move in a direction that could have a negative impact on the county’s financial health.

Red – the warning trend is negative and has been observed. More information should be gathered and if possible. If possible, corrective action should be taken.
A summary of the 29 indicators reveals the following:

- Comparing the 29 indicators in 2013 to 2012 shows that five were rated higher, four were rated lower, and twenty maintained their 2012 rating. The Expenditure indicator category posted the most improvement in 2013. Three of the seven Expenditure indicators improved while three maintained their 2012 rating and one rated lower. Improvements were observed in the Employees Per Capita, Personnel Expenditures, and Employee Benefit Indicators.

- Two of the seven indicators in the Economic Base category were rated higher in 2013. The Population of Cities and County and the Assessed Property Values indicators improved, while the Registered/Participating Voters indicator was rated lower in 2013.

- All of the Revenue category indicators remained unchanged in 2013 from the prior year.

- None of the indicators in the Debt category, which include Long Term Debt, Debt Service Cost and Overlapping Debt per Capita, changed from 2012 to 2013.

The nine indicators receiving “positive” ratings in 2013 are discussed by category below:

○ Revenue:

  ➢ Elastic Revenue as a Percent of Total Revenue – The increase in elastic revenues as a percentage of total operating revenues beginning in 2010 follows the recovering economy against the decline in operating revenues for the county.

○ Expenditures:

  ➢ Total Governmental Fund Expenditures Per Capita – Adjusting for CPI, governmental fund expenditures per capita decreased from $884 in 2004 to $662 in 2013.
  ➢ Employees Per Capita – There has been a consistent decrease of FTEs each year since 2007.
  ➢ General Fund and Permanent Reserve Balance – Between 2009 and 2013, the General Fund balance increased each year. In 2013, it was 20.2% of annual expenses and transfers.
  ➢ Fund Balance – Road Fund – Since 2004, the fund balance in the Road Fund increased from $4.3 million to $31.0 million.
  ➢ Fund Liquidity General Fund and Road Fund – Liquid assets in the General Fund increased from $13.2 million in 2004 to $32.3 million in 2013 while the liquid assets in the Road fund improved from $3.6 million in 2004 to $28.6 million in 2013.

○ Debt:

  ➢ Long-Term Debt – The amount of long-term decreased by $16.4 million from $163.2 million in 2004 to 146.8 million in 2013, while the long-term debt per capita decreased from $89 over the same period.
Overlapping Debt Per Capita – Overlapping debt per capita has decreased since 2010. By 2013 the decrease per capita totals $481 since 2010.

Economic Base:

Population of Cities and County – Population in unincorporated areas of Clark County has grown by an average of 1.3% over the last 10 years, while the total county population has grown similarly.

Registered/Participating Voters – In the past ten years, the number of registered voters in the general elections in Clark County increased by 37.6%.

The five indicators receiving negative ratings in 2013 are discussed by category below:

Revenue:

Operating Revenue Per Capita – Total operating revenue per capita adjusted for inflation is the lowest it has been in over 10 years.

General Fund Revenue Per Capita – The average annual increase in General Fund revenue over the last 5 years was less than 2.0%, which is below the 2.9% 10-year average, indicating that most of the growth was prior to the 2008 recession.

Tax Revenue Per Capita – Over the last ten years, adjusted for inflation, Tax Revenue per Capita increased annually only two times, in 2005 and 2010. In 2013, they were down 4.2% when compared to 2012.

Operating Position:

Net Assets Insurance Reserves – General liability has fluctuated for a ten year span from a low of negative $2.4 million in 2013 to a high of $3.4 million in 2011.

Economic Base:

Median Household Income – The median household income in Clark County fell from $56,054 to $54,643, from 2012 to 2013.

SUMMARY

During 2008 and 2009 the full effect of the Great Recession was felt on the County’s finances and economic environment. Indicators were predominately mixed or negative reflecting the weakest financial positions in the ten years covered by this report. For 2013, there is continued improvement in some areas as significant cost cutting measures were instituted by the County that has positively impacted the financial strength of the county.

The year 2008 was the first time that combined mixed and negative ratings exceeded favorable ratings. This decline was stabilized in 2009 and 2010. In 2011, there was a slight decline in ratings due to the continued lack of jobs added as the economy recovers. In 2012, there was a net improvement in 7 of the rated indicators. In 2013 there was one less positive indicator compared to 2012.
In some areas trends continue to improve, but there are major trends that will make significant improvement a challenge. Chief among these are decreasing revenue per capita, a reduction in median income, and continued population growth increasing the demand on services. In this environment, it is crucial that the County manage resources efficiently and continue to maintain adequate reserves so that the County has the ability to accommodate small changes in the economy without immediately resorting to cuts in services.

Sincerely,

Greg Kimsey
Clark County Auditor
CLARK COUNTY FISCAL POLICIES
As of December 31, 2013

Background
The Fiscal Policy Plan was first adopted by the Board of County Commissioners in 1982 and amended on August 2, 1994. Its purpose is to assist decision-makers by providing information and guidelines that cumulatively should ensure that Clark County continues to pursue a financially prudent course.

In this document we quote the fiscal policies (in italics) and give a brief description of County practices that relate to that policy.

Policies

Policy 1
_The County shall calculate and compile financial indicators, consistent with this report, for each year. Any indicator showing a negative trend shall be analyzed to determine why the change has occurred. The County Administrator is authorized to add or delete financial indicators to reflect the needs of the County and the availability of relevant information._

The Financial Trends Monitoring Report has been updated for the current year.

Policy 2
_Clark County shall annually forecast revenues and expenditures for the next three to five years for the General Fund and Road Fund. Forecasts should reflect the County’s multi-year capital improvement plans. Other funds should be forecast to the extent that they are material and can be reasonably predicted._

As part of the biennial budget process, the Budget Office forecasts the General Fund in detail and major changes to this base for an additional four years. Public Works staff includes expenditure forecasts for the Road Fund as part of the Six-Year Transportation Improvement Plan. Capital revenue restrictions have reduced park development. The Board of County Commissioners recently approved an increase in Clean Water fees to address the funding deficit in this program.

Policy 3
_Clark County shall proactively seek citizen involvement in evaluations of services and service levels._

Clark County’s budget process furnishes opportunities for citizen involvement in the evaluation of programs and the allocation of resources. Budget meeting notices are published in local newspapers and public hearings are held, at which time the BOCC seeks input from staff and citizens, as it considers and ultimately adopts the budget. The County also has numerous advisory boards that provide citizen evaluation and advice on a continuous basis over many program areas.

Policy 4
_Clark County will accept State and Federal money to fund programs mandated by law; or programs established as a local priority after taking local contributions into account._

The Board of County Commissioners approves grant-funded contracts. Most local match for grant-funded programs relate to infrastructure needs that are included in the County’s Comprehensive Plan and the Six-Year Transportation Improvement Plan.
Policy 5
Clark County will set charges for each enterprise fund (sewer, solid waste, etc.) at a level which supports the direct and overhead costs of the enterprise, primarily by fees, grants, or other sources consistent with the direction of the Board of County Commissioners.

Net assets for enterprise funds are positive at the end of 2013. However, unrestricted net assets of the Clean Water fund were negative at the end of 2013, due to a legal judgment that has been expensed and will be paid over the next few years.

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

At December 31, 2013, uncollected delinquent property tax amounted to $3.8 million ($1.9 million from 2013 and the remainder from levies for all prior years). By year-end, 98.0% of the 2013 tax levy was collected. During the last 10 years, the percent collected has never been less than 98.0%.

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

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

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

The County maintains two revolving funds that provide for maintenance, repair, and replacement of heavy equipment, vehicles, and personal computers. In addition, the County has adopted long-term major maintenance programs for facilities and parks. The County’s financial system had a significant upgrade completed in 2012. In the past 10 years, the County has significantly upgraded its facilities, completing construction of the Public Service Center, the Community Health Center and the Exposition Center, as well as significant remodels of the Courthouse, Juvenile Detention facilities, and the Elections and Auto Licensing Building. The latest building upgrades include energy conservation and alternative energy technology. In addition, funding to replace the custody management system has been approved.

