



C-TRAN

**Clark County
Public Transportation
Benefit Area**

**2015 Comprehensive
Annual Financial Report**

Fiscal Year Ended December 31, 2015

Comparative Financial Results for the
Fiscal Year Ended December 31, 2014

Clark County, Washington

www.c-tran.com



Clark County Public Transportation Benefit Area
Clark County, Washington

2015 Comprehensive Annual Financial Report

Report Prepared By Finance and Budget Department
For the Fiscal Year Ended December 31, 2015

Comparative Financial Results for the
Fiscal Year Ended December 13, 2014





COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended December 31, 2015

Comparative Financial Results for the Fiscal Year Ended December 31, 2014

TABLE OF CONTENTS

 Introduction	Page
Letter of Transmittal	1
Certificate of Achievement	16
Organizational Chart.....	17
Directory of Officials	18
  Financial	
Independent Auditor's Report	19
Management Discussion and Analysis	22
Basic Financial Statements:	
Comparative Statement of Net Position	32
Comparative Statement of Revenues, Expenses, and Changes in Net Position	33
Comparative Statement of Cash Flows	34
Notes to Financial Statements	36
Required Supplementary Information.....	59
  Statistical	
Statistical Section.....	62
Net Position	63
Changes in Net Position	64
Taxable Sales by Category	65
Direct and Overlapping Sales Tax Rates	66
Demographic and Economic Statistics	67
Principal Employers.....	68
Operating Information.....	69





Introduction



June 24, 2016

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, 2015. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the PTBA. In order to meet this responsibility, management of the PTBA has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of the PTBA's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh the benefits, the PTBA's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of material misstatements. To the best of my knowledge and belief, the financial statements are accurate in all material respects and are reported in a manner designed to fairly present the financial position and the results of operations of the PTBA. All disclosures necessary to enable the reader to gain an understanding of the PTBA's financial activities have been included.

This CAFR was prepared under the guidelines of Government Accounting Standards Board (GASB) Statements, which provide, among other requirements, for a statement of Net Position. The Management Discussion and Analysis (MD&A) on page 22 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, 2015, 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 unmodified opinion that the PTBA's financial statements for the fiscal year-ended December 31, 2015, are fairly presented in conformity with GAAP. The State Auditor's Report is presented on page 19. The independent audit of the financial statements of the PTBA was part of a broader, federally-mandated, single audit designed to meet the special needs of the federal grantor agency, the Federal Transit Administration (FTA) of the U.S. Department of Transportation. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements but also on the audited government's internal controls in compliance with the legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the PTBA's Single Audit Report.

PROFILE OF THE PTBA

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

The PTBA uses a fleet of 108 vehicles to provide Fixed Route service on 453.8 route miles and 52 vehicles to provide demand response paratransit service within the Vancouver Urban Growth Boundary and the cities of Battle Ground, Camas, and Washougal. The PTBA also utilizes a fleet of 51 vehicles to provide vanpool service for customers originating, or ending, in Southwest Washington. In addition, the PTBA provides a Connector Service in the cities of Camas, Ridgefield, and La Center using a mixture of vehicles from the above-referenced fleets.

The PTBA is governed by a Board of Directors whose membership is comprised of elected officials from the local general purpose governments and one labor representative. See Note 1A, page 36, for further details of its governing structure. The PTBA has separate legal standing from other local governments and is also fiscally independent of them.

The PTBA's operation is accounted for under a single enterprise fund, which uses the same accrual accounting method as private enterprise. Under revenue recognition and matching principles of the accrual accounting method, revenues are recorded when earned, and expenses are recorded as soon as they result in liabilities for the benefits provided. Note 1B, page 37, provides further details of accounting policies.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

The local economy continued to experience slow, but steady, economic improvement in 2015. At 6.4 percent in 2015, Clark County's average unemployment rate remains higher than the state average of 5.7 percent and is 2.1 percent higher than neighboring Multnomah County's rate of 4.3 percent in December 2015. However, while the local unemployment rate is still high, it has dropped about 1.4 percent compared to the average for 2014.

Clark County's population at the time of the 2010 census was 425,363. The population is now estimated to be 451,820, representing a 6.2 percent increase over the 2010 census and securing Clark County's position as the fifth largest county in the state. The PTBA boundary area is smaller than the county's, with the population in the PTBA estimated to be 383,770.

The PTBA's main source of revenue is sales tax, which also serves as an economic barometer. Construction and retail sales are primary drivers for tax revenue and showed growth in 2015. In addition, over the past year, the Consumer Price Index for Urban Wage Earners in Portland-Salem, OR-WA, increased 1.2 percent.

In construction, Clark County saw a 30 percent increase in permits issued for single family homes in 2015 compared to 2014. In addition, the median home sale price increased by approximately 11 percent, going from \$245,600 in December 2014 to \$272,500 in December 2015.

Taxable retail sales for Clark County showed a growth of approximately 13.7 percent in 2015. In addition to construction related activities, the top five contributors to this growth include an increase in sales for accommodations and food services, general merchandise stores, motor vehicle and auto parts sales, and wholesale trade.

Long-Term Financial Planning

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

"C-TRAN 2030" called for an increase in revenues equivalent to an additional 0.5 percent sales tax. The increase would fund Fixed Route bus service improvements, anticipated growth of C-TRAN's paratransit service, and introduce High Capacity Transit (HCT) to C-TRAN's system, including both the Columbia River Crossing (CRC) light rail

operating costs, and the operating and capital costs for the Fourth Plain Bus Rapid Transit (BRT) Project. The introduction of BRT leverages the hours available for Fixed Route bus service currently assigned to service along the Fourth Plain corridor, for possible reinvestment.

The Board of Directors took action on the first phase of the plan by placing a funding measure on the November 8, 2011, general election ballot asking voters to approve an additional 0.2 percent sales tax increase to preserve Fixed Route bus and paratransit service levels. The measure was approved by voters. The following year, the C-TRAN Board of Directors placed a funding measure on the general election ballot asking voters to approve a 0.1 percent sales tax increase to fund HCT. The 0.1 percent increase was intended to fund operations and maintenance costs for operating light rail into Downtown Vancouver as part of the CRC Project, and for operating and capital costs for the BRT Project. The ballot measure was not approved by the voters. In 2013, the Washington State Legislature did not approve State funding for the CRC Project, and subsequently, work on the project was stopped.

In response to these events, the C-TRAN Board of Directors will revisit “C-TRAN 2030” and revise the agency’s long-term vision in the next year.

Areas of Focus

Adopted on December 9, 2014, the 2015-2016 Biennial Budget lays the groundwork for the update of “C-TRAN 2030” and was developed around four principle areas of focus:

- **Safety, Security and Compliance:** This area focuses on safety and security initiatives designed to make C-TRAN safer to riders, citizens, and employees and to position the agency to be ahead of new safety regulations to be promulgated by the FTA pursuant to Moving Ahead for Progress in the 21st Century (MAP-21).
- **Efficiency, Reliability, Performance:** This area is about C-TRAN’s mission to provide reliable and efficient mobility choices. It includes an emphasis on the agency’s long term planning, as well as focusing on building operational efficiencies, and investing in passenger amenities and services to enhance reliability, convenience, and performance.
- **State of Good Repair:** This area addresses the Agency’s aging equipment and infrastructure and makes investments in maintaining these items in a state of good repair and modernizing for greater efficiency.
- **BRT Construction and Implementation:** This area focuses on activities necessary for the construction and implementation of C-TRAN’s BRT Project. Construction activities started in 2015 and are expected to complete late 2016/early 2017.

Projects

As part of these areas of focus, the Board of Directors approved a number of noteworthy projects to move forward in 2016. A few of these projects include:

- Enhance security and compliance by upgrading surveillance equipment at passenger facilities. Significant capital investments are planned in 2016 as part of maintaining C-TRAN infrastructure and equipment in a state of good repair and for modernizations.
- Complete a major review and update of “C-TRAN 2030”.
- Complete an Operations Efficiency Analysis that will include redeployment of service hours associated with anticipated savings coming from implementation of the BRT project and address service hour deficiencies resulting from an improving economy that has worsened traffic conditions that cut into service reliability and performance.
- Invest in passenger amenities and services to enhance reliability, convenience, and performance including:
 - Vanpool expansion;
 - Bus stop safety, streamlining, and rehabilitation Phase V (downtown Vancouver);
 - Expanded parking at the Fisher’s Landing Transit Center
 - Online pass sales;
 - Instant chaining for C-VANs; and
 - Travel Training and Way Finding enhancements.
- Purchase replacement fare box equipment and related software, including technology enhancements for an electronic fare system in partnership with TriMet.
- Purchase replacement Fixed Route, Demand Response, and Vanpool vehicles for aging equipment that has exceeded the useful life. Also, purchase some expansion vehicles for Demand Response and Vanpool to address service needs.
- Proceed with construction phase of the BRT Project, including purchase of articulated buses for BRT service and related maintenance facility and operations base south lot improvements.

PERFORMANCE INDICATORS

Over the last five years, significant changes have occurred which have affected the PTBA’s ability to provide service:

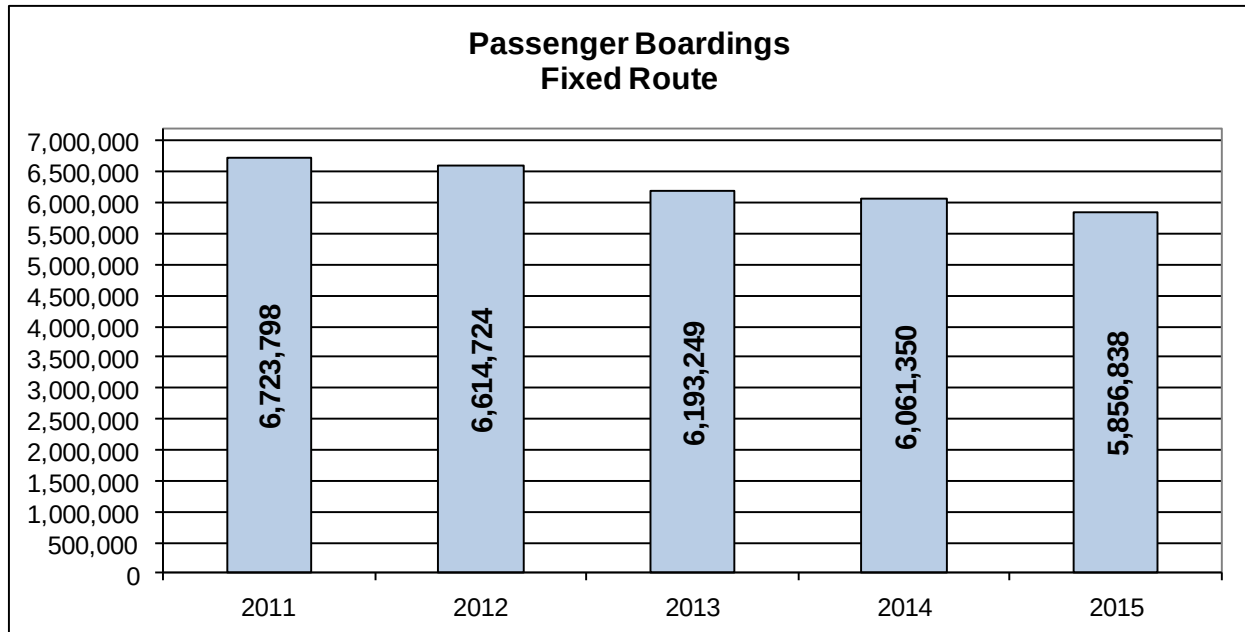
- Voter approval in 2011 of a 0.2 percent sales tax increase, bringing the PTBA's sales tax funding to 0.7 percent effective April 1, 2012;
- Small, regular fare increases in September 2011, September 2012, September 2013, September 2014 and September 2015;
- Changes in ridership due to fare increases, service adjustments, fuel prices, and loss of jobs due to the recessionary economy;
- Consumption of available service hours for costly, mandatory paratransit service; and
- A 43 percent decrease in diesel fuel prices from a 2011 average of \$3.12 per gallon to a 2015 average of \$1.77 per gallon.

The effect of these changes can be seen in the performance indicators commonly used by transit agencies.

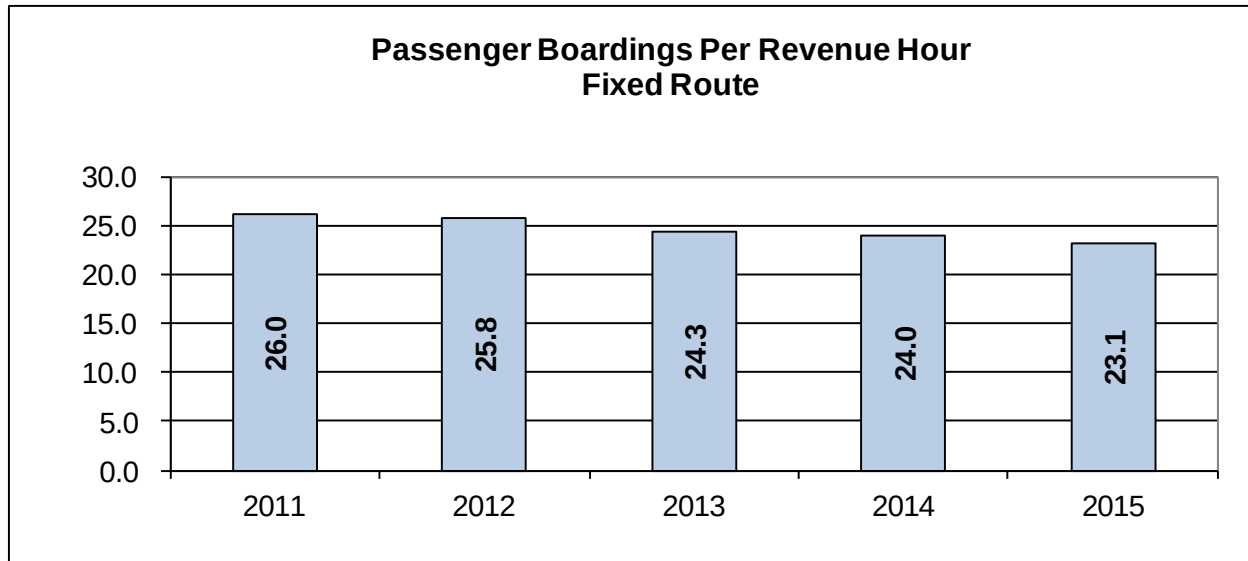
Fixed Route Services

The following graphs show the performance of Fixed Route service for years 2011 through 2015. This service is defined as transit services that are provided on a repetitive fixed schedule basis along a specific route with vehicles stopping to pick up and deliver passengers to specific locations. Each Fixed Route trip serves the same origins and destinations.

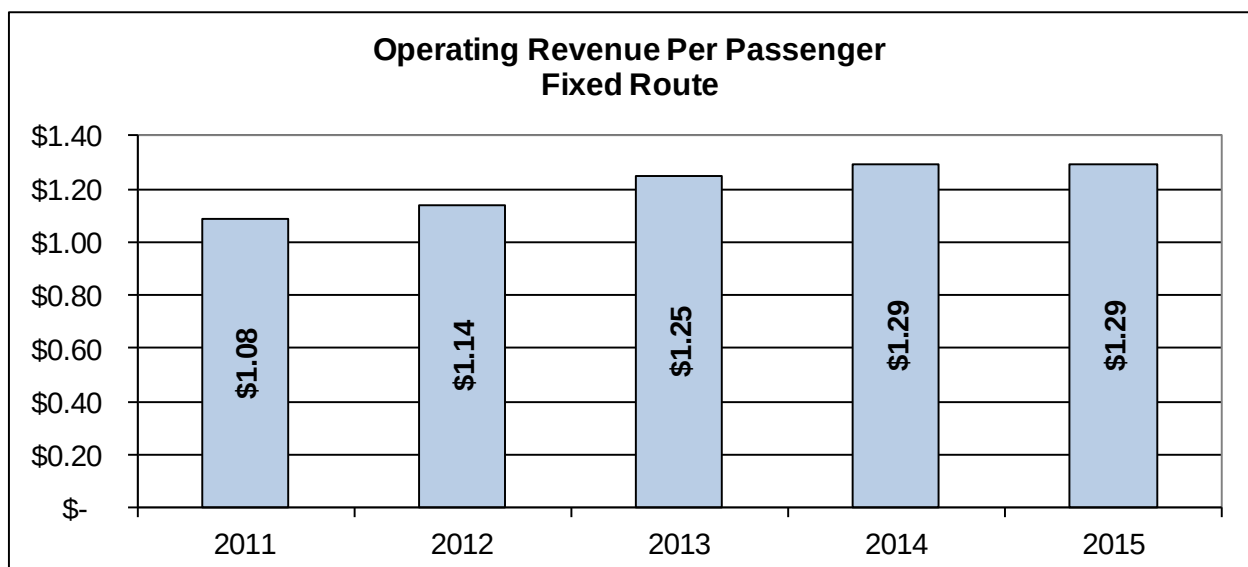
Total Passenger Boardings for Fixed Route is the first performance indicator. In 2015, Passenger Boardings decreased by approximately 3.3 percent. This decrease is influenced by factors such as decreases in gas prices, weather, and a slowly growing economy. In addition, in 2013 C-TRAN received Federal Transit Administration (FTA) approval to move from a FTA prescribed statistical sample methodology for calculating passenger boardings, to a new methodology using actual counts from automated passenger counter equipment on board buses. This change in the calculation of passenger boardings contributes to the differential when comparing 2011 and 2012 to 2013, 2014, and 2015.



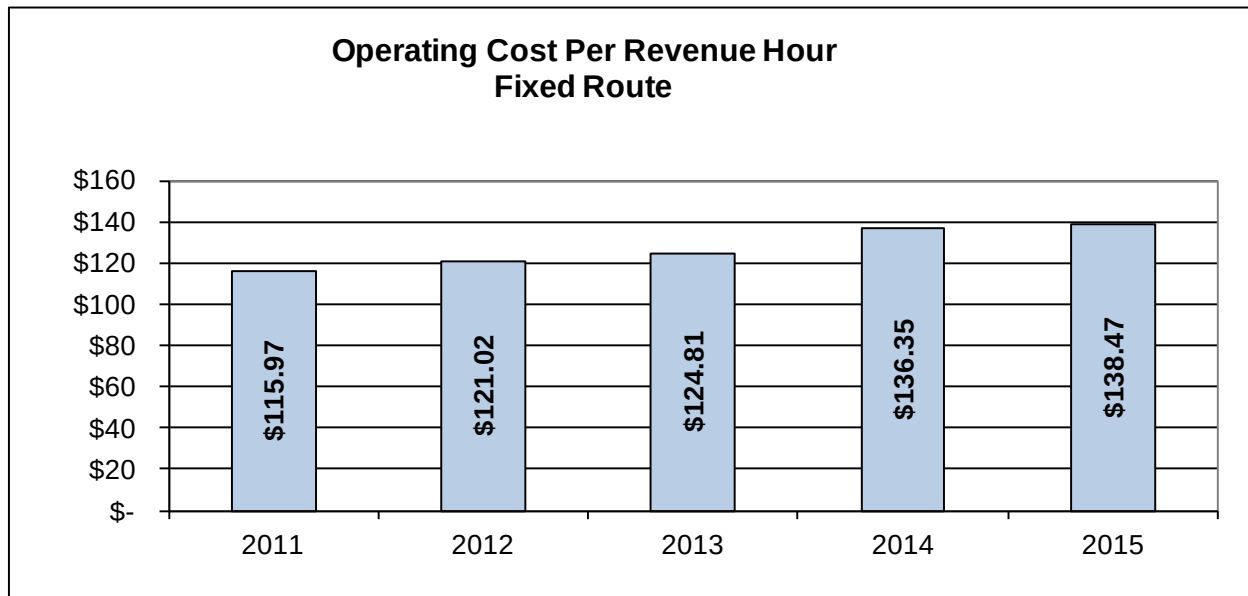
Passenger Boardings Per Revenue Hour is another standard performance indicator widely used by transit agencies. The PTBA uses this ratio to identify lower performing routes and to make service level decisions. In 2015, this ratio decreased due to the decline in passenger boardings while revenue hours remained consistent with 2014.



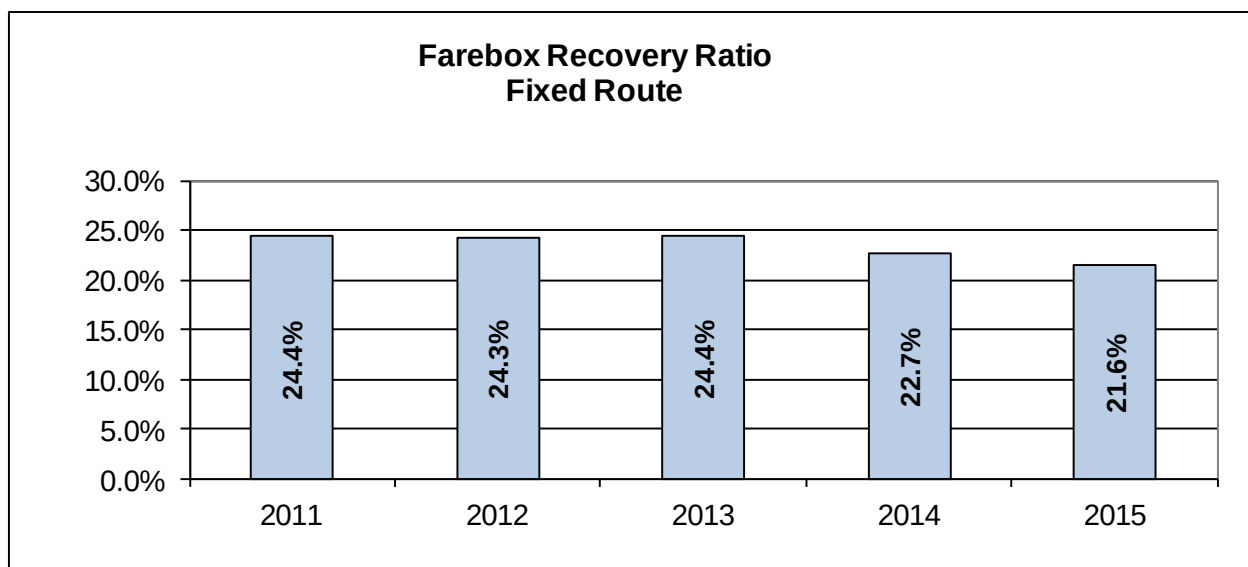
In 2015, the Operating Revenue Per Passenger ratio did not change. This is the result of both operating revenue and passenger boardings decreasing by a similar percentage. Therefore, it can be inferred that the fare increases that took place in September 2014 and 2015 were offset by the decline in passenger boardings and that passengers used purchased bus passes more efficiently.



Operating Cost Per Revenue Hour increased about 1.6 percent in 2015. This was caused by a less than 0.2 percent increase in total annual revenue hours, combined with a 1.7 percent increase in operating costs (net of depreciation). The growth in operating costs are the product of inflation and the growth in the cost of wages and benefits, offset by a higher level of indirect costs being shared with the C-VAN and Vanpool modes.

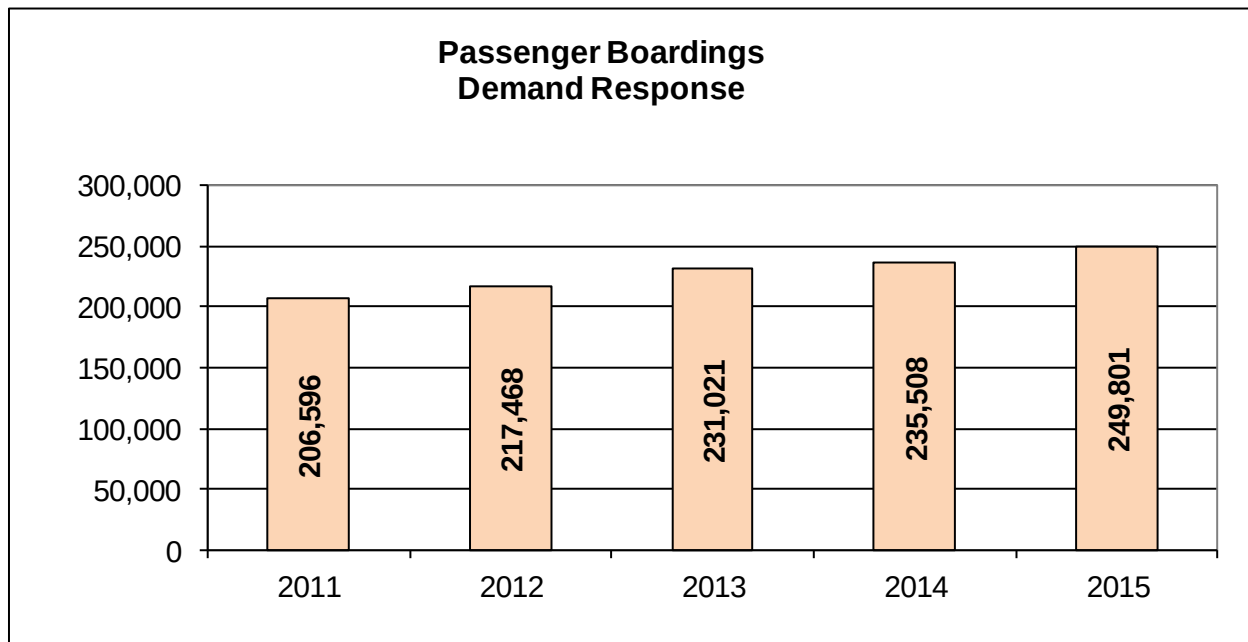


The Fare box Recovery Ratio is calculated by taking operating revenue divided by operating costs. In 2015, the Fare box Recovery Ratio decreased by 5.1 percent due to the increase in operating costs and the decrease in operating revenue.