Policy 9
Clark County shall establish reserve funds to pay for needs caused by unforeseen events. Reserves shall be held to address the following circumstances: 1) Catastrophic reserves, to provide limited emergency funds in the event of natural or manmade disasters; 2) Operational reserves, to provide additional funds for limited, unexpected service needs; 3) Liquidity reserves, to provide funds sufficient to insure smooth running of the County and pay current obligations; and 4) Capital reserves to facilitate the orderly replacement or acquisition of capital facilities and equipment. An amount equivalent to between 6% and 10% of the General Fund operating budget shall be held in a separate reserve. Individual fund managers shall maintain reserves to address operational and liquidity needs for the funds under their control.
The County has a Permanent Reserve Fund to provide for operational and catastrophic needs. At December 31, 2013, the balance in the fund amounted to $6.6 million or 5.1% of the General Fund operating budget. The County failed to maintain the minimum 6.0% standard from 2004 to 2010. However, following the application of GASB 54, in 2011, the County reports the General Fund and Permanent Reserve as one fiscal entity. Combined, the unassigned fund balance of the two amounts to 22.1% of General Fund revenue, which is within the range for best practices. Liquidity reserves are established in each fund. The County has established capital reserves in enterprise funds for vehicle and computer equipment replacements financed by charges to user departments.

**Policy 10**

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

Most capital expenditures are reflected in the County’s Comprehensive Plan and the Six-Year Transportation Improvement Plan. The economic and social values of these projects are expressed in these plans. Additional evaluation of capital improvements is performed at the departmental level and examined by the Finance Team. Formal cost/benefit analysis is not performed in all cases.

**Policy 11**

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

The capital facilities element of the Comprehensive Plan addresses infrastructure and utility needs and is augmented by more detailed plans such as the Six-Year Transportation Improvement Plan and open space acquisition programs supporting the expenditure of Conservation Futures funds.

The County has formed a Finance Team made up of senior managers to review capital spending plans. Capital spending plans should comply with the Board of County Commissioners’ priorities: 1. Honor existing obligations (debt service), 2. Preserve existing assets, 3. Acquire new assets based on greatest need and the ability to maintain them.

Clark Regional Emergency Services Agency (CRESA) will begin replacement of its analogue radio systems with digital equipment at the 911 center in 2015.

**Policy 12**

*Clark County will develop investment strategies to maximize return on investments while protecting the public’s assets.*

The County Treasurer’s Office performs various cash flow analyses to determine size and duration of investments. The Treasurer’s Office established and implemented a local government investment pool to maximize buying power and flexibility. Investment policies and standards have been developed pursuant to State and County guidance and policies to manage the County’s portfolio.

**Policy 13**

*The County shall restrict direct debt to the limit identified in Article 8, Section 6 of the Washington State Constitution. In addition, the County will be prudent when considering appropriate levels of*
debt, limiting debt service to the County’s current and future ability to finance that service without diminishing core services. In recognition of the value of the County’s ability to raise money at competitive rates, the County will also consider the impact of any new debt on future bond ratings. Biennial budget appropriations shall include debt service payments and reserve requirements identified in bond covenants for all outstanding debt.

At the end of 2013, the County’s non-voted debt limit was $535.1 million. Outstanding General Obligation Bond Debt subject to this limit at the end of 2013 was $111.0 million, or 20.7% of the debt limit. Additional governmental debt subject to the non-voted debt limit includes public works trust fund loans, special assessment debt, and capital leases. Total net debt applicable to the limit was $136.5 million at December 31, 2013.

Policy 14
Clark County recognizes that net direct debt service should be no more than ten percent (10%) of the operating revenues of the issuing fund and the General Fund combined.

Debt service in 2013, excluding enterprise funds, was $13.4 million, compared to $13.8 million in 2012. In 2013, total debt service for governmental funds as a percentage of total revenues generated in all paying funds and General Fund (excluding Community Services Grant Fund whose revenues are grant driven) was 5.0%.

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

The County (including proprietary funds) had $178.2 million in total outstanding liabilities at December 31, 2013. At this time, the County has no outstanding Revenue Bond Debt.

Policy 16
Clark County will not use long-term debt to finance current operations. Long-term borrowing will be confined to capital improvements or similar projects with an extended life which cannot be financed from current revenues.

Long-term debt has been used only to finance capital improvements or acquisitions.

Policy 17
Clark County will keep the maturity of general obligation bonds consistent with or less than the expected lifetime of the project, with a goal of amortizing at least an average of 5.0% of project costs per year. All future long-term debt will have prepayment options unless alternative debt structures are judged more advantageous to the County.

Most general obligation bonds issued by the County have an outstanding life of 22 years or less. The County took advantage of a low interest environment in 2004, 2005 and 2012, and issued bonds with that duration. Two bond issues (in 2004 and 2005) finance the community health center and the fairgrounds exposition center, one of which has a 30 year maturity ($1.7 million outstanding).
Operating Revenue Per Capita

Description
Per capita revenue illustrates revenue changes relative to populations size. As population increases, it may be expected that the need for services would increase proportionately and, therefore, the level of per capita revenue should remain at least constant in real terms. Operating revenue per capita includes taxes, licenses & permits, fines & forfeitures, grants, and other miscellaneous sources of funds. It does not include revenue from proprietary activities.

Warning Trend: Decreasing Per Capita Operating Revenue in Adjusted Dollars

Clark County Trend: Negative

Formula:
Net operating revenues (adjusted dollars) / Population

Source:
Clark County Comprehensive Annual Financial Report (CAFR)

Highlights:
Total operating revenue per capita adjusted for inflation is the lowest its been in 10 years. The current per capita level at $644 is 25.4% below its inflation adjusted peak of $863 in 2007.

Total operating revenue declined 5.3% from 2012 to 2013 due in part to a change in accounting method for intergovernmental revenue. Charges for government services and miscellaneous revenue increased over 24.3% and 30.1% during the same period, respectively, as a result of the change.

The largest portion of operating revenue, 49.5%, is from taxes. Unadjusted tax revenues decreased 0.8% in 2013 from 2012.
General Fund Revenue Per Capita

**Description**

Per capita revenue illustrates revenue changes relative to populations size. As population increases, it may be expected that the need for services would increase proportionately and, therefore, the level of per capita revenue should remain at least constant in real terms. General Fund revenue per capita includes taxes, licenses & permits, fines & forfeitures, grants, and other miscellaneous sources of funds. General Fund revenues are used primarily to fund Public Safety, Law & Justice, and General Government. General Fund revenues are also used to support other funds that may be experiencing financial difficulty.

**Warning Trend: Decreasing Per Capita General Fund Revenue in Adjusted Dollars**

**Clark County Trend: Negative**

*Formula:*

\[ \text{General Fund revenues (adjusted dollars)} / \text{Population} \]

*Source: Clark County Comprehensive Annual Financial Report (CAFR)*

### Highlights:

General Fund revenue per capita, adjusted for inflation, dipped slightly to $299 in 2013 from $307 in 2012. That is well below its peak of $340 in 2005. Total unadjusted revenue dollars increased 1.0% from $129.1 million to $130.4 million.

The average annual increase in General Fund revenue over the last 10 years has been 2.9%, driven by particularly strong growth between 2004 and 2007. However, growth has been only 1.6% over the last five years and is generally trending down.

A decrease in General Fund revenue may create challenges for supporting other funds that are experiencing financial difficulty.
Tax Revenue Per Capita

Description
Tax revenue includes current and delinquent real and personal property tax, as well as sales and use tax and various excise taxes. Tax revenue represents the largest revenue source for the County. A decline or diminished growth rate in tax revenue may indicate potential problems in the County’s tax revenue structure. Changes in tax revenue per capita are also impacted by changes in population.

<table>
<thead>
<tr>
<th>Year</th>
<th>Tax Revenue (in $1,000s)</th>
<th>Tax Rev Per Capita</th>
<th>Tax Rev Per Capita (Adj)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>114,220</td>
<td>298</td>
<td>367</td>
</tr>
<tr>
<td>2005</td>
<td>127,008</td>
<td>324</td>
<td>389</td>
</tr>
<tr>
<td>2006</td>
<td>125,805</td>
<td>312</td>
<td>365</td>
</tr>
<tr>
<td>2007</td>
<td>134,249</td>
<td>323</td>
<td>365</td>
</tr>
<tr>
<td>2008</td>
<td>135,629</td>
<td>320</td>
<td>350</td>
</tr>
<tr>
<td>2009</td>
<td>131,504</td>
<td>305</td>
<td>333</td>
</tr>
<tr>
<td>2010</td>
<td>135,262</td>
<td>318</td>
<td>343</td>
</tr>
<tr>
<td>2011</td>
<td>136,795</td>
<td>320</td>
<td>336</td>
</tr>
<tr>
<td>2012</td>
<td>140,183</td>
<td>325</td>
<td>333</td>
</tr>
<tr>
<td>2013</td>
<td>139,007</td>
<td>319</td>
<td>319</td>
</tr>
</tbody>
</table>

Highlights:
Tax revenue per capita adjusted for inflation was down 4.2% in 2013 compared to 2012. The trend is negative because of decreasing per capita tax revenue over the report period.

Property tax revenue makes up the largest portion of tax revenue at approximately 69.5% in 2013. Sales and use taxes make up 25.8% and excise taxes 4.7% of total tax revenue in 2013.

In constant dollars, total tax revenue has increased 21.7% over the last 10 years. Property tax increased 33.5% over a 10 year period. Sales, use, excise and other taxes increased 12.8% over the 10 year period.
Intergovernmental Revenue*

Description
Intergovernmental revenue is received from other governmental entities in the form of grants, and are generally are restricted to certain programs or have other stipulations in how they may be spent. They are a measure of the County’s ability to attract funding from outside sources, including the state and federal governments. A concern with intergovernmental revenues is that they are dependent on the financial condition of the government transferring the revenue.

Warning Trend: Changing amount of intergovernmental revenues as a percentage of total revenue

Clark County Trend: Mixed

Formula:
\[
\frac{\text{Intergovernmental revenues}}{\text{Total governmental revenues}}
\]

Source:
Clark County Comprehensive Annual Financial Report (CAFR)

Highlights:
Unadjusted intergovernmental revenues were down 4.5% in 2013 compared to 2012, but as a percentage of total revenues they have been stable since 2011. Intergovernmental revenues dropped significantly after 2009, partly due to decreases in Medicaid fee revenue.

The trend for intergovernmental revenue dollars over the past 10 years has been mixed, however adjusted per capita revenue has consistently declined since 2009 with large decreases in 2010 and 2011, and smaller decreases starting in 2011.

* In 2013, the accounting for intergovernmental revenues changed as a result of structural changes in the Washington State Budgeting, Accounting and Reporting System. The changes have been carried back to prior years on this chart and graph to allow for comparison.
Enterprise Revenue and Expenses

Description
Enterprise activities generate revenues by providing services to citizens, either directly or through another agency. Charges for the services are set to cover most costs including equipment repair and replacement and debt service. Enterprise revenues do not include interest income, grant revenue, capital contributions or transfers from other funds. Enterprise activities include Sanitary Sewer, Solid Waste, a municipal golf course and Clean Water.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Operating Revenues (in $1,000s)</td>
<td>15,436</td>
<td>15,085</td>
<td>15,467</td>
<td>16,055</td>
<td>14,968</td>
<td>14,471</td>
<td>14,967</td>
<td>15,412</td>
<td>14,619</td>
<td>12,963</td>
</tr>
<tr>
<td>Adjusted Operating Expenses (in $1,000s)</td>
<td>12,353</td>
<td>12,376</td>
<td>11,661</td>
<td>14,996</td>
<td>18,811</td>
<td>17,128</td>
<td>16,256</td>
<td>17,262</td>
<td>17,264</td>
<td>16,163</td>
</tr>
</tbody>
</table>

Highlights:
Inflation adjusted revenue has decreased by an average of 1.8% over the last ten years. In 2012, Enterprise revenues reflected here have been reduced for a one-time payment from the Clark Regional Wastewater District (CRWWD). The payment of $12.4 million was used to retire revenue bonds. The County had previously secured the bonds on behalf of the CRWWD to finance a significant upgrade to the wastewater treatment plant. In 2013, revenue decreased 6.4% from 2012, driven partly by the elimination of this debt service revenue for the sewer treatment plant.

Enterprise adjusted expenses have increased on average annually by 3.8%, but in 2013 expenses decreased 6.4%. Solid Waste continues to have operating expenses in excess of operating revenues ($465,508 in 2013). Operating grant revenue and transfers have kept the fund solvent.

In 2013, Tri Mount Golf Course began to be reported as an Enterprise activity. Revenues and expenses from Tri Mountain are included in this chart and graph retrospectively to 2004 to facilitate comparison.
Elastic Revenue as a Percent of Total Revenue

Description

Elastic revenues are highly responsive to changes in the economic base and inflation. As the economic base expands or inflation goes up elastic revenues rise roughly in proportion. A good example is sales tax revenue that increases during good economic periods with increases in retail business and declines during poor times, even though the tax rate remains the same. Other examples of elastic revenue include permit and inspection fees, recording and licensing fees, and penalties and interest on delinquent taxes.

Warning Trend: Decreasing elastic operating revenues as a percentage of total operating revenues

Clark County Trend: Positive

Formula:
\[
\frac{\text{Elastic operating revenues}}{\text{Total operating revenues}}
\]

Source:
Clark County Comprehensive Annual Financial Report (CAFR)

Highlights:

Elastic revenues have averaged 14.0% of total operating revenues over the last 10 years. Elastic revenues have been between 12.7% and 15.6% of operating revenues during that period. Roughly half of revenues identified as elastic come from sales and use tax.

Building permit revenues, including commercial and residential permits, have averaged 8.7% since 2004. Permit revenue dropped to under 5% in 2008 but reached a new peak of 13.5% of all elastic revenues in 2013.

The increase in elastic revenues as a percentage of total operating revenues beginning in 2010 follows the recovering economy against the decline of operating revenues for the County.
Total Governmental Fund Expenditures Per Capita

Description
Per capita operating expenditures reflect changes in expenditures relative to changes in population. As population increases, and the related expenses of providing services to a larger population increase, per capita expenditures should remain relatively level in constant dollars. If the indicator is trending differently, it may indicate that the cost of providing services is increasing in an unsustainable manner or that service levels are declining.

Warning Trend: Increasing Per Capita Operating Expenditures in Adjusted Dollars

Clark County Trend: Positive

Formula:
\[
\text{Total expenditures (adjusted dollars)} \div \text{Population}
\]

Source:
Clark County Comprehensive Annual Financial Report (CAFR)

Highlights:
Increases early in the decade skewed the average annual change in expenditures higher as the economy grew. As the economy contracted, 2008 became an outlier with an increase of 13.6%. From 2008 until 2013, expenditures decreased on average 2.9% annually. 2013 expenditures were lower than 2012 by 1.1%. Due to the economic downturn, expenditures increased only 4.9% for the 10 years reported.

Transportation spending, including capital outlay, increased 12.7% in 2013 after a 60.9% increase in 2012, as efforts were made to reduce project backlogs. In 2013, Public Safety expenditures were 25.9% of the total, Transportation 23.0%, Health and Human Services 9.7%, and General Government increased to 18.4% (from 13.2% in 2012), due to functional reclassification of certain departments.

County-wide government expenditures per capita, adjusted for inflation, dropped in 2013 to $662 from $690 in 2012.
Capital Project Expenditures Per Capita

Description
Per capita capital expenditures reflect changes in capital expenditures (CapEx) in governmental funds relative to changes in population. CapEx includes equipment that will last longer than one year and cost more than $5,000. It also includes Buildings, Transportation Infrastructure and Parks. CapEx may remain constant or even decline in the short run. If the decline persists over 3 years, it can be an indicator that capital outlay needs are being deferred, resulting in the use of obsolete equipment and forgoing needed maintenance on infrastructure.