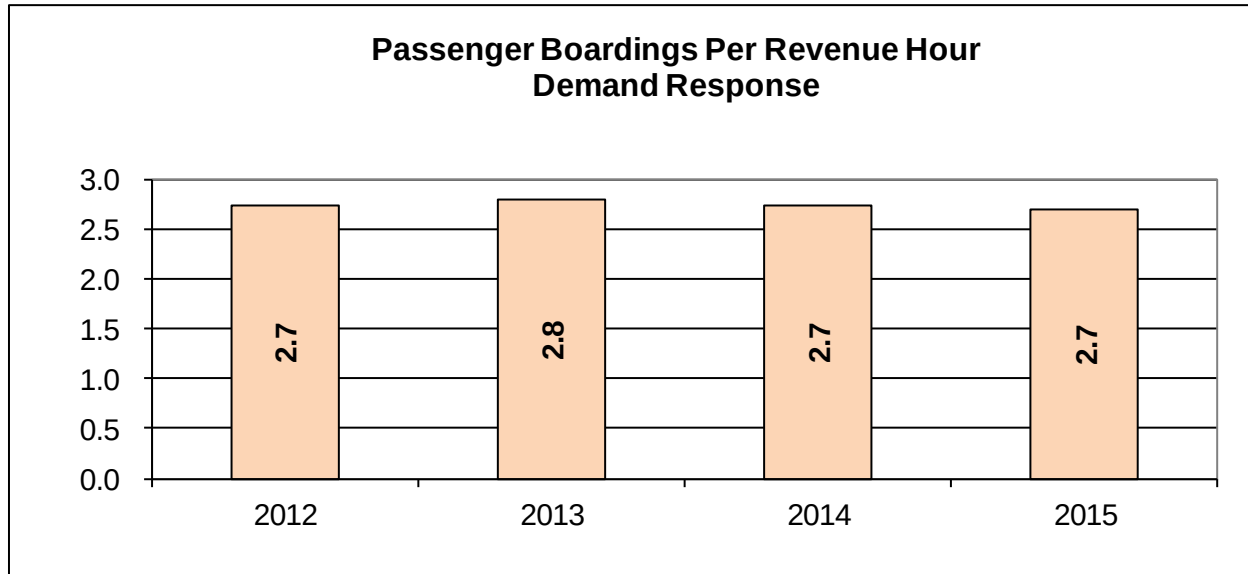


Demand Response Service

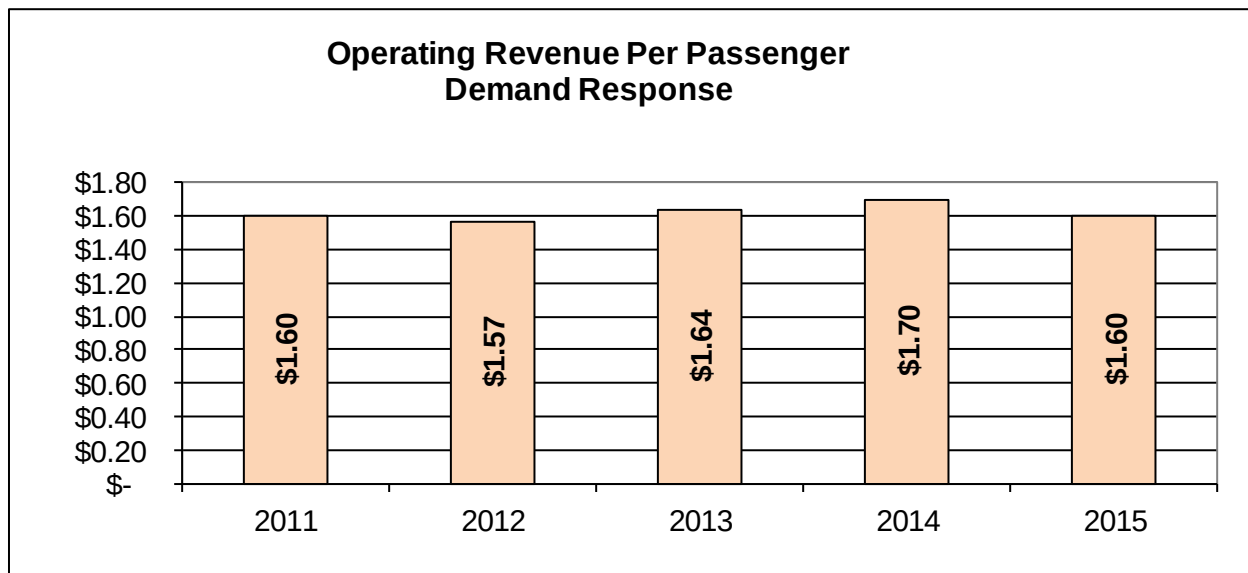
Demand Response is comprised of passenger cars, vans, or small buses operating in response to calls from passengers, or their agents, to the transit operator who then dispatches a vehicle to pick up the passengers and transport them to their destinations. All fixed-route service providers are required to offer complementary ADA paratransit service which is not limited by budget but must be adequate to meet all demand without exception as mandated by the FTA. The following graphs show the same five previous performance indicators for Demand Response. Total Passenger Boardings increased 6.1 percent in 2015. This increase may be attributed to increased customer demand and due to an aging population.



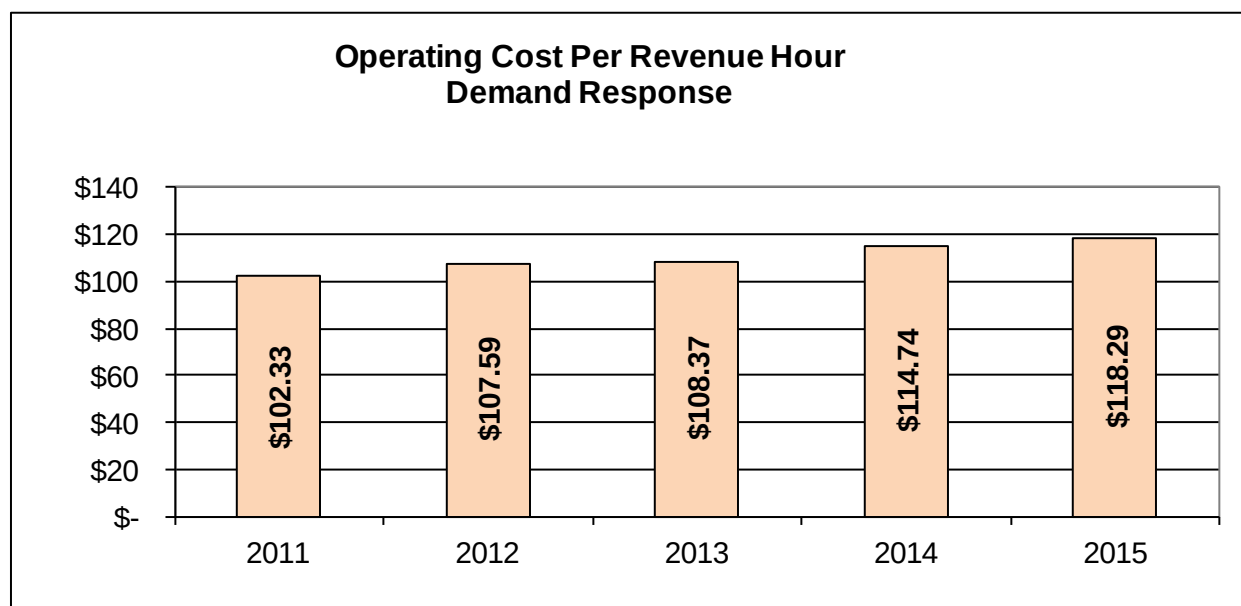
In 2015, Demand Response Boardings Per Revenue Hour remained consistent with prior years. This meets expectations, as there were no unusual changes in Demand Response scheduling.



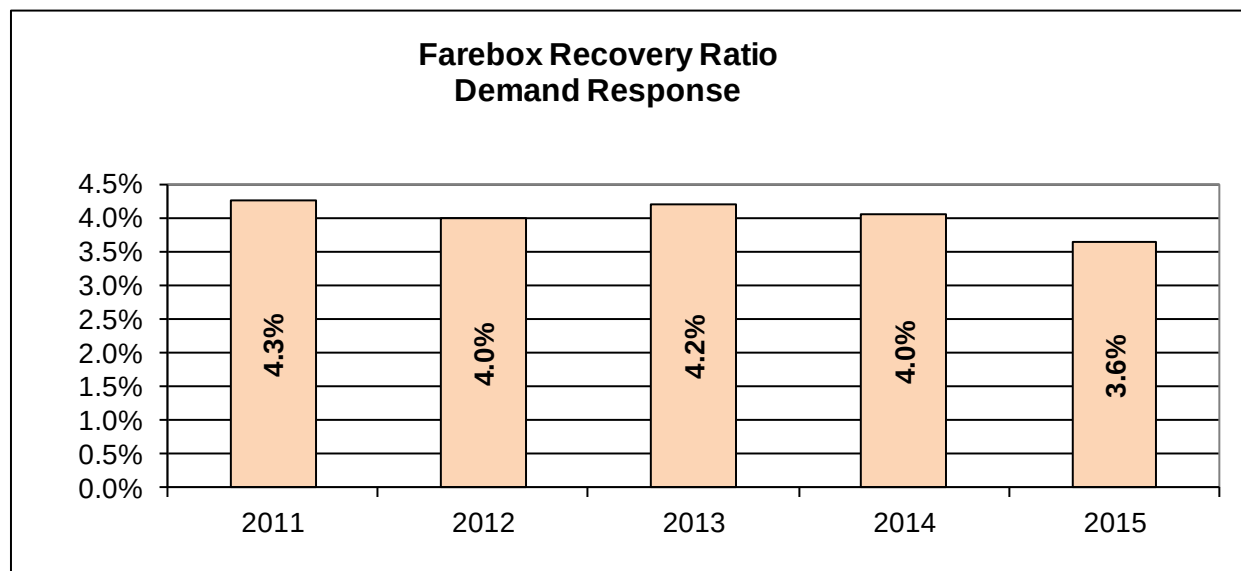
Demand Response Operating Revenue Per Passenger decreased approximately 5.9 percent in 2015. This decrease is the result of a 0.2 percent decline in operating revenue compared to the growth in passenger boardings. Increased boardings per pass served to offset the fare increases that took place in September 2014 and 2015.



Operating Cost Per Revenue Hour increased 3.1 percent in 2015. This increase reflects an 11.1 percent growth in operating cost due to the growth in the service, inflation, and the growth in the cost of wages and benefits. The affect of the increase in costs to the operating cost per revenue hour is augmented by the 7.8 percent increase in revenue hours due to higher demand for the service.



The Fare box Recovery Ratio decreased 0.4 percent in 2015. This is due to operating expenses growing, while operating revenue decreased.



The PTBA anticipates the continued growth in demand for paratransit services as the local population ages. This could result in the eventual need to either restructure paratransit service or reduce Fixed Route service in order to accommodate the increased costs associated with the anticipated growth in demand. As part of the original planning process for the “2030 Plan”, a task force was convened to identify ways of containing costs of the complementary ADA paratransit service. Several initiatives that came from this task force have already been implemented. These initiatives include more stringent screening processes for client eligibility certification, the provision of a Travel Training program, fare policy changes, purchase of smaller vehicles, implementing Integrated Voice Recognition software to inform customers of a C-VAN’s estimated arrival, and moving to a two-day advanced scheduling, which assists in reducing no-shows and cancellations.

DISCUSSION OF FINANCIAL CHANGES

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

	YEARS ENDED					
	Dec. 31, 2015		Dec. 31, 2014		Dec. 31, 2013	
OPERATING REVENUE						
Passenger Fares	15.3	%	16.1	%	16.9	%
Other Transit Revenue	<u>0.7</u>		<u>0.7</u>		<u>0.7</u>	
TOTAL OPERATING REVENUE	<u>16.0</u>	%	<u>16.8</u>	%	<u>17.6</u>	%
OPERATING EXPENSES						
Operations	55.4	%	52.6	%	50.0	%
Maintenance	23.4		24.4		24.6	
Administration	12.6		12.0		12.7	
Depreciation	<u>8.6</u>		<u>11.0</u>		<u>12.7</u>	
TOTAL OPERATING EXPENSES	<u>100.0</u>	%	<u>100.0</u>	%	<u>100.0</u>	%
OPERATING LOSS	<u>84.0</u>	%	<u>83.2</u>	%	<u>82.4</u>	%
<u>NONOPERATING REVENUES (EXPENSES)</u>						
Sales Tax	86.2	%	77.8	%	76.6	%
Interest Income	0.2		0.3		0.4	
Other Nonoperating Revenue	0.1		0.2		0.1	
State Assistance	2.3		2.8		1.0	
Federal Assistance	9.5		9.7		9.3	
Contributions to Road Projects	(0.0)		(0.1)		(0.3)	
Gain/Loss on Sale of Asset	<u>(0.0)</u>		<u>(0.4)</u>		<u>0.0</u>	
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>98.3</u>	%	<u>90.3</u>	%	<u>87.0</u>	%
NET INCOME (Loss)	14.3	%	7.1	%	4.6	%
Capital Grants	<u>12.5</u>	%	<u>10.4</u>	%	<u>1.9</u>	%
CHANGE IN NET POSITION	<u>26.8</u>	%	<u>17.5</u>	%	<u>6.6</u>	%

	YEARS ENDED					
	Dec. 31, 2015		Dec. 31, 2014		Dec. 31, 2013	
OPERATING EXPENSES BY MODE:						
Fixed Route	75.7	%	78.0	%	78.2	%
Demand Response	23.1		21.3		21.1	
Vanpool	1.2		0.7		0.7	
Other Operating Expenses	<u>0.1</u>		<u>0.0</u>		<u>0.0</u>	
TOTAL OPERATING EXPENSES	<u>100.0</u>	%	<u>100.0</u>	%	<u>100.0</u>	%