Warning Trend: Increasing Per Capita Operating Expenditures in Adjusted Dollars

Clark County Trend: Mixed

Formula:
Capital expenditures (adjusted dollars)
Population

Source:
Clark County Comprehensive Annual Financial Report (CAFR)

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital Expenditures (in $1,000s)</th>
<th>Capital Expenditures per Capita (in $1,000s)</th>
<th>Capital Expenditures (in $1,000s) Adjusted</th>
<th>Capital Expenditures Per Capita Adjusted (in $1,000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>58,002</td>
<td>151</td>
<td>71,459</td>
<td>186</td>
</tr>
<tr>
<td>2005</td>
<td>55,143</td>
<td>141</td>
<td>66,226</td>
<td>169</td>
</tr>
<tr>
<td>2006</td>
<td>35,814</td>
<td>89</td>
<td>41,938</td>
<td>104</td>
</tr>
<tr>
<td>2007</td>
<td>25,711</td>
<td>62</td>
<td>29,028</td>
<td>70</td>
</tr>
<tr>
<td>2008</td>
<td>45,822</td>
<td>108</td>
<td>50,083</td>
<td>118</td>
</tr>
<tr>
<td>2009</td>
<td>43,337</td>
<td>101</td>
<td>47,324</td>
<td>110</td>
</tr>
<tr>
<td>2010</td>
<td>19,880</td>
<td>47</td>
<td>21,450</td>
<td>50</td>
</tr>
<tr>
<td>2011</td>
<td>29,313</td>
<td>68</td>
<td>30,749</td>
<td>72</td>
</tr>
<tr>
<td>2012</td>
<td>17,851</td>
<td>41</td>
<td>18,297</td>
<td>42</td>
</tr>
<tr>
<td>2013</td>
<td>40,036</td>
<td>92</td>
<td>40,036</td>
<td>92</td>
</tr>
</tbody>
</table>

Highlights:
Capital expenditures per capita, adjusted for inflation, have trended downward over the last 10 years. In 2013, however, total capital expenditures increased 124.3% and expenditures per capita increased 119.1% in 2013 from the previous year.

In 2013, the largest annual increase in capital expenditures was a 173.4% increase in Public Works spending. Spending for information technology decreased 37.0% and Parks spending decreased 33.3%. Other miscellaneous capital expenditures increased.
General Fund Expenditures Per Capita

Description
General Fund accounts for all financial resources except those required to be accounted for in another fund including functional areas such as Public Safety and the Courts. As such, it is a barometer of general county government viability. Consistent levels of expenditures per capita may mean that the county is managing resources to match the growing population.

Warning Trend: Increasing Per Capita General Fund Expenditures in Adjusted Dollars

Clark County Trend: Mixed

Formula:
General Fund expenditures (adjusted dollars) / Population

Source:
Clark County Comprehensive Annual Financial Report (CAFR)

Highlights:
General Fund Expenditures Per Capita adjusted for inflation continued to decrease in 2013. Beginning in 2013, the Geographical Information Services (GIS) Fund was combined into the General Fund. The data presented here includes GIS expenditures retrospectively to 2004 for comparison purposes. A one-time $10M settlement paid from the General Fund in 2013 has also been removed.

Public Safety accounts for 51.66% of total General Fund Expenditures. General Government makes up 32.3% and Judicial expenditures were 8.7% of the total.

General Fund Expenditures per capita, adjusted for inflation, have decreased 6.0% over what they were 10 years ago. By comparison, unadjusted Per Capita General Fund Expenditures have increased 15.8% in the same period.
Employees Per Capita

Description
Personnel costs are a major portion of the County’s operating budget. Tracking changes in the number of employees to population is a means to measure changes in expenditures. An increase in employees to population may indicate that expenditures are rising faster than revenues. An increase in employee per capita is not negative if a direct correlation can be shown to increased services.

Warning Trend: Significantly changing number of employees per capita

Clark County Trend: Positive

Formula: 
\[
\text{Number of Employees} \div \text{Population}
\]

Source: 

Highlights:
The number of employees per capita has declined by 20.9% in the 10 years covered by this report. The decline is the result of population growth and budgetary constraints on the County. This may appear to be a significant decline, however, service levels are being maintained through strategic workforce planning and technological gains.

Actual FTE’s as of the end of 2013 totaled 1,500, or about 93.2% of those budgeted. There are a variety of reasons for the variance, including matching skillsets to position requirements, time taken to fill positions, and workforce planning changes.

The number of budgeted employees decreased to 1,609 in 2013 compared 1,673 in 2012. The number of actual employees has decreased 7.7% over the decade from 1,668 in 2004 to 1,500 in 2013.

Current workforce at 1,500 is below the five year moving average of 1,601.
Personnel Expenditures

Description
Personnel costs include salaries, wages, employee benefits (including clothing allowance, vehicle allowance, and the employer portion of payroll taxes and retirement contribution. Some government functions are labor intensive such as General Government. Others are more capital intensive, such as Public Works. Changes in personnel costs as a percentage of operating expenses may be due to changes in personnel costs or changes in other expenditures.

Warning Trend: Increasing personnel expenditures as a % of Operating Expenditures

Clark County Trend: Mixed

Formula:
Personnel Expenditures
Total Operating Expenditures

Source:
Clark County General Ledger

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Total Personnel Costs (in $1,000s)</td>
<td>114,614</td>
<td>119,405</td>
<td>126,929</td>
<td>141,171</td>
<td>149,600</td>
<td>147,550</td>
<td>138,821</td>
<td>140,482</td>
<td>143,143</td>
</tr>
<tr>
<td>As % of Operating Expenditures</td>
<td>41.6%</td>
<td>43.4%</td>
<td>41.7%</td>
<td>42.9%</td>
<td>40.7%</td>
<td>44.5%</td>
<td>43.2%</td>
<td>44.9%</td>
<td>43.1%</td>
</tr>
<tr>
<td>Average Salary and Wage Costs per FTE (in $)</td>
<td>54,796</td>
<td>57,033</td>
<td>57,271</td>
<td>60,203</td>
<td>64,395</td>
<td>68,299</td>
<td>66,023</td>
<td>66,782</td>
<td>70,260</td>
</tr>
</tbody>
</table>

Highlights:
Personnel costs as a percentage of operating expenditures are trending upward over the 10 years covered by this report. Personnel costs as a percentage of operating costs have declined in in the past two years and essentially match the 10 year average of 42.8%.

Salaries and wages as a percentage of total personnel costs decreased from 79.8% in 2004 to 73.8% in 2013. Salaries and wages have averaged 76.2% of total personnel costs over the last 10 years.

The average annual increase in total salaries and wages has been 2.7% over the last 10 years, while personnel expenditures as a percentage of operating expenditures decreased 0.3% in 2013.
**Expenditures**

**Financial Trends 2013**

**Employee Benefit Costs**

**Description**

Employee benefits include health insurance and employer contributions for payroll taxes and retirement. Increases in benefit costs may be a reflection of the economy in general, such as the burgeoning cost of health care or attempts to manage an unfunded gap in pension liability.

![Benefits per FTE Adjusted graph](image)

**Warning Trend: Increasing benefit costs as a % of Personnel Costs**

**Clark County Trend: Mixed**

Formula:

\[
\frac{\text{Benefit Costs}}{\text{Total Personnel Costs}}
\]

Source: Clark County Financial Management System

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>$23,205</td>
<td>$24,537</td>
<td>$27,398</td>
<td>$32,257</td>
<td>$37,011</td>
<td>$37,720</td>
<td>$34,782</td>
<td>$36,316</td>
<td>$36,754</td>
<td>$37,637</td>
</tr>
<tr>
<td>13,910</td>
<td>14,751</td>
<td>15,765</td>
<td>17,830</td>
<td>21,169</td>
<td>23,457</td>
<td>22,073</td>
<td>23,283</td>
<td>24,273</td>
<td>25,093</td>
</tr>
<tr>
<td>20.3%</td>
<td>20.6%</td>
<td>21.6%</td>
<td>22.9%</td>
<td>24.7%</td>
<td>25.6%</td>
<td>25.1%</td>
<td>25.9%</td>
<td>25.7%</td>
<td>26.2%</td>
</tr>
</tbody>
</table>

**Highlights:**

Employee benefit costs as a percentage of total personnel costs have increased over the 10 years covered by this report. However, they have been fairly stable for the last 5 years, not varying materially from the average of 25.7%.

Total Benefit dollars have increased 62.2% in the last 10 years. However, most of that increase occurred in the first 5 years of the decade.

From 2004 to 2009 Benefits increased on average 12.4%. In actual dollars benefits peaked in 2009 at $37.7M. Benefit costs in 2013 were $37.6M.
Repair and Maintenance Costs

Description

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

Warning Trend: Increasing maintenance costs as a % of Depreciable Capital Assets

Clark County Trend: Mixed

Formula:
Maintenance Costs Over Time

Source:
Clark County CAFR

Highlights:

Maintenance Costs as a percentage of Depreciable Capital Assets (not including roads) has remained fairly consistent throughout this ten year period, ranging from a high of 8.9% in 2008 to a low of 7.1% in 2010. Depreciable assets remained consistent with last year ($342.0 million in 2012 and $341.6 million in 2013).

Maintenance costs per road mile decreased in 2013. Focus returned to new projects after making progress on the maintenance backlog in 2012.

Other maintenance costs increased annually between 2004 and 2008, however in 2009 they dropped to just above the 2006 level. Between 2009 and 2013, the average annual maintenance cost is $24.4 million. Other maintenance costs declined slightly in 2013 (1.4%) from 2012.
General Fund Surplus or Deficit

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

![Graph of General Fund Surplus or Deficit]

Warning Trend: Repeated operating deficits might indicate an inability to sustain services in the long term.

Clark County Trend: Mixed

Formula:
\[
\frac{\text{Surplus or (Deficit)}}{\text{General Fund Revenue}}
\]

Source:
Clark County Comprehensive Annual Financial Report (CAFR)

<table>
<thead>
<tr>
<th>Year</th>
<th>Surplus or Deficit (In $1,000s)</th>
<th>As % of General Fund Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>(4,385)</td>
<td>(4.4%)</td>
</tr>
<tr>
<td>2005</td>
<td>3,497</td>
<td>3.2%</td>
</tr>
<tr>
<td>2006</td>
<td>2,741</td>
<td>2.4%</td>
</tr>
<tr>
<td>2007</td>
<td>(364)</td>
<td>(0.3%)</td>
</tr>
<tr>
<td>2008</td>
<td>(7,080)</td>
<td>(5.9%)</td>
</tr>
<tr>
<td>2009</td>
<td>(1,540)</td>
<td>(1.3%)</td>
</tr>
<tr>
<td>2010</td>
<td>8,734</td>
<td>7.0%</td>
</tr>
<tr>
<td>2011</td>
<td>4,595</td>
<td>3.6%</td>
</tr>
<tr>
<td>2012</td>
<td>2,996</td>
<td>2.3%</td>
</tr>
<tr>
<td>2013</td>
<td>544</td>
<td>0.4%</td>
</tr>
</tbody>
</table>

Highlights:
The General Fund continued to recover from 2008 when the worst deficit during this ten year trend was recorded.

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

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

The surplus for 2013 amounted to 544 Thousand. General Fund revenues increased $1.3 Million from 2012 to 2013, while expenditures increased $11.9 million during the same period with the difference being transfers and other sources/uses.
Fund Balance—General Fund (& Permanent Reserve)

Description
The level of unassigned fund balance for the General Fund (which includes Permanent Reserve Fund Balance) may determine the County’s ability to withstand unexpected financial emergencies that may result from natural disasters, revenue shortfalls, unexpected maintenance costs or steep rises in inflation. Fund balances may also determine the County’s ability to manage monthly cash flows or accumulate funds for large-scale purchases without having to borrow.

Warning Trend: Declining unassigned fund balance as a percentage of net operating revenues.

Clark County Trend: Positive

Formula:
Combined General & Permanent Funds-
Unassigned Fund Balances
General Fund Operating Exp. & Transfers Out

Source:
Clark County Comprehensive Annual Financial Report (CAFR)

Highlights:
The total unassigned General Fund fund balance continues to increase and at the end of 2013 was approximately 20.2% of annual expenditures and transfers.

Best practices indicate the General Fund ending fund balance should be between 15.0%-20.0% of annual expenditures. Between 2009 and 2013 the fund balance increased each year. In 2013, the unassigned General Fund balance was at the top of this range.
Fund Balance—Road Fund

Description
The level of fund balances in the Road Fund may determine the County’s ability to withstand unexpected financial emergencies in this partially tax supported fund that may result from natural disasters, revenue shortfalls, unexpected maintenance costs or steep rises in inflation. Fund balances may also determine the County’s ability to manage monthly cash flows or accumulate funds for large-scale purchase without having to borrow.

Warning Trend: Declining fund balance.

Clark County Trend: Positive

Formula:
Road Fund Balances
Operating Expenses
Source:
Clark County Comprehensive Annual Financial Report (CAFR)

Table:

<table>
<thead>
<tr>
<th>Year</th>
<th>Road Fund Balance (In $1,000s)</th>
<th>As % of Operating Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>4,307</td>
<td>8.0%</td>
</tr>
<tr>
<td>2005</td>
<td>8,585</td>
<td>17.7%</td>
</tr>
<tr>
<td>2006</td>
<td>8,410</td>
<td>15.7%</td>
</tr>
<tr>
<td>2007</td>
<td>15,964</td>
<td>30.3%</td>
</tr>
<tr>
<td>2008</td>
<td>12,953</td>
<td>17.7%</td>
</tr>
<tr>
<td>2009</td>
<td>17,078</td>
<td>29.5%</td>
</tr>
<tr>
<td>2010</td>
<td>24,748</td>
<td>61.0%</td>
</tr>
<tr>
<td>2011</td>
<td>32,029</td>
<td>50.1%</td>
</tr>
<tr>
<td>2012</td>
<td>29,806</td>
<td>46.4%</td>
</tr>
<tr>
<td>2013</td>
<td>30,988</td>
<td>46.4%</td>
</tr>
</tbody>
</table>

Highlights:
Fund balance for the Road Fund was $31.0 million in 2013, up from $29.8 million in 2012.

In 2013 the fund received $6.5 million from other financing sources, including $4.5 million in Public Works Trust Fund Loans for road construction projects. This is offset by an increase in operating expenditures, which includes capital outlay for road construction.

The overall trend for the ten year span is a continuing upward trend.
Fund Liquidity General Fund and Road Fund

Description
A measure of the County’s short-run financial condition is its cash position. Cash position includes cash and investments. The level of this type of cash is referred to as liquidity. Liquidity measures the County’s ability to pay its short-term obligations. Low or declining liquidity can indicate that the County has overextended itself in the long-term.

Warning Trend: A liquidity ratio below 1 to 1, or a persistently declining trend, may foretell a cash flow problem.

Clark County Trend: Positive

Formula:
Cash & Investments
Liabilities

Source:
Clark County Comprehensive Annual Financial Report (CAFR)

Highlights:
General Fund’s liquidity ratio was 12 to 1 in 2013, up from 11 to 1 in 2012. In 2008 it was at the lowest point in the last ten years, as the result of declining cash and investments.

General Fund’s liquidity ratio has ranged from a low of 3 to 1 in 2008 to a high of 15 to 1 in 2011. The liquidity ratio has a 10 year average of 8 to 1.

Road Fund has $28.6 million in liquid assets at the end of 2013, down from $29.1 million in 2012.

The Road Fund’s liquidity ratio has fluctuated from a high of 16 to 1 in 2010 to a low of 2 to 1 in 2004. Road Fund liquidity is largely determined by the timing of revenues and expenditures for road projects.