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the PTBA for its Comprehensive Annual Financial Report (CAFR) for the fiscal year December 31, 2014. This was the 27th continuous year the PTBA has received this prestigious award. In order to be awarded a Certificate of Achievement, the PTBA published an easily readable and efficiently organized CAFR. This report satisfied both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

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

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

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

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

Sincerely,

Clark County PTBA

Jeff Hamm
Executive Director/CEO

Diane Coey O'Regan
Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

Clark County

Public Transportation Benefit Area

Washington

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

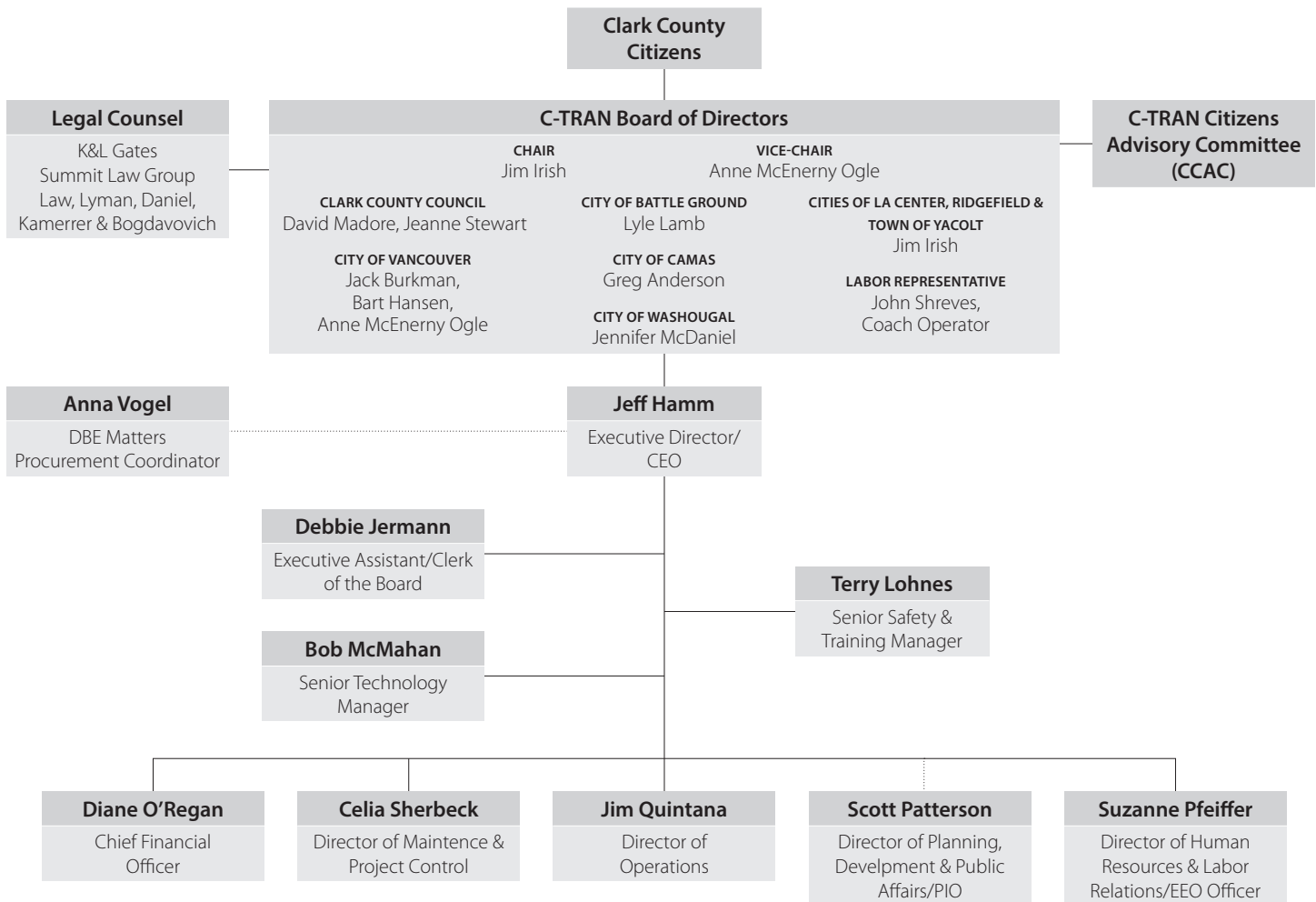
December 31, 2014

A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is fluid and cursive.

Executive Director/CEO

C-TRAN Organizational Chart

December 2015



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

<u>Board Member</u>	<u>Affiliation</u>	<u>Term</u>	<u>Expires</u>
Greg Anderson	Camas City Council	1 yr.	12/31/15
Jack Burkman	Vancouver City Council	1 yr.	12/31/15
Bart Hansen	Vancouver City Council	1 yr.	12/31/15
Jim Irish (Chair)	La Center Mayor	1 yr.	12/31/15
Lyle Lamb	Battle Ground City Council	1 yr.	12/31/15
David Madore	Clark County Council Chair	1 yr.	12/31/15
Jennifer McDaniel	Washougal City Council	1 yr.	12/31/15
Anne McEnerny-Ogle (Vice-Chair)	Vancouver City Council	1 yr.	12/31/15
John Shreves	Union Representative (Non-Voting)	1 yr.	12/31/15
Jeanne Stewart	Clark County Councilor	1 yr.	12/31/15

APPOINTED

Executive Director/CEO	Jeff Hamm
Executive Assistant/Clerk of the Board	Debbie Jermann
Chief Financial Officer	Diane O'Regan
Director of Maintenance & Project Control	Celia Sherbeck
Director of Operations	Jim Quintana
Director of Planning, Development & Public Affairs/PIO	Scott Patterson
Director of Human Resources & Labor Relations	Suzanne Pfeiffer
Legal Counsel	Aaron Millstein

MAILING ADDRESS

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

K&L Gates LLP
925 Fourth Avenue, Suite 2900
Seattle, WA 98104-1158



Financial





Washington State Auditor's Office

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

June 24, 2016

Board of Directors

Clark County Public Transportation Benefit Area, DBA as C-Tran
Vancouver, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of C-Tran, Clark County, Washington, as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the C-Tran, Clark County, Washington, as of December 31, 2015 and 2014, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As described in Note 1, during the year ended December 31, 2015, the Authority has implemented the Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 22 through 31 and pension plan information on pages 59 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated June 24, 2016, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the Authority's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on

compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in cursive script that reads "Troy X. Kelley". The signature is written in dark ink and is positioned above the printed name.

TROY KELLEY

STATE AUDITOR

OLYMPIA, WA

CLARK COUNTY PTBA

Management Discussion and Analysis

This section of the Clark County PTBA CAFR presents management's overview and analysis of the PTBA's financial performance for the fiscal year ended December 31, 2015. 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, 2015, by \$114,015,838. Of this amount, \$54,214,751 may be used to meet the PTBA's ongoing obligations to provide services to the public, including the capital program, and to meet the obligations of creditors. At December 31, 2014, assets exceeded liabilities by \$119,776,587, and \$65,996,049 of this amount could have been used to meet the PTBA's ongoing obligations.
- In 2015, the PTBA's total Net Position decreased by \$5,760,749. A net income of \$7,343,551 was augmented by capital contributions of \$6,382,371, but offset by the \$19,502,687 non cash adjustment to Net Position due to implementation of GASB 68. In 2014, total net position increased by \$8,728,397. A net income of \$3,508,590 was increased by capital contributions of \$5,219,807.
- The PTBA remained free of long-term debt in both 2015 and 2014.
- Sales tax revenues increased 13.2 percent compared to prior year. The increase was due primarily to the improved economic conditions in Clark County.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the PTBA's basic financial statements. The notes to the financial statements also contain more detail on some of the information presented in the financial statements. The financial statements report information about the PTBA using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Net Position presents information on all of the PTBA's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the PTBA is improving or deteriorating. The Statement of Revenues, Expenses, and Changes in Net Position present information showing how the PTBA's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are

recorded in this statement for some items that will only result in cash flows in future periods (for example, sales tax collected by merchants but not yet remitted to the PTBA).

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided within financial statements.

Financial Analysis

Overall, the financial position of the PTBA improved in 2015 with a \$13,725,922 increase to Net Position. However, at year-end 2015, assets exceeded liabilities by \$114,015,838 as compared to \$119,776,587 at the end of 2014. A decrease in net position would generally signify deterioration in base operations, but the overall decrease was due to the PTBA's implementation of GASB 68, which required a non-cash adjustment for unfunded pension liability of \$19,502,687.

Transit is a capital-intensive enterprise. In 2015, 52 percent of the net position was invested in capital assets with an additional 38 percent being held by the Board of Director's designation for the capital program. This compares to 2014, where 45 percent of the net position was invested in capital assets with an additional 31 percent being held for the capital program.

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

Statement of Net Position

	2015	2014	2013
Assets:			
Current Assets	\$82,526,404	\$74,364,593	\$66,300,467
Other Noncurrent Assets	44,305	44,305	26,993
Capital Assets (Net)	59,756,782	53,736,233	51,146,782
Total Assets	142,327,491	128,145,131	117,474,242
Deferred Outflows of Resources:			
Deferred Outflows-Pensions	2,822,935	0	0
Total Deferred Outflows of Resources	2,822,935	0	0
Liabilities:			
Current Liabilities	8,121,508	7,987,089	6,426,051
Noncurrent Liabilities	20,012,558	381,455	0
Total Liabilities	28,134,066	8,368,544	6,426,051
Deferred Inflows of Resources:			
Deferred Inflows-Pensions	3,000,522	0	0
Total Deferred Inflows of Resources	3,000,522	0	0
Net Position:			
Invested in Capital Assets	59,756,782	53,736,233	51,146,782
Restricted for Capital	44,305	44,305	26,993
Unrestricted	54,214,751	65,996,049	59,874,415
Total Net Position	\$114,015,838	\$119,776,587	\$111,048,190

The PTBA's net position increased by \$13,725,922 during 2015 (compared to an increase of \$8,728,397 during 2014). The following summary statement of revenues, expenses, and change in Net Position shows how the increase in net position occurred.

Statement of Revenues, Expenses, and Changes in Net Position

	2015	2014	2013
Operating Revenue:			
Passenger Fares	\$7,820,987	\$8,088,346	\$7,971,101
Other Transit Revenue	358,152	372,419	349,905
Total Operating Revenue	<u>8,179,139</u>	<u>8,460,765</u>	<u>8,321,006</u>
Nonoperating Revenues:			
Taxes	44,151,875	38,989,887	36,141,016
Interest Income	127,656	126,412	165,420
Non Capital Grants	6,048,683	6,268,883	4,845,588
Other (Net)	44,686	76,242	62,380
Total Nonoperating Revenues	<u>50,372,900</u>	<u>45,461,424</u>	<u>41,214,404</u>
Total Revenues	<u>58,552,039</u>	<u>53,922,189</u>	<u>49,535,410</u>
Operating Expenses:			
Operations	28,360,421	26,359,610	23,611,223
Maintenance	11,984,334	12,240,271	11,594,802
Administration	6,468,913	6,040,909	5,998,543
Depreciation	4,392,191	5,500,891	6,006,119
Total Operating Expenses	<u>51,205,859</u>	<u>50,141,681</u>	<u>47,210,687</u>
Nonoperating Expenses:			
Contributions to Road Projects	1,755	72,224	137,900
Gain/Loss on Sale of Asset	874	199,694	(1,426)
Total Nonoperating Expenses	<u>2,629</u>	<u>271,918</u>	<u>136,474</u>
Total Expenses	<u>51,208,488</u>	<u>50,413,599</u>	<u>47,347,161</u>
Net Income (Loss) Before Contributions	7,343,551	3,508,590	2,188,249
Capital Contributions - Federal	3,681,058	4,733,233	742,562
Capital Contributions - State	2,701,313	486,574	174,223
Change in Net Position	<u>13,725,922</u>	<u>8,728,397</u>	<u>3,105,034</u>
Total Net Position, Beginning	<u>119,776,587</u>	<u>111,048,190</u>	<u>108,341,945</u>
Changes in Accounting Principle	(19,502,687)	0	0
Prior Period Adjustment	16,016	0	(398,789)
Total Net Position, Ending	<u>\$114,015,838</u>	<u>\$119,776,587</u>	<u>\$111,048,190</u>

Revenues

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

	<u>2015</u> <u>AMOUNT</u>	<u>PERCENT</u> <u>OF TOTAL</u>		<u>2014</u> <u>AMOUNT</u>	<u>PERCENT</u> <u>OF TOTAL</u>	<u>INCREASE</u> <u>(DECREASE)</u>	<u>PERCENT</u> <u>INCREASE</u> <u>(DECREASE)</u>
Operating Revenue	\$ 8,179,139	14.0 %		\$ 8,460,765	15.7 %	\$ (281,626)	(3.3) %
Interest Income	127,656	0.2		126,412	0.2	1,244	1.0
Sales Tax	44,151,875	75.4		38,989,887	72.4	5,161,988	13.2
State Assistance	1,177,302	2.0		1,400,924	2.6	(223,622)	(16.0)
Federal Assistance	4,871,381	8.3		4,867,959	9.0	3,422	0.1
Miscellaneous	44,686	0.1		76,242	0.1	(31,556)	(41.4)
TOTAL REVENUE	<u>\$ 58,552,038</u>	<u>100.0 %</u>		<u>\$ 53,922,189</u>	<u>100.0 %</u>	<u>\$ 4,629,850</u>	<u>8.6 %</u>