<table>
<thead>
<tr>
<th>Year</th>
<th>General Fund</th>
<th>Road Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>13,226</td>
<td>3,596</td>
</tr>
<tr>
<td>2005</td>
<td>17,399</td>
<td>7,598</td>
</tr>
<tr>
<td>2006</td>
<td>18,497</td>
<td>5,619</td>
</tr>
<tr>
<td>2007</td>
<td>18,228</td>
<td>12,496</td>
</tr>
<tr>
<td>2008</td>
<td>11,921</td>
<td>10,278</td>
</tr>
<tr>
<td>2009</td>
<td>10,039</td>
<td>14,623</td>
</tr>
<tr>
<td>2010</td>
<td>17,784</td>
<td>20,127</td>
</tr>
<tr>
<td>2011</td>
<td>28,969</td>
<td>31,579</td>
</tr>
<tr>
<td>2012</td>
<td>30,995</td>
<td>29,050</td>
</tr>
<tr>
<td>2013</td>
<td>32,291</td>
<td>28,602</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>General Fund</th>
<th>Road Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>6.3</td>
<td>1.9</td>
</tr>
<tr>
<td>2005</td>
<td>9.7</td>
<td>3.9</td>
</tr>
<tr>
<td>2006</td>
<td>6.0</td>
<td>2.4</td>
</tr>
<tr>
<td>2007</td>
<td>7.9</td>
<td>4.2</td>
</tr>
<tr>
<td>2008</td>
<td>2.9</td>
<td>6.8</td>
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<tr>
<td>2009</td>
<td>4.0</td>
<td>7.4</td>
</tr>
<tr>
<td>2010</td>
<td>7.0</td>
<td>15.5</td>
</tr>
<tr>
<td>2011</td>
<td>14.7</td>
<td>7.4</td>
</tr>
<tr>
<td>2012</td>
<td>10.9</td>
<td>4.5</td>
</tr>
<tr>
<td>2013</td>
<td>11.9</td>
<td>6.8</td>
</tr>
</tbody>
</table>
Enterprise Funds Change in Net Position

Description

Enterprise funds are supported by user fees and are intended to operate more like a business than a public entity supported by taxes. User fees and charges are established in enterprise funds to promote efficiency by shifting payment of costs to specific users of services and to avoid general taxation. The increase/decrease in net position (revenue less expenses) is helpful in showing the health of the funds.

Warning Trend: Continuous year to year decreases in net position

Clark County Trend: Mixed

Source:
Clark County Comprehensive Annual Financial Report (CAFR)

<table>
<thead>
<tr>
<th>Increase/(Decrease) in Net Position (In $1,000s)</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income -Adjusted for CPI* (in $1,000's)</td>
<td>6,811</td>
<td>6,067</td>
<td>6,573</td>
<td>4,739</td>
<td>463</td>
<td>2,657</td>
<td>5,582</td>
<td>4,129</td>
<td>16,070</td>
<td>1,156</td>
</tr>
<tr>
<td>Income (In Actual $1,000s)*</td>
<td>5,305</td>
<td>4,846</td>
<td>5,388</td>
<td>4,030</td>
<td>407</td>
<td>2,334</td>
<td>4,966</td>
<td>3,827</td>
<td>15,678</td>
<td>1,156</td>
</tr>
</tbody>
</table>

*adjusted for depreciation expense

Highlights:

In 2004, net assets grew by $27.1 million; $3.1 million came from operations, $8.1 million for a contract prepayment in the sanitary sewer fund and $15.9 million in prior year adjustments for contributed storm water facilities in the clean water fund.

Net assets grew by $30.7 million in 2007 and by $21.9 million in 2008, most of which was from contributed sewer treatment plant and clean water assets.

For 2012, total net assets increased by $11.2 million as a result of the retirement of its revenue bonds. All enterprise funds have a positive fund balance.

In 2013 Tri-Mountain Golf Course (which was previously reported as a special revenue fund) was added as an Enterprise Fund. The golf course fund had a $0.9 million change in net position in 2013. The Clean Water Fund booked a $3.7 million expenditure in 2013 for a judgment against the fund. The change in net position does not include the prior period adjustment of $7.7 million, which relates to the addition of the Tri-Mountain Golf Course Fund’s net position at the end of 2012.
Net Assets Insurance Reserves

**Description** Includes year-end net assets for the County’s insurance reserve funds (General Liability, Industrial, and Unemployment Insurance). Adequate reserves or insurance coverage are necessary to meet claims as they may occur.

*Warning Trend: Deficit net assets.*

**Clark County Trend: Negative**

*Source:* Clark County Comprehensive Annual Financial Report (CAFR)

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</tr>
</thead>
<tbody>
<tr>
<td>General Liability</td>
<td>2,782</td>
<td>2,974</td>
<td>3,313</td>
<td>3,265</td>
<td>3,172</td>
<td>2,739</td>
<td>3,137</td>
<td>3,403</td>
<td>(164)</td>
<td>(2,412)</td>
</tr>
<tr>
<td>Unemployment</td>
<td>2,735</td>
<td>2,635</td>
<td>2,456</td>
<td>2,314</td>
<td>2,025</td>
<td>1,107</td>
<td>1,473</td>
<td>1,208</td>
<td>1,504</td>
<td>1,239</td>
</tr>
<tr>
<td>Industrial Insurance</td>
<td>436</td>
<td>131</td>
<td>462</td>
<td>484</td>
<td>598</td>
<td>418</td>
<td>5</td>
<td>372</td>
<td>(3,498)</td>
<td>(2,863)</td>
</tr>
</tbody>
</table>

**Highlights:**

General liability has fluctuated for a ten year span from a low of negative $2.4 million in 2013 to a high of $3.4 million in 2011.

Unemployment insurance reserves decreased annually from 2003 to 2009 when they dropped to $1.1 million as unemployment claims increased from layoffs. In 2013, reserves are approximately $1.2 million.

In 2007, Industrial Insurance contribution rates were increased and net assets reached $598,000 in 2008 (climbing from a low of $131,000 in 2005). In 2010, industrial insurance costs exceeded contributions by about $212,000 and reserves dropped to $5,215. Increased rates in 2011 rebuilt the current reserves. The County maintains a $1.0 million commercial policy for excess worker’s compensation claims, with a $750,000 deductible. 2012 and 2013 dropped to large deficits due to accruing estimated long term claims liabilities beginning in 2012.
Long-Term Debt

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

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

Clark County Trend: Positive

Formula:
Long-Term Debt
-----------------------------------------
Population

Source:
Clark County Comprehensive Annual Financial Report (CAFR)

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<tbody>
<tr>
<td>Long-Term debt (in $ millions)</td>
<td>163.2</td>
<td>164.9</td>
<td>158.0</td>
<td>151.3</td>
<td>156.7</td>
<td>150.3</td>
<td>143.1</td>
<td>143.0</td>
<td>134.0</td>
<td>146.8</td>
</tr>
<tr>
<td>Long-Term debt per capita (in $)</td>
<td>426</td>
<td>421</td>
<td>392</td>
<td>365</td>
<td>369</td>
<td>349</td>
<td>336</td>
<td>334</td>
<td>311</td>
<td>337</td>
</tr>
<tr>
<td>G.O. Bond Debt subject to non-voted debt limit (in $ millions)</td>
<td>151.6</td>
<td>150.9</td>
<td>145.0</td>
<td>138.8</td>
<td>133.3</td>
<td>127.5</td>
<td>121.8</td>
<td>115.9</td>
<td>108.9</td>
<td>118.9</td>
</tr>
<tr>
<td>G.O. Bond Debt as % of non-voted debt limit</td>
<td>34.2%</td>
<td>29.4%</td>
<td>22.6%</td>
<td>19.3%</td>
<td>18.7%</td>
<td>20.5%</td>
<td>21.4%</td>
<td>20.7%</td>
<td>19.4%</td>
<td>26.2%</td>
</tr>
</tbody>
</table>

Highlights:
Long term debt amounts increased by 12.8 million from 2012 to 2013, partially due to a new issue of $10 million in debt to pay a legal judgment.

In 2004, a $57.4 million debt increase funded construction of the community health building and the fairgrounds exposition center, as well as park acquisitions.

Although Long-Term Long Debt per capita increased $26 in 2013, the overall trend for 10 years is a decrease from $426 in 2004 to $337 in 2013.
Debt Service Costs

Description
This includes expenditures for retirement of long term debt from the governmental funds. This does not include retirements of special assessment bonds, short term debt, or proprietary fund debt. High or increasing amounts of debt service can become a factor in bond ratings and can also encumber cash available for ongoing operating expenditures.

Warning Trend: High or increasing amounts of debt service.

Clark County Trend: Mixed

Source:
Clark County Comprehensive Annual Financial Report (CAFR)

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>Debt Service (in $1,000s)</td>
<td>11,482</td>
<td>14,984</td>
<td>13,759</td>
<td>13,214</td>
<td>13,141</td>
<td>13,215</td>
<td>12,979</td>
<td>13,146</td>
<td>13,789</td>
<td>13,429</td>
</tr>
</tbody>
</table>

Highlights:
Debt service cost decreased from a high of $15.0 million in 2005 to $13.0 million in 2010 and has remained fairly stable since then.

In 2005, $57.0 million in general obligation bonds were issued, which resulted in substantially higher debt service payments during that time.
Overlapping Debt Per Capita

Description
This includes general obligation bonds for all taxing districts in Clark County, as well as bond anticipation notes and long term loans within the County’s governmental funds. It does not include the County’s proprietary fund debt, contracts payable, capital leases, special assessment bonds, or long term compensation payables. At some point, high levels of overlapping debt will strain taxpayers ability and willingness to pay more. This will make future levies and bonds requiring voter approval difficult to pass.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Overlapping Debt (in $ millions)</th>
<th>Overlapping Debt Per Capita (in $)</th>
<th>County Debt as % of Total Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>903.0</td>
<td>2,356</td>
<td>16.6%</td>
</tr>
<tr>
<td>2005</td>
<td>971.5</td>
<td>2,481</td>
<td>16.9%</td>
</tr>
<tr>
<td>2006</td>
<td>959.5</td>
<td>2,378</td>
<td>16.3%</td>
</tr>
<tr>
<td>2007</td>
<td>991.8</td>
<td>2,390</td>
<td>15.2%</td>
</tr>
<tr>
<td>2008</td>
<td>1,016.1</td>
<td>2,395</td>
<td>15.5%</td>
</tr>
<tr>
<td>2009</td>
<td>1,048.5</td>
<td>2,432</td>
<td>14.2%</td>
</tr>
<tr>
<td>2010</td>
<td>1,043.3</td>
<td>2,453</td>
<td>13.6%</td>
</tr>
<tr>
<td>2011</td>
<td>1,008.7</td>
<td>2,357</td>
<td>14.1%</td>
</tr>
<tr>
<td>2012</td>
<td>974.2</td>
<td>2,259</td>
<td>13.7%</td>
</tr>
<tr>
<td>2013</td>
<td>858.8</td>
<td>1,972</td>
<td>12.9%</td>
</tr>
</tbody>
</table>

Highlights:
Overlapping debt per capita increased in 2005, decreased by 4.0% in 2006, and had small annual increases until 2010. Over the ten years, overlapping debt per capita ranged from $1,972 to $2,481, with the lowest overlapping debt per capita occurring in 2013.

At December 31, 2013, school districts account for 57% of total overlapping debt, cities for 16.8%, and the County for 12.9%. The remaining debt belongs to fire districts, port districts, and libraries.

Total overlapping debt has been decreasing each year from 2009 to present.
Population of Cities and County

Description:
Changes in population can directly affect the County’s revenues, such as property tax collections and cost of services. Population level indirectly relates to such issues as employment, income, and property value. An increasing population is generally considered positive. Fiscal hardship can occur as a result of rapid increases or decreases in population. It may be fiscally difficult to react to service level changes as a result of a sudden change in population.

Warning Trend:
Rapid Change in population

Clark County Trend: Positive

Formula:
Population of the unincorporated areas in Clark County and the population of incorporated cities including Battle Ground, Camas, La Center, Ridgefield, Vancouver, Washougal, part of Woodland and Yacolt.

Source:
Based on census, if available, or as estimated by the Washington Office of Financial management as of April 1 of the year reported

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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cities</td>
<td>198,650</td>
<td>202,545</td>
<td>207,410</td>
<td>213,865</td>
<td>217,370</td>
<td>220,785</td>
<td>222,024</td>
<td>223,390</td>
<td>225,365</td>
<td>227,790</td>
</tr>
<tr>
<td>Unincorporated County</td>
<td>184,650</td>
<td>188,955</td>
<td>196,090</td>
<td>201,135</td>
<td>206,830</td>
<td>210,415</td>
<td>203,339</td>
<td>204,610</td>
<td>205,885</td>
<td>207,710</td>
</tr>
<tr>
<td>County as a % of Total</td>
<td>48.2%</td>
<td>48.3%</td>
<td>48.6%</td>
<td>48.5%</td>
<td>48.8%</td>
<td>48.8%</td>
<td>47.8%</td>
<td>47.8%</td>
<td>47.7%</td>
<td>47.7%</td>
</tr>
<tr>
<td>% Change in Unincorporated Population</td>
<td>2.68%</td>
<td>2.33%</td>
<td>3.78%</td>
<td>2.57%</td>
<td>2.83%</td>
<td>1.73%</td>
<td>-3.36%</td>
<td>0.63%</td>
<td>0.62%</td>
<td>0.89%</td>
</tr>
</tbody>
</table>

Highlights:
Population in unincorporated areas of Clark County has grown by 1.3% annually on average over the last 10 years. Total County population has average annual growth of 1.4% in the same period.

Population in the entire county has grown by 13.6% in the ten years since 2004. The population in the incorporated areas grew faster at 14.7% while the population of the unincorporated areas of Clark County grew only 12.5% over the same 10-year period.

In comparison, the populations of other counties within the Portland Metro Area, Oregon’s Washington, Multnomah, and Clackamas counties, grew 14.7%, 10.3%, and 8.4% respectively, over the last 10 years.
Median Household Income

Description:
Median household income is one measure of the County’s residents ability to pay taxes. Generally, the higher the median household income the more sales taxes and business taxes that the County generates. A decline in median household income results in a loss of consumer purchasing power that can result in lower sales taxes generated by the County.

Warning Trend:
Decline in the level, or growth rate, of median household income adjusted for inflation.

Clark County Trend: Negative

Formula:
For a geographic area, the “median” household income is determined by a standard distribution to be the income in which one-half are lower and one-half are higher.

Source:
Based on census, if available, or as estimated by the Washington Office of Financial Management. Updated February 1, 2013.

<table>
<thead>
<tr>
<th>Year</th>
<th>Clark County Median Household Income ($)</th>
<th>Clark County Median Household Income ($) - Adjusted</th>
<th>Washington State Median Household Income ($)</th>
<th>Washington State Median Household Income ($) - Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>51,706</td>
<td>53,358</td>
<td>55,702</td>
<td>58,950</td>
</tr>
<tr>
<td></td>
<td>63,702</td>
<td>64,083</td>
<td>65,227</td>
<td>66,556</td>
</tr>
<tr>
<td></td>
<td>54,690</td>
<td>55,076</td>
<td>57,675</td>
<td>56,971</td>
</tr>
<tr>
<td></td>
<td>67,378</td>
<td>66,146</td>
<td>67,537</td>
<td>64,320</td>
</tr>
</tbody>
</table>

Highlights:
Median household income in Clark County dropped from $56,054 in 2012 to $54,643 in 2013. Adjusted for inflation, median household incomes dropped from $57,455 to $54,643 over the same period.

Adjusted for inflation, median household incomes have decreased in both Clark County and the State of Washington in the last ten years by 14.2% and 13.0% respectively.

Clark County actual median income has increased slightly, 5.7%, over the last 10 years. Washington state’s actual median income increased 7.1% in the last 10 years. Clark County actual median income has been lower than Washington State median income for nine of the last 10 years.
Registered/Participating Voters

Description:

Electoral participation in the general election indicates that the level of engagement and interest of the community in the political process. It is usually higher in the presidential election years.

Warning Trend:
Decline in the percentage of votes cast in a general election compared to total registered voters.