	<u>2014</u> <u>AMOUNT</u>	<u>PERCENT</u> <u>OF TOTAL</u>		<u>2013</u> <u>AMOUNT</u>	<u>PERCENT</u> <u>OF TOTAL</u>	<u>INCREASE</u> <u>(DECREASE)</u>	<u>PERCENT</u> <u>INCREASE</u> <u>(DECREASE)</u>
Operating Revenue	\$ 8,460,765	15.7 %		\$ 8,321,006	16.8 %	\$ 139,759	1.7 %
Interest Income	126,412	0.2		165,420	0.3	(39,008)	(23.6)
Sales Tax	38,989,887	72.4		36,141,016	73.0	2,848,871	7.9
State Assistance	1,400,924	2.6		470,399	1.0	930,525	197.8
Federal Assistance	4,867,959	9.0		4,375,189	8.8	492,770	11.3
Miscellaneous	76,242	0.1		62,380	0.1	13,862	22.2
TOTAL REVENUE	<u>\$ 53,922,189</u>	<u>100.0 %</u>		<u>\$ 49,535,410</u>	<u>100.0 %</u>	<u>\$ 4,386,779</u>	<u>8.9 %</u>

- Operating revenue decreased 3.3 percent in 2015 primarily due to a decrease in Fixed Route ridership resulting in part from reduced fuel prices. Operating revenue increased 1.7 percent in 2014. Modest fare increases occurred in September 2015, September 2014, and September 2013.
- Interest rates remained low in 2015, continuing the trend apparent over the last several years. Interest rates decreased significantly 2010 as the result of monetary policy at the Federal level, influencing lower interest rates in order to support economic recovery. This was the major driver behind essentially flat interest income for both 2015 and 2014.
- Sales tax revenue increased 13.2 percent in 2015 and 7.9 percent in 2014 due to the local recovery in taxable retail sales.
- State assistance decreased 16 percent in 2015 due to the transit distribution of funds that was received from the Washington State Department of Transportation (WSDOT) in prior years, coming to an end in June 2015. In 2014 state assistance had grown 197.8 percent, largely due to C-TRAN's award of 2013-2015 funding from the Washington State Department of Transportation (WSDOT) Paratransit/Special Needs Grant program.
- Federal assistance, which primarily consists of the allocation of FTA funds that are made available to the PTBA on a formula basis, stayed consistent

with 2014. The allocation is based on factors such as ridership, passenger miles, and population, and is awarded annually based on federal appropriations. The funds may be used for operations or for capital purchases. In the last two years, the PTBA has designated these funds for operations.

Expenses

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

	2015	PERCENT	2014	PERCENT	INCREASE	PERCENT
<u>OPERATING HOURS</u>	<u>AMOUNT</u>	<u>OF TOTAL</u>	<u>AMOUNT</u>	<u>OF TOTAL</u>	<u>(DECREASE)</u>	<u>INCREASE</u>
Fixed Route	279,693	71.3 %	279,840	72.7 %	(147)	(0.1) %
Demand Response	101,290	25.9	93,675	24.3	7,615	8.1
Vanpool	10,784	2.8	11,613	3.0	(829)	(7.1)
TOTAL OPERATING HOURS	391,768	100.0 %	385,128	100.0 %	6,639	1.7 %

	2014	PERCENT	2013	PERCENT	INCREASE	PERCENT
<u>OPERATING HOURS</u>	<u>AMOUNT</u>	<u>OF TOTAL</u>	<u>AMOUNT</u>	<u>OF TOTAL</u>	<u>(DECREASE)</u>	<u>INCREASE</u>
Fixed Route	279,840	72.7 %	280,922	73.5 %	(1,082)	(0.4) %
Demand Response	93,675	24.3	90,394	23.7	3,281	3.6
Vanpool	11,613	3.0	10,530	2.8	1,083	10.3
TOTAL OPERATING HOURS	385,128	100.0 %	381,846	100.0 %	3,282	0.9 %

The small increase and decrease in Fixed Route hours in 2015 and 2014 respectively are the result of minor service adjustments implemented throughout both years. Demand Response operating hours increased in both 2015 and 2014 due to an increase in demand for the service. Vanpool operating hours decreased in 2015 compared to 2014 due to the service maintaining an average level of 31 active vehicles in 2015. In 2014 Vanpool operating hours increased due to the expansion of the service from 30 vans in service at year end 2013, to a high of 36 vans in service in August 2014, down to 31 vans in service at year end 2014.

Expenses by Mode

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

<u>MODE</u>	<u>2015 AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>2014 AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>INCREASE (DECREASE)</u>	<u>PERCENT INCREASE (DECREASE)</u>
Fixed Route	\$ 38,749,771	75.6 %	\$ 39,129,874	77.6 %	\$ (380,103)	(1.0) %
Demand Response	11,804,881	23.1	10,679,322	21.2	1,125,559	10.5
Vanpool	617,566	1.2	332,485	0.7	285,081	85.7
Other Operating Expenses	33,641	0.1	0	0.0	33,641	100.0
Total Operating	\$ 51,205,859	100.0 %	\$ 50,141,681	99.5 %	\$ 1,064,178	2.1 %
Road Contributions	1,755	0.0	72,224	0.1	(70,469)	(97.6)
Loss on Sale of Capital Assets	874	0.0	199,694	0.4	(198,820)	(99.6)
TOTAL EXPENSES	\$ 51,208,488	100.0 %	\$ 50,413,599	100.0 %	\$ 794,889	1.6 %

<u>MODE</u>	<u>2014 AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>2013 AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>INCREASE (DECREASE)</u>	<u>PERCENT INCREASE (DECREASE)</u>
Fixed Route	\$ 39,129,874	77.6 %	\$ 36,894,015	78.0 %	\$ 2,235,859	6.1 %
Demand Response	10,679,322	21.2	9,958,903	21.0	720,419	7.2
Vanpool	332,485	0.7	338,321	0.7	(5,836)	(1.7)
Other Operating Expenses	0	0.0	19,448	0.0	(19,448)	(100.0) %
Total Operating	\$ 50,141,681	99.5 %	\$ 47,210,687	99.7 %	\$ 2,930,994	6.2
Road Contributions	72,224	0.1	137,900	0.3	(70,469)	(47.6)
Loss on Sale of Capital Assets	199,694	0.4	(1,426)	(0.0)	(198,820)	(14,103.8)
TOTAL EXPENSES	\$ 50,413,599	100.0 %	\$ 47,347,161	100.0 %	\$ 2,661,705	6.5 %

- As shown, the Fixed Route mode constitutes almost 76 percent of the total expenses. Fixed Route expenses decreased by approximately one percent in 2015 primarily due to the shifting of indirect expenses towards the increasing Demand Response and Vanpool modes, as well as due to a decrease in the Fixed Route depreciation expense as the result of equipment reaching the end of their useful lives. In 2014, expenses for the Fixed Route mode grew by 6.1 percent. Contributing to this growth are cost increases in wages and benefits and the related settlement of labor contracts including retroactive pay. In addition, maintenance cost increases also contributed to the 2014 growth.
- Demand Response expenses increased 10.5 percent in 2015 and 7.2 percent in 2014. The growth in expenses for both years can be attributed in part to the increase in demand for the service and the resulting increase in operating hours. In addition, other contributing factors to this increase also include inflation, as well as growth in wages, benefits, and maintenance costs.
- As referenced in the Fixed Route discussion, the 85.7 percent increase in 2015 Vanpool expenses is due to the program taking on a larger portion of the agency's indirect expenses. Prior to 2015, the agency limited the indirect

expenses to the program as the mode was still being developed and did not sustainably represent a significant portion of the agency's overall services. With 2015, the agency recognized that the Vanpool program was an established mode of service, necessitating a full allocation of indirect expenses. The 1.7 percent decrease in 2014 Vanpool expenses was due to a decrease in the depreciation expense caused by the vanpool vehicles reaching the end of their depreciable lives. This decrease was offset by the minor program growth experienced due to an increase in the number of active vanpool groups from 30 at year end 2013 to 31 active vanpool groups at year end 2014.

Expenses by Department

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

	2015 AMOUNT	PERCENT OF TOTAL		2014 AMOUNT	PERCENT OF TOTAL	INCREASE (DECREASE)	PERCENT INCREASE (DECREASE)
DEPARTMENT							
Operations	\$ 28,360,421	55.4 %	\$	26,359,610	52.3 %	2,000,811	7.6 %
Maintenance	11,984,334	23.4		12,240,271	24.3	(255,937)	(2.1)
Administration	6,468,913	12.6		6,040,909	12.0	428,004	7.1
Contributions to Road Projects	1,755	0.0		72,224	0.1	(70,469)	(97.6)
Depreciation	4,392,191	8.6		5,500,891	10.9	(1,108,700)	(20.2)
Gain/Loss on Sale of Asset	874	0.0		199,694	0.4	(198,820)	(99.6)
TOTAL EXPENSES	<u>\$ 51,208,488</u>	<u>100.0 %</u>	\$	<u>50,413,599</u>	<u>100.0 %</u>	<u>\$ 794,889</u>	<u>1.6 %</u>

	2014 AMOUNT	PERCENT OF TOTAL		2013 AMOUNT	PERCENT OF TOTAL	INCREASE (DECREASE)	PERCENT INCREASE (DECREASE)
DEPARTMENT							
Operations	\$ 26,359,610	52.3 %	\$	23,611,223	49.9 %	2,748,387	11.6 %
Maintenance	12,240,271	24.3		11,594,802	24.5	645,469	5.6
Administration	6,040,909	12.0		5,998,543	12.6	42,366	0.7
Contributions to Road Projects	72,224	0.1		137,900	0.3	(65,676)	(47.6)
Depreciation	5,500,891	10.9		6,006,119	12.7	(505,228)	(8.4)
Gain/Loss on Sale of Asset	199,694	0.4		(1,426)	(0.0)	201,120	(14,103.8)
TOTAL EXPENSES	<u>\$ 50,413,599</u>	<u>100.0 %</u>	\$	<u>47,347,161</u>	<u>100.0 %</u>	<u>\$ 3,066,438</u>	<u>6.5 %</u>

- In both 2015 and 2014, Operations expenses grew due to cost of living, step and merit increases, an increase in the number of full-time equivalent employees, and the settlement of labor contracts including retroactive payments.
- In 2015 Maintenance expenses showed an overall decrease due to a reduction in fuel costs offsetting normal cost increases related to cost of living, step and merit increases, and increases in costs for tires, parts and materials and equipment which were the primary factors for the 2014 increase in Maintenance expenses.
- In 2015, most of the Administration growth was due to cost of living and merit increases, offset by position vacancies. In addition, the agency also saw growth in technology service expenses related to the agency's growing need

for technology resources. In 2014, Administration expenses grew due to cost of living and merit increases, in addition to increases in the cost of benefits, membership dues and subscriptions, training, and advertising, offset by decreases in spending for services and supplies.

- Depreciation expense decreased in both 2015 and 2014 due to the completion of fewer capital projects relative to the number of C-TRAN's assets coming to the end of their depreciable lives.

Expenses by Object

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

<u>OBJECT</u>	<u>2015 AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>2014 AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>INCREASE (DECREASE)</u>	<u>PERCENT INCREASE (DECREASE)</u>
Wages	\$19,754,186	38.5 %	\$19,065,918	38.0 %	\$688,268	3.6 %
Benefits	16,675,497	32.6	15,009,584	29.9	1,665,913	11.1
Services	2,859,301	5.6	2,402,554	4.8	456,747	19.0
Supplies & Materials	5,714,291	11.2	6,428,607	12.8	(714,316)	(11.1)
Utilities	528,462	1.0	506,181	1.0	22,281	4.4
Casualty & Liability	700,819	1.4	668,111	1.3	32,708	4.9
Taxes	9,527	0.0	8,497	0.0	1,030	12.1
Miscellaneous	320,925	0.6	328,780	0.7	(7,855)	(2.4)
Leases	250,660	0.5	222,558	0.4	28,102	12.6
Depreciation	4,392,191	8.6	5,500,891	11.0	(1,108,700)	(20.2)
TOTAL OPERATING BY OBJECT	<u>\$51,205,859</u>	<u>100.0 %</u>	<u>\$50,141,681</u>	<u>100.0 %</u>	<u>\$1,064,178</u>	<u>2.1 %</u>

<u>OBJECT</u>	<u>2014 AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>2013 AMOUNT</u>	<u>PERCENT OF TOTAL</u>	<u>INCREASE (DECREASE)</u>	<u>PERCENT INCREASE (DECREASE)</u>
Wages	\$19,065,918	38.1 %	\$17,498,921	37.0 %	\$1,566,997	9.0 %
Benefits	15,009,584	29.9	13,268,015	28.1	1,741,569	13.1
Services	2,402,554	4.8	2,496,964	5.3	(94,410)	(3.8)
Supplies & Materials	6,428,607	12.8	6,312,184	13.4	116,423	1.8
Utilities	506,181	1.0	492,389	1.0	13,792	2.8
Casualty & Liability	668,111	1.3	656,351	1.4	11,760	1.8
Taxes	8,497	0.0	5,757	0.0	2,740	47.6
Miscellaneous	328,780	0.7	260,773	0.6	68,007	26.1
Leases	222,558	0.4	213,214	0.5	9,344	4.4
Depreciation	5,500,891	11.0	6,006,119	12.7	(505,228)	(8.4)
TOTAL OPERATING BY OBJECT	<u>\$50,141,681</u>	<u>100.0 %</u>	<u>\$47,210,687</u>	<u>100.0 %</u>	<u>\$2,930,994</u>	<u>6.2 %</u>

- Wages and benefits represent the largest expense categories. The increase in 2015 is largely due to cost of living, step and merit increases offset by employee turnover. These factors also influenced the increase in benefits for 2015 with the addition of an increase in medical premiums. Growth in wages in 2014 was primarily due to an increase in the number of full-time equivalent employees and the settlement of labor contracts including retro payments. In addition, cost of living and step and merit increases also contributed to the growth in expenses. Furthermore, the wage increases were the primary driver

for the growth in benefits for 2014, with the added affect of increases in medical premiums and worker's compensation rates.