Clark County Trend: Mixed

Formula:
\[
\frac{\text{Total General Election Votes Cast}}{\text{Registered Voters in General Elections}}
\]

Source:
Clark County Elections Office

<table>
<thead>
<tr>
<th>Year</th>
<th>Registered Voters in General Election</th>
<th>Votes Cast in General Election</th>
<th>% of Registered Voters Casting Ballots</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>207,611</td>
<td>172,277</td>
<td>83.0%</td>
</tr>
<tr>
<td>2005</td>
<td>194,211</td>
<td>101,149</td>
<td>52.1%</td>
</tr>
<tr>
<td>2006</td>
<td>189,269</td>
<td>116,505</td>
<td>61.6%</td>
</tr>
<tr>
<td>2007</td>
<td>188,946</td>
<td>81,866</td>
<td>43.3%</td>
</tr>
<tr>
<td>2008</td>
<td>216,508</td>
<td>184,688</td>
<td>85.3%</td>
</tr>
<tr>
<td>2009</td>
<td>215,626</td>
<td>93,915</td>
<td>43.6%</td>
</tr>
<tr>
<td>2010</td>
<td>219,616</td>
<td>149,045</td>
<td>67.9%</td>
</tr>
<tr>
<td>2011</td>
<td>226,530</td>
<td>148,877</td>
<td>67.9%</td>
</tr>
<tr>
<td>2012</td>
<td>243,155</td>
<td>193,502</td>
<td>79.6%</td>
</tr>
<tr>
<td>2013</td>
<td>246,865</td>
<td>92,863</td>
<td>37.6%</td>
</tr>
</tbody>
</table>

Highlights

Odd year elections generally have lower turnout than even years when there are national issues on the ballot. The 2013 General Election had the lowest percentage turnout of registered voters in the last 10 years at 37.6%. The number of votes cast decreased 52.0% from the 2012 presidential election.

The pattern of voter participation has been fairly consistent over the last 10 years with the highest turnout in the presidential elections, as illustrated in the chart above for years 2004, 2008, and 2012.

In the past ten years, the number of registered voters in Clark County has increased by 18.9%, increasing from 207,611 to 246,865.
Assessed Property Values

Description:
The valuation of all real property located in Clark County as determined by the Clark County Assessor. This does not include real property owned by state and local governments, schools, fire districts, and other exempt organizations. A decline or diminished growth rate in real and personal property values may indicate a potential reduction in property tax revenues.

Warning Trend:
Decline in the assessed property values.

Clark County Trend: Mixed

Formula:
Total real and personal property tax assessments minus assessed valuations exempt from taxation.

Source:
Clark County Assessors Office

Highlights:
The highest County total assessed real and personal property value was approximately $47.0 billion in 2007. Since 2007, total Clark County taxable assessed valuations have declined approximately 16.9% from $47.0 billion to $39.0 billion.

Since 2007, in unincorporated Clark County, taxable assessed real and personal property valuations have declined 20.9% from a high of $23.1 billion to $18.3 billion.

From 2012 to 2013, unincorporated Clark County actual taxable assessed real and personal property valuations increased 3.1%. 

<table>
<thead>
<tr>
<th>Year</th>
<th>County-Wide</th>
<th>Unincorporated Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>28,847</td>
<td>14,169</td>
</tr>
<tr>
<td>2005</td>
<td>33,456</td>
<td>16,820</td>
</tr>
<tr>
<td>2006</td>
<td>41,937</td>
<td>20,945</td>
</tr>
<tr>
<td>2007</td>
<td>46,970</td>
<td>23,101</td>
</tr>
<tr>
<td>2008</td>
<td>45,894</td>
<td>22,537</td>
</tr>
<tr>
<td>2009</td>
<td>40,089</td>
<td>19,033</td>
</tr>
<tr>
<td>2010</td>
<td>36,686</td>
<td>17,543</td>
</tr>
<tr>
<td>2011</td>
<td>36,022</td>
<td>17,533</td>
</tr>
<tr>
<td>2012</td>
<td>35,570</td>
<td>17,707</td>
</tr>
<tr>
<td>2013</td>
<td>39,020</td>
<td>18,262</td>
</tr>
</tbody>
</table>
Residential & Commercial Development

Description:
Growth or decline of permits and the estimated value of the related residential or commercial construction is an indication of the economic vitality of the construction sector of the County’s economy.

Warning Trend:
Decline in residential and commercial development.

Clark County Trend: Mixed

Formula:
The number and value of building permits issued by Clark County’s Building & Code Division of the Department of Community Development. Includes estimated value of construction at the time of application. Does not include the cost of land or actual cost of development.

Source:
Clark County Community Development

Highlights:
The number of residential permits processed increased 160.9% since 2011 to 908. However, that is still 61.8% below the highest year covered by this report (2004—2,379 permits).

The number of commercial permits processed increased 8.9% to 306 since 2011, which is 29.3% below the highest year covered by this report (2005—433 permits).

During the last ten years, the estimated value of commercial buildings permitted has been volatile with valuations trending downward. In 2012 valuations increased slightly from 2011 (7.0%) and in 2013 valuations increased significantly over 2012 (98.7%).
Community Employment

Description:

The unemployment rate and number of jobs in the community make up the employment base. A growing employment base will help to provide a cushion against economic downturn in individual business categories. A decline in employment base can indicate the early signs of an overall decline in economic activities and a decline in government revenues.

Warning Trend:
Increasing rate of local unemployment or a decrease in the number of jobs in the community

Clark County Trend: Mixed

Formula:
Local unemployment rate and the number of jobs in Clark County.

Source:

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</tr>
</thead>
<tbody>
<tr>
<td>Clark County Unemployment Rate</td>
<td>6.3%</td>
<td>5.0%</td>
<td>4.5%</td>
<td>5.5%</td>
<td>10.4%</td>
<td>14.7%</td>
<td>13.3%</td>
<td>9.3%</td>
<td>8.3%</td>
<td>7.4%</td>
</tr>
<tr>
<td>Washington State Unemployment Rate</td>
<td>5.9%</td>
<td>5.1%</td>
<td>4.8%</td>
<td>4.7%</td>
<td>7.0%</td>
<td>10.3%</td>
<td>9.6%</td>
<td>8.7%</td>
<td>7.6%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Portland Metro Area Unemployment Rate</td>
<td>6.1%</td>
<td>4.9%</td>
<td>4.4%</td>
<td>4.7%</td>
<td>8.2%</td>
<td>10.8%</td>
<td>9.7%</td>
<td>8.2%</td>
<td>7.4%</td>
<td>7.3%</td>
</tr>
<tr>
<td>% of County Workforce with Jobs in Clark County</td>
<td>65.5%</td>
<td>65.9%</td>
<td>66.8%</td>
<td>66.1%</td>
<td>66.4%</td>
<td>68.4%</td>
<td>67.3%</td>
<td>65.9%</td>
<td>67.5%</td>
<td>68.5%</td>
</tr>
</tbody>
</table>

Highlights:

The unemployment rate in the County decreased from 8.3% in 2012 to 7.4% in 2013. The number of unemployed decreased 13.5% in 2013 to 15,100 from 17,450 in 2012. Over the past 10 years, this trend has been negative. However, for the last 4 years, the trend has been positive.

In the last ten years, the number of jobs in Clark County has increased by 5.8% from 122,800 to 129,922.

The 2013 Clark County unemployment rate of 7.4% is higher than the State of Washington rate of 6.5% and about the same as the Portland Metro unemployment rate of 7.3%.

The percentage of the County’s civilian workforce employed in Clark County has improved slightly the last ten years from 65.5% to 68.5% in 2004 and 2013, respectively.
Taxable Sales of Goods and Services

Description:

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

Warning Trend:
Decline in Adjusted Taxable Sales of Good and Services

Clark County Trend: Mixed

Formula:
The value of transactions involving the sale and purchase of taxable goods and services and includes use tax values. It excludes nontaxable transactions.

Source:
Washington Department of Revenue; Historical statistics updated July 28, 2013

Highlights:

Since 2004, use tax decreased 27.5% while purchases subject to sales tax increased 26.5%.

After several years of decline, retail sales and use transactions in unincorporated Clark County have increased year over year for the last 4 years (24.2% total increase since 2009, 8.9% increase in 2013 over 2012).

After adjusting for inflation, the taxable sales of good and services in unincorporated Clark County have declined over the last 10 years by 18.2%.