- Cost for services increased 19 percent in 2015. This growth was primarily in the areas of maintenance and technology resulting from the need to outsource specific fleet and facility maintenance items and the increased need for technology resources. The cost for services decreased in 2014 primarily due to reduced spending with non-capital development consulting, contract maintenance and financial other services.
- In 2015 supplies and materials decreased overall due to the ongoing decline in diesel fuel prices which reduced from \$2.90 in 2014 to \$1.77. The large decline in fuel prices offset cost increases in areas such as maintenance parts and materials and life cycle replacements of agency equipment. This is similar to what occurred in 2014 where supplies and materials grew 1.8 percent due to life cycle replacement of agency equipment, offset by the decline in the average price of diesel fuel which reduced from \$3.08 in 2013 to \$2.90 in 2014.
- Miscellaneous expense spending decreased in 2015 due to fewer training and travel expenses. In 2014 miscellaneous expenses grew 26.1 percent as the result of increased training, advertising, and membership dues and subscription. In 2013, miscellaneous expense spending decreased 5.9 percent primarily due to a decrease in training expenses.

Capital Assets

The PTBA's investment in capital assets as of December 31, 2015, amounted to \$59,756,782 net of accumulated depreciation. As of December 31, 2014, the investment in capital assets net of accumulated depreciation equaled \$53,736,233. Capital assets consist of transit coaches and other vehicles, buildings, equipment, transit centers, and park and ride lots. Depreciable capital assets increased by 0.3 percent in 2015, and increased 2.0 percent in 2014. In 2015, the increase consisted of \$1,991,670 of additions and \$1,631,242 of retirements, which compares to the \$3,198,813 of additions and \$1,299,101 of retirements that occurred in 2014. In addition, depreciation expense was recorded at \$4,392,191 in 2015 and \$5,500,891 in 2014. \$1,593,709 in accumulated depreciation was removed for assets disposed of in 2015, and \$1,298,793 for assets disposed of in 2014.

In 2015 and 2014 major capital asset acquisitions (value over \$50,000) included the following:

- Major vehicle acquisitions in 2015 included one forty-foot hybrid electric bus for Fixed Route service (\$733,920), five vanpool vans (\$113,900), two cut-away vehicles for Connector service (\$218,312), and four service vehicles (\$129,705).

- Major vehicle acquisitions in 2014 included nine vanpool vans (\$230,643) and three service vehicles (\$72,323).
- Major equipment acquisitions in 2015 included bus camera surveillance systems on board each bus (\$1,502,406), and vehicle gates (\$111,160).
- Major equipment acquisitions in 2014 included a network cabling/rewiring project (\$64,448), network equipment (\$67,690), and the purchase of a mobile access router system (\$275,822).
- Major land acquisitions in 2015 included the purchase of land at NE 18th Street (\$892,905).
- There were no major land acquisitions in 2014.

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

Economic Factors

- The average annual unemployment rate in Clark County decreased from an average of 7.3 percent in 2014 to 6.0 percent in 2015.
- Sales tax revenues per tenth of a percent for the PTBA increased by 13.2 percent in 2015 which is about 21.3 percent higher than the peak revenues realized in 2006. Because the PTBA borders Oregon, which has no sales tax, achieving sales tax revenues indicative of population levels will continue to be a challenge.
- Because fuel is a major expense for the PTBA, oil and natural gas prices affect the financial outlook. Oil and natural gas prices declined nationwide in 2015 compared to 2014.
- The Consumer Price Index for Urban Wage Earners in Portland-Salem, OR-WA, increased 1.2 percent.

Request for Information

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

CLARK COUNTY PTBA
COMPARATIVE STATEMENT OF NET POSITION
As of December 31, 2015 and 2014

	2015	2014
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$65,956,123	\$62,409,245
Receivables (net allowance for uncollectibles)	13,899,518	9,914,366
Inventories	1,685,989	1,852,308
Prepaid Expenses	984,774	188,674
Total Current Assets	<u>82,526,404</u>	<u>74,364,593</u>
Noncurrent Assets:		
Temporarily Restricted Asset:		
Cash and Cash Equivalents	<u>44,305</u>	<u>44,305</u>
Capital Assets not being depreciated:		
Work in Progress	14,761,544	7,567,970
Land	16,276,706	15,383,801
Capital Assets being depreciated:		
Vehicles	46,795,262	46,274,848
Buildings	8,441,887	8,441,887
Equipment and Furnishings	20,441,490	20,272,663
Land Improvements	18,504,502	18,461,191
Less Accumulated Depreciation	<u>(65,464,609)</u>	<u>(62,666,127)</u>
Total Capital Assets Net of Accumulated Depreciation	<u>59,756,782</u>	<u>53,736,233</u>
Total Noncurrent Assets	<u>59,801,087</u>	<u>53,780,538</u>
TOTAL ASSETS	<u>142,327,491</u>	<u>128,145,131</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows-Pensions	<u>2,822,935</u>	<u>0</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,822,935</u>	<u>0</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	3,000,539	3,174,974
Accrued Wages and Benefits	2,904,588	2,700,347
Compensated Absences	1,228,287	1,210,688
Prepaid Fares	986,120	898,875
Other Payables	1,974	2,205
Total Current Liabilities	<u>8,121,508</u>	<u>7,987,089</u>
Noncurrent Liabilities:		
Compensated Absences	334,472	381,455
Pension Obligations	<u>19,678,086</u>	<u>0</u>
Total Noncurrent Liabilities	<u>20,012,558</u>	<u>381,455</u>
TOTAL LIABILITIES	<u>28,134,066</u>	<u>8,368,544</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows-Pensions	<u>3,000,522</u>	<u>0</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,000,522</u>	<u>0</u>
NET POSITION		
Net Investment in Capital Assets	59,756,782	53,736,233
Restricted for Capital Assets	44,305	44,305
Unrestricted	<u>54,214,751</u>	<u>65,996,049</u>
TOTAL NET POSITION	<u>\$114,015,838</u>	<u>\$119,776,587</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 POSITION For the Fiscal Years Ended December 31, 2015 and 2014

	2015	2014
Operating Revenue:		
Passenger Fares	\$7,820,987	\$8,088,346
Other Transit Revenue	358,152	372,419
Total Operating Revenue	<u>8,179,139</u>	<u>8,460,765</u>
Operating Expenses:		
Operations	28,360,421	26,359,610
Maintenance	11,984,334	12,240,271
Administration	6,468,913	6,040,909
Depreciation	4,392,191	5,500,891
Total Operating Expenses	<u>51,205,859</u>	<u>50,141,681</u>
Operating Income (Loss)	<u>(43,026,720)</u>	<u>(41,680,916)</u>
Nonoperating Revenues (Expenses):		
Sales Tax	44,151,875	38,989,887
Interest Income	127,656	126,412
Other Nonoperating Revenues	44,686	76,242
State Assistance	1,177,302	1,400,924
Federal Assistance	4,871,381	4,867,959
Contributions to Road Projects	(1,755)	(72,224)
Gain/Loss on Sale of Asset	(874)	(199,694)
Total Nonoperating Revenues (Expenses)	<u>50,370,271</u>	<u>45,189,506</u>
Net Income (Loss) Before Contributions	7,343,551	3,508,590
Capital Contributions - Federal	3,681,058	4,733,233
Capital Contributions - State	2,701,313	486,574
Change in Net Position	<u>13,725,922</u>	<u>8,728,397</u>
Total Net Position, Beginning	<u>119,776,587</u>	<u>111,048,190</u>
Changes in Accounting Principle	(19,502,687)	0
Prior Period Adjustment	16,016	0
Total Net Position, Ending	<u><u>\$114,015,838</u></u>	<u><u>\$119,776,587</u></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, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities:		
Cash Received from Customers	\$8,260,973	\$8,141,556
Cash Payments to Suppliers for Goods and Services	(23,217,438)	(21,633,130)
Cash Payments to Employees for Services	(23,783,753)	(22,630,052)
Other Cash Receipts	44,686	76,242
Net Cash Provided (Used) by Operating Activities	<u>(38,695,532)</u>	<u>(36,045,384)</u>
Cash Flows from Noncapital Financing Activities:		
Sales Tax Received	43,368,010	38,577,606
State Assistance Received	947,899	1,173,729
Federal Operating Grants Received	3,942,738	4,145,131
Net Cash Provided (Used) by Noncapital and Related Finance Activities	<u>48,258,647</u>	<u>43,896,466</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(10,523,031)	(5,633,926)
Capital Grants and Contributions	4,342,479	3,874,470
Proceeds From Sale of Equipment	36,659	45,607
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(6,143,893)</u>	<u>(1,713,849)</u>
Cash Flows from Investing Activities:		
Purchase of Investment Securities	0	(75,407)
Proceeds of Investment Securities	0	12,652,745
Interest on Investments	127,656	148,465
Net Cash Provided (Used) by Investing Activities	<u>127,656</u>	<u>12,725,803</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>3,546,878</u>	<u>18,863,036</u>
Cash and Cash Equivalents, Beginning	<u>62,453,550</u>	<u>43,590,514</u>
Cash and Cash Equivalents, Ending	<u><u>\$66,000,428</u></u>	<u><u>\$62,453,550</u></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, 2015 and 2014

	2015	2014
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating Loss	(\$43,026,721)	(\$41,680,916)
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities		
Depreciation	4,392,191	5,500,891
Nonoperating Expenses	(1,755)	(317,216)
Miscellaneous Nonoperating Revenue	44,686	76,242
(Decrease) Increase in Provision for Uncollectible Accounts	(160)	269
(Decrease) Increase Pension Obligation Expense	352,986	0
Change in Assets and Liabilities		
Decrease (Increase) in Accounts Receivable	(3,189)	90,277
Decrease (Increase) in Inventories	166,320	221,973
Decrease (Increase) in Prepaid Expenses	(796,098)	577,326
Increase (Decrease) in Accounts Payable	(85,662)	(577,381)
Increase (Decrease) in Wages and Benefits Payable	174,856	468,672
Increase (Decrease) in Prepaid Fares	87,245	(406,468)
Increase (Decrease) in Other Payables	(231)	947
Increase (Decrease) in Claims and Judgments Payable	0	0
Total Adjustments	4,331,189	5,635,532
Net Cash Provided (Used) by Operating Activities	(\$38,695,532)	(\$36,045,384)

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, 2015, through December 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the PTBA conform to 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

Clark County Public Transportation Benefit Area commenced operation on July 6, 1981, and operates under the laws of the state of Washington applicable to a municipal corporation.

The PTBA is a special-purpose government organized to provide public transportation services for Clark County. The PTBA operates both Fixed Route public transportation services and Demand Response services under the name of C-VAN. The PTBA is supported primarily through user charges and sales tax revenue.

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

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

B. Basis of Accounting and Reporting

The accounting records of the PTBA are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. The PTBA uses the *Budgeting, Accounting and Reporting System for Cities, Counties and Special Purpose Districts (GAAP)* in the State of Washington. The financial statements of the PTBA have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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

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

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

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

The PTBA has prepared an annual report to FTA in the National Transit Database format and a summary report to the WSDOT, both issued under

separate cover. These reports require specific information and are not prepared on the basis of generally accepted accounting principles.

Assets, Liabilities, and Net Position

1. Cash and Cash Equivalents

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

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

2. Short-Term Investments

See Note 2, Deposits and Investments

3. Receivables

Accounts receivable consist almost exclusively of credit sales of bus passes and amounts due from other governments. Receivables from other governments include taxes and grants. The PTBA calculates its allowance for uncollectible accounts based on specific account analysis. The allowance is assessed and adjusted on an annual basis. Uncollectible accounts have historically been immaterial.

4. Inventory and Prepaid Expenses

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

5. Restricted Assets

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

6. Capital Assets

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

<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. Note 5 contains further discussion of the PTBA's Capital Assets.

7. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

8. Other Accrued Liabilities

Accounts consist of accrued wages and accrued employee benefits.

NOTE 2. DEPOSITS AND INVESTMENTS

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

<u>Net Assets Statement:</u>	<u>2015</u>	<u>2014</u>
Current Assets:		
Cash & Cash Equivalents	\$65,862,696	\$62,348,915
Noncurrent Assets:		
Temporarily Restricted Asset:		
Cash & Cash Equivalents	<u>137,732</u>	<u>104,635</u>
Total Cash, Cash Equivalents and Investments as presented in the Statement of Net Assets	<u>\$66,000,428</u>	<u>\$62,453,550</u>
<u>Note Disclosures:</u>		
Deposits	<u>66,000,428</u>	<u>62,453,550</u>
Total Cash, Deposits and Investments as presented in the Note Disclosures	<u>\$66,000,428</u>	<u>\$62,453,550</u>

B. Deposits

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

As of December 31, 2015, the PTBA had \$40,982,725 invested with the Washington State LGIP. The amount invested as of December 31, 2014, was \$35,294,278. The LGIP is considered extremely low risk.

The pool is managed and operated by the Office of the State Treasurer for the state of Washington. The LGIP publishes an annual report, which is on the internet at the Treasurer's Web site (<http://tre.wa.gov>). As of the most recent report date, June 30, 2015, fair value approximated amortized cost. It is the policy of the LGIP to permit participants to withdraw their investments on a daily basis; therefore, the PTBA's investment balance in the pool is equal to fair value. The net annualized rate of return for the year 2015 for LGIP investments was 0.16 percent; for the month of December 2015, net

annualized rate of return was 0.25 percent. For 2014, the rate of return was 0.10 percent for December and 0.10 percent net annualized rate for the year.

The balance of C-TRAN's \$25,017,703 in deposits consists of checking account balances, a money market account, and change funds necessary for ongoing operations.

C. Investment Risks

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. The PTBA participates in the LGIP which is operated in a manner consistent with the Securities and Exchange Commission's Rule 2a-7 of the Investment Company Act of 1940. Rule 2a-7 funds are limited to high quality obligations with limited maximum and average maturities, the effect of which is to minimize both market and credit risk. The pool's portfolio is made up of high-quality, highly liquid securities, and its relatively short average maturity reduces the pool's price sensitivity to market interest rate fluctuations. The pool also has a strong degree of asset diversification to minimize risk and maintain adequate rates of return. The PTBA portfolio is managed in a manner that ensures sufficient cash is available to meet anticipated cash flow needs, based on historical information.

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

Custodial Risk – Custodial Risk is the risk that in the event of a failure of the counterparty to an investment transaction, by the insolvency, negligence, or fraudulent action of the custodian, the PTBA would not be able to recover the value of the investment or collateral securities. The Washington State Investment Pool limits risk by designating approved depositories as sole recipients of the pool funds, the delivery versus payment basis of purchase of securities, and use of independent, third party custodians for safekeeping of the funds. All LGIP deposits are either insured or are protected by collateral held on behalf of the Washington Public Deposit Protection Commission. The operating rules of the Washington State Treasurer's LGIP require the full collateralization of all deposits.

As of December 31, 2015, the PTBA had no formal risk policy in place.

NOTE 3. RECEIVABLES

Receivables, which are reported net of the allowance for uncollectible amounts, at December 31, 2015, were as follows:

	2015	2014
Accounts Receivable	\$287,431	\$274,917
Accounts Receivable Suspense	(479)	(838)
Allowance for Uncollectible Accounts	(1,109)	(1,269)
Net Receivable	285,843	272,811
Sales Tax-November and December		
Collections due in January and February of the following year	7,966,881	7,183,016
Receivings Clearing Account	5,646,794	1,787,965
Operating Grants from Federal	0	670,574
Operating Grants from State	0	0
Capital Grants from Federal	0	0
Total Receivables Due From Other Governments	13,613,675	9,641,555
Total Net Receivables	\$13,899,518	\$9,914,366

NOTE 4. CAPITAL ASSETS AND DEPRECIATION

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

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

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

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

Capital assets activity for the year ended December 31, 2015, was as follows:

Description	Balance December 31, 2014	Increases	Decreases	Balance December 31, 2015
Capital Assets Not Being Depreciated:				
Work In Progress	\$7,567,970	\$10,434,258	(\$3,240,684)	\$14,761,544
Land and Intangible Assets	15,383,801	892,905	0	16,276,706
Total Capital Assets Not Being Depreciated	22,951,771	11,327,163	(3,240,684)	31,038,250
Depreciable Capital Assets:				
Vehicles	46,274,848	1,195,836	(675,422)	46,795,262
Building and Structures	8,441,887	0	0	8,441,887
Equipment and Furnishings	20,272,663	968,588	(799,761)	20,441,490
Land Improvements	18,461,191	199,370	(156,059)	18,504,502
Total Depreciable Capital Assets at Cost	93,450,589	2,363,794	(1,631,242)	94,183,141
Less Accumulated Depreciation for:				
Vehicles	(35,219,860)	(2,453,585)	675,421	(36,998,024)
Building and Structures	(4,377,434)	(224,715)	0	(4,602,149)
Equipment and Furnishings	(15,081,817)	(1,170,536)	799,761	(15,452,592)
Land Improvements	(7,987,016)	(543,355)	118,527	(8,411,844)
Total Accumulated Depreciation	(62,666,127)	(4,392,191)	1,593,709	(65,464,609)
Depreciable Capital Assets, Net	30,784,462	(2,028,397)	(37,533)	28,718,532
Total Capital Assets, Net	\$53,736,233	\$9,298,766	(\$3,278,217)	\$59,756,782

Description	Balance December 31, 2013	Increases	Decreases	Balance December 31, 2014
Capital Assets Not Being Depreciated:				
Work In Progress	\$2,676,133	\$8,018,326	(\$3,126,489)	\$7,567,970
Land and Intangible Assets	15,383,801	0	0	15,383,801
Total Capital Assets Not Being Depreciated	18,059,934	8,018,326	(3,126,489)	22,951,771
Depreciable Capital Assets:				
Vehicles	46,931,685	302,966	(959,803)	46,274,848
Building and Structures	8,441,887	0	0	8,441,887
Equipment and Furnishings	17,901,419	2,710,542	(339,298)	20,272,663
Land Improvements	18,275,886	185,305	0	18,461,191
Total Depreciable Capital Assets at Cost	91,550,877	3,198,813	(1,299,101)	93,450,589
Less Accumulated Depreciation for:				
Vehicles	(32,871,393)	(3,307,962)	959,495	(35,219,860)
Building and Structures	(4,152,719)	(224,715)	0	(4,377,434)
Equipment and Furnishings	(13,991,404)	(1,429,711)	339,298	(15,081,817)
Land Improvements	(7,448,513)	(538,503)	0	(7,987,016)
Total Accumulated Depreciation	(58,464,029)	(5,500,891)	1,298,793	(62,666,127)
Depreciable Capital Assets, Net	33,086,848	(2,302,078)	(308)	30,784,462
Total Capital Assets, Net	\$51,146,782	\$5,716,248	(\$3,126,797)	\$53,736,233

NOTE 5. LEASE COMMITMENTS

The PTBA is committed under various leases for space and equipment. All leases are considered operating leases for accounting purposes because the PTBA does not acquire interests in the property. Lease expenses for the year-ended December 31, 2015, totaled \$250,660. Lease expenses for the year-ended December 31, 2014, totaled \$222,558. Future minimum rental commitments for leases are as follows:

Year	Amount
2016	158,708
2017	46,975
2018	3,064
Total	<u>\$208,747</u>

NOTE 6. PENSION PLANS

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, Accounting and Financial Reporting for Pensions for the year 2015:

Aggregate Pension Amounts	
Pension liabilities	\$19,678,086
Pension assets	\$0
Deferred outflows of resources	\$2,822,935
Deferred inflows of resources	\$3,000,522
Pension expense/expenditures	\$2,861,006

Substantially all of the PTBA's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing multiple-employer public employee defined benefit retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The DRS, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS Web site at www.drs.wa.gov.

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

1. Plan Description

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts; employees of legislative committees; employees of district and municipal courts; and employees of local governments. Membership also includes higher education employees not participating in higher education retirement programs. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

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

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and no-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS members who joined the system by September 30, 1977 are Plan 1 members.

The PERS Plan 1 member contribution rate is established by State statute at 6%. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18%. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (express as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 1	Employer	Employee
January-June 2015	9.21%	6.00%
July-December 2015	11.18%	6.00%

The PTBA's actual contributions to the plan were \$24,999.33 for the year ended December 31, 2015.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 % of AFC for Plan 3. The AFC is the average of the member's 60 highest paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit of 65 with at least five years of service credit. Retirement before age 65 is considered to be early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

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

PERS Plan 2 members hired on or after May 1, 2013, have the option to retire early by accepting a reduction of 5% for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI) capped at 3% annually, and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5% and escalate to 15 % with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plans.

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and the administrative expense that is currently set 0.18%. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (express as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 2/3	Employer 2/3	Employee 2/3
January-June 2015 PERS 2	9.21%	4.92%
July-December 2015 PERS 2	11.18%	6.12%
Employee PERS Plan 3		varies

The PTBA's actual contributions to the plan were \$2,275,108.54 for the year ended December 31, 2015.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2015 with a valuation date of June 30, 2014. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2014 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2015. Plan liabilities were rolled forward from June 30, 2014 to June 30, 2015, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3% total economic inflation; 3.75% salary inflation
- **Salary increases:** In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.5%

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized further improvements in mortality by projecting the mortality rates using 100 % Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were minor changes in methods and assumptions since the last valuation.

- The OSA updated demographic assumptions, consistent with the changes from the 2007-2012 Experience Study Report, used when valuing the PERS 1 and TERS 1 Basic minimum COLA.
- The OSA corrected how valuation software calculates a member's entry age under the entry age normal actuarial cost method. Previously, the funding age was rounded, resulting in an entry age one year higher in some cases.
- For purposes of calculating the Plan 2/3 Entry Age Normal Cost contribution rates, the OSA now uses the current blend of Plan 2 and Plan 3 salaries rather than using a long-term membership assumption of two-thirds Plan 2 members and one-third Plan 3 members.
- The OSA changed the way it applies salary limits, as described in the *2007-2012 Experience Study Report*.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.5%. To determine that rate, an asset sufficiency test included an assumed 7.7% long-term discount rate to determine funding liabilities for calculating further contribution rate requirements. (All plans use 7.7% except LEOFF 2, which has assumed 7.5%). Consistent with the long term expected rate of return, a 7.5% future investment rate of return on invested assets was assumed for the test.

Contributions from plan members and employers, are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1 and TRS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return of 7.5% was used to determine the total pension liability.

Long Term Expected Rate of Return

The long term expected rate of return on the DRS pension plan investments of 7.5% was determined using a building block method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocations to simulate future investment returns at various future times. The long term expected rate of return of 7.5% approximately equals the median of the simulated investment returns over a 50 year time horizon.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocations as of June 30, 2015, are summarized in the table below. The inflation component used to create the table is 2.2% and represents the WSIB's most recent long term estimated of broad economic inflation.

Asset Class	Target Allocation	% Long Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.7%
Tangible Assets	5%	4.4%
Real Estate	15%	5.8%
Global Equity	37%	6.6%
Private Equity	23%	9.6%
Total	100%	

Sensitivity of NPL

The table below presents the PTBA's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the (PTBA's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate.

Plan	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	\$12,921,779	\$10,613,348	\$8,628,309
PERS 2/3	\$26,505,765	\$9,064,738	(\$4,289,202)

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the PTBA reported a total pension liability of \$19,678,086 for its proportionate share of the net pension liabilities as follows.

Plan	Liability
PERS 1	\$10,613,348
PERS 2/3	\$9,064,738

At June 30, the PTBA's proportionate share of the collective net pension liabilities was as follows:

Plan	Proportionate Share 6/30/14	Proportionate Share 6/30/15	Change in Proportion
PERS 1	0.1898340%	0.2028960%	0.013062%
PERS 2/3	0.2355420%	0.2536970%	0.018155%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans.

The collective net pension liability/asset was measured as of June 30, 2015, and the actuarial valuation date on which the total pension liability/asset is based was as of June 30, 2014, with update procedures used to roll forward the total pension liability on the measurement date.

Pension Expense

For the year ended December 31, 2015, the PTBA recognized pension expense as follows:

Plan	Pension Expense
PERS 1	\$456,657
PERS 2/3	\$2,404,349
Total	\$2,861,006

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2015 the PTBA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$0	\$0
Net difference between projected and actual investment earnings on pension plan investments	\$0	\$580,666
Change of Assumptions	\$0	\$0
Changes in proportion and differences between contributions and proportionate share of contributions	\$0	\$0
Contributions subsequent to measurement date	\$11,286	\$0
Total	\$11,286	\$580,666

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$963,584	\$0
Net difference between projected and actual investment earnings on pension plan investments	\$0	\$2,419,856
Change of Assumptions	\$14,605	\$0
Changes in proportion and differences between contributions and proportionate share of contributions	\$584,165	\$0
Contributions subsequent to measurement date	\$1,249,295	\$0
Total	\$2,811,649	\$2,419,856

Deferred outflows of resources related to pensions resulting from the PTBA's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31	PERS 1
2016	\$(225,046)
2017	\$(225,046)
2018	\$(225,046)
2019	\$94,472
Thereafter	\$0

Year Ending December 31	PERS 2/3
2016	\$(485,188)
2017	\$(485,188)
2018	\$(485,191)
2019	\$598,067
Thereafter	\$0

2. Deferred Compensation Plan

The PTBA offers all employees the option of participating in a deferred compensation plan under the provisions of the Internal Revenue Code Section 457. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. Two options are offered to employees: Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA CREF) and through the Washington Department of Retirement Systems, known as the Deferred Compensation Program DCP). TIAA CREF is a third-party administrator that manages 21 investment options available in accordance with the Small Business Job Protection Act of 1996. The assets of the Plan are held in a trust for the exclusive benefit of the participants. The DRS administers the DCP and contracts with a third party, currently Empower Retirement, for record keeping and other administrative services. The Washington State Investment Board selects and monitors DCP's investment options.

NOTE 7. RISK MANAGEMENT

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

Risk	Carrier	Coverage
Comprehensive General Liability	WSTIP	\$20,000,000 each occurrence with no deductible
Auto Liability, Garage Keepers, & Garage Legal Liability	WSTIP	\$20,000,000 each occurrence with no deductible
Public Official Liability	WSTIP	\$20,000,000 each occurrence with \$5,000 deductible
Crime Coverage/Public Employee Dishonesty	WSTIP	\$1,000,000 each occurrence with \$10,000 deductible
Property Damage Insurance: Property-Building, Personal & Auto Physical (all vehicles)	WSTIP	\$1,000,000,000 blanket limit with \$10,000 deductible
Boiler & Machinery	WSTIP	\$100,000,000 blanket limit with \$10,000 deductible
Felonious Assault	Chubb	\$100,000 per accident

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

The PTBA maintains a reserve of \$1,000,000 for self-insurance coverage for the underground storage tank farm. The PTBA also carries a reserve for dental self-insurance of \$31,725 as required by the corresponding program. The PTBA contracts

with a third party administrator to manage its insurance claims. The dental claims are reported to the PTBA when reimbursed.

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

NOTE 8. COMPENSATED ABSENCES

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

Compensated absences decreased from \$1,592,143 in 2014 to \$1,562,759 as of December 2015. The change is due a decrease in hours eligible for cash out in 2015. As of December 2015, \$1,228,287 of the \$1,562,759 is considered to be a current liability, and \$334,472 is non-current. For 2014, \$381,455 of the \$1,592,143 total represents a non-current liability, and \$1,210,688 is considered to be a current liability.

Purpose	Compensated Absences Balance			Compensated Absences Balance
	Dec. 31, 2014	Increase	Decrease	Dec. 31, 2015
Accumulated Sick Leave	\$363,277	\$0	(\$27,765)	\$335,512
Accumulated Vacation (PDO)	\$1,228,866	\$0	(\$1,619)	\$1,227,247
Total Compensated Absences	\$1,592,143	\$0	(\$29,384)	\$1,562,759

NOTE 9. CHANGES IN LONG TERM LIABILITIES

During the year ended December 31, 2015, the following changes occurred in long-term liabilities:

Governmental Activities	Beginning Balance January 1, 2015	Increase	Decrease	Ending Balance Dec. 31, 2015	Due Within One Year
Compensated Absences	\$381,455	\$0	\$46,983	\$334,472	\$1,228,287
Pension Obligations	\$0	\$19,678,086	\$0	\$19,678,086	\$0
Total Change in Long Term Liabilities	\$381,455	\$19,678,086	\$46,983	\$20,012,558	\$1,228,287

All long term liabilities may be expected to be liquidated by the PTBA's proprietary fund.

NOTE 10. ACCOUNTING AND REPORTING CHANGES

In 2015, the PTBA implemented Governmental Accounting Standards (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB No. 71, *Pension Transitions for Contributions Made Subsequent to the Measurement Date*. The result of this implementation was a decrease adjustment to the beginning net position balance of \$19,502,687 as of December 31, 2015.

NOTE 11. CONTINGENCIES AND LITIGATIONS

In late 2014 John Ley, et al., filed a declaratory relief and equitable accounting lawsuit against C-TRAN to obtain a declaration that C-TRAN is unauthorized to continue expenditures on planning the Fourth Plain Bus Rapid Transit Project, BRT, prior to voter approval of the C-TRAN high capacity system plan and funding plan that includes the BRT. Plaintiffs also sought a declaration that C-TRAN is unauthorized to expend any sales and use tax revenues on the planning or funding of the BRT and to require C-TRAN to provide an accounting of all sales and use tax revenues from its 2005 and 2011 sales and use tax measures. In July 2015, Clark County Superior Court Judge Gregerson granted C-TRAN's motion for summary judgment, dismissing the Plaintiffs' complaint. The Plaintiffs appealed the dismissal of the claims related to the use of the 2005 and 2011 sales and use tax measures only, seeking direct review from the Washington State Supreme Court. The Washington State Supreme Court denied direct review in March 2016. The Washington State Supreme Court transferred the appeal to the Washington Court of Appeals, which has yet to set a date for oral argument. C-TRAN is defending and will continue to vigorously defend against the allegations of the lawsuit. C-TRAN believes, with respect to the subject matter of the lawsuit, that its actions have been legally proper. In the event that C-TRAN received an unfavorable outcome, C-TRAN has sufficient resources from funds, independent from either its 2005 or 2011 sales or use tax measures, to cover costs spent on the BRT.

In April 2015 John Ley et al., filed a declaratory judgment for allegedly violating Washington's Open Public Meetings Act with respect to a meeting of the C-TRAN Board Composition Review Committee held on November 18, 2014, and the action taken at the meeting which Plaintiffs alleged were in violation of RCW 36.57A.055. Plaintiffs sought judgment declaring the actions of that meeting and following meetings of the reconstituted C-TRAN Board of Directors for the time period of January 13, 2015 to present to be null and void. In September 2015 Clark County Superior Court Judge Gregerson granted C-TRAN's motion to dismiss Plaintiffs' complaint. The Plaintiffs appealed the case to the Washington Court of Appeals, which has yet to set a date for oral argument. C-TRAN is defending and will continue to vigorously defend against the allegations of the lawsuit. C-TRAN believes, with respect to the subject matter of the lawsuit, that its actions have been legally proper. In the event that C-TRAN received an unfavorable outcome on appeal, the matter will be remanded to the trial court for further proceedings. In the event that C-TRAN received an unfavorable outcome at the trial court, all 2015 Board actions to present may need to be reaffirmed.

In 2015 construction began on a transit line with an anchoring transit station at C-TRAN's property in downtown Vancouver called Turtle Place. The adjoining property owner has a threatened or unasserted potential claim based on alleged property rights at Turtle Place. C-TRAN disagrees and it is not possible to express any further opinion as to the merits of the unasserted claim.

NOTE 12. PRIOR PERIOD ADJUSTMENTS

In 2015 the PTBA also processed a prior period adjustment for equipment that was expensed in a prior period, but should have been capitalized. This resulted in an increase in the beginning net position on the Statement of Revenues, Expenses and Changes in Net Position of \$16,015.

NOTE 13. SUBSEQUENT EVENTS

In 2015, C-TRAN issued equipment and construction contracts of approximately \$38 million to implement an enhanced transit line along the Fourth Plain Blvd corridor. In 2016 additional equipment and construction contracts of approximately \$15 million will also be issued to complete the transit line. The project is funded 80 percent by federal grants, 6 percent by state grants and 14 percent by locally generated revenues.

Required Supplementary Information – Pension Plans

Clark County PTBA Schedule of Proportionate Share of the Net Pension Liability PERS 1 As of June 30, 2015		
		2015
Employer's proportion of the net pension liability (asset) PERS1	%	0.006489%
Employer's proportion of the net pension liability (asset) PERS1	%	0.196407%
Employer's proportionate share of the net pension liability	\$	10,613,348
TOTAL	\$	10,613,348
Employer's covered employee payroll	\$	330,267
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	%	3.11%
Plan fiduciary net position as a percentage of the total pension liability	%	59.10%

CLARK COUNTY P.T.B.A Schedule of Proportionate Share of the Net Pension Liability PERS 2/3 As of June 30, 2015		
		2015
Employer's proportion of the net pension liability (asset)	%	0.253697%
Employer's proportionate share of the net pension liability	\$	9,064,738
TOTAL	\$	9,064,738
Employer's covered employee payroll	\$	22,511,622
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	%	40.27%
Plan fiduciary net position as a percentage of the total pension liability	%	89.20%

CLARK COUNTY P.T.B.A Schedule of Employer Contributions PERS 1 As of December 31, 2015		
		2015
Statutorily or contractually required contributions	\$	24,999
Contributions in relation to the statutorily or contractually required contributions	\$	(24,999)
Contribution deficiency (excess)	\$	0
Covered employer payroll	\$	416,650
Contributions as a percentage of covered employee payroll	%	-6.00%

CLARK COUNTY P.T.B.A Schedule of Employer Contributions PERS 2/3 As of December 31, 2015		
		2015
Statutorily or contractually required contributions	\$	2,275,109
Contributions in relation to the statutorily or contractually required contributions	\$	(2,275,109)
Contribution deficiency (excess)	\$	0
Covered employer payroll	\$	22,313,642
Contributions as a percentage of covered employee payroll	%	10.20%

Notes to Required Supplementary Information

Required Supplementary Information was prepared in accordance with GASB 68 requirements, using allocations calculated by the Washington Department of Retirement System Participating Employer Financial Information for the Fiscal Years Ended June 30, 2015 (PEFI). Wages and contributions on which the PEFI data are based were independently verified by Clark County PTBA. Methods and Assumptions used in calculations of the Actuarial Determined Contributions for PERS are consistent with the state's funding policy as defined in RCW 41.45.



Statistical



CLARK COUNTY PUBLIC TRANSPORTATION BENEFIT AREA (C-TRAN)

STATISTICAL SECTION

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

CONTENTS

PAGE

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

- Net Position 63
- Changes in Net Position 64

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

- Taxable Sales by Category 65
- Direct and Overlapping Sales Tax Rates 66

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

- Demographic and Economic Statistics 67
- Principal Employers 68

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

- Operating Information 69

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

CLARK COUNTY PTBA

NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
NET POSITION										
Net Investment in Capital Assets	\$59,756,782	\$53,736,233	\$51,146,782	\$56,188,095	\$60,274,229	\$64,973,306	\$63,771,949	\$62,974,281	\$51,585,761	\$43,751,089
Restricted for Capital Assets	44,305	44,305	26,993	35,834	82,123	61,200	61,200	61,200	-	-
Unrestricted	54,214,751	65,996,049	59,874,415	52,118,016	47,479,221	49,717,245	51,323,807	54,637,315	62,596,956	60,869,695
TOTAL NET POSITION	\$114,015,838	\$119,776,587	\$111,048,190	\$108,341,945	\$107,835,573	\$114,751,751	\$115,156,956	\$117,672,796	\$114,182,717	\$104,620,784

CLARK COUNTY PTBA

CHANGES IN NET POSITION

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Fixed Route	\$38,749,771	\$39,129,874	\$36,894,015	\$35,987,002	\$35,303,448	\$33,198,647	\$33,247,083	\$32,271,700	\$28,255,489	\$26,182,380
Demand Responses	11,804,881	10,679,322	9,958,903	9,433,568	8,719,876	8,683,601	8,429,088	9,000,526	8,067,501	7,108,788
Vanpool	617,566	332,485	338,321	285,483	188,252	225,455	399,493	0	0	0
Other Operating Expenses	33,641	0	0	0	0	0	0	0	0	0
Total Operating	51,208,888	50,141,681	47,191,239	45,706,052	44,211,576	42,107,703	42,075,664	41,272,226	36,322,990	33,291,168
HCT Studies	0	0	19,448	115,844	156,874	186,812	177,484	118,763	53,131	52,172
Vanpool	0	0	0	0	0	0	0	150,864	0	0
Road Contributions	1,755	72,224	137,900	5,632	39,723	8,324	101,509	8,100	18,981	0
Gains (Loss) on Sale of Capital Assets	874	199,694	(1,426)	37,786	11,048	81,772	38,586	(25,881)	8,400	147,426
Total Expenses	\$51,208,888	\$50,413,599	\$47,347,161	\$45,865,295	\$44,419,220	\$42,384,611	\$42,393,243	\$41,524,072	\$36,403,502	\$33,490,766
Operating Revenues										
Passenger Fares	\$7,820,987	\$8,088,346	\$7,971,101	\$7,704,374	\$7,323,984	\$6,802,151	\$6,575,758	\$6,126,288	\$5,221,971	\$4,786,044
Other Transit Revenue	358,152	372,419	349,905	347,301	369,332	375,176	363,211	488,027	361,393	286,994
Total Operating Revenues	\$8,179,139	\$8,460,765	\$8,321,006	\$8,051,674	\$7,693,316	\$7,177,327	\$6,938,969	\$6,614,315	\$5,583,364	\$5,073,038
Nonoperating Revenues										
Taxes										
Sales Tax	\$44,151,875	\$38,989,887	\$36,141,016	\$30,836,746	\$22,724,638	\$22,008,102	\$21,179,904	\$24,256,571	\$25,852,664	\$26,086,132
Interest Income	127,656	126,412	165,420	242,889	296,650	388,556	528,076	1,560,755	3,103,071	2,970,928
Other Nonoperating Revenues	44,686	76,242	62,380	84,167	65,150	17,254	37,482	12,031	12,060	7,548
State Assistance	1,177,302	1,400,924	470,399	1,255,818	678,057	1,122,382	540,188	672,552	732,861	517,505
Federal Assistance	4,871,381	4,867,959	4,375,189	4,861,082	5,094,622	5,236,649	6,139,019	1,052,852	191,776	486,303
Capital Grants - FTA Grants	3,681,058	4,733,233	742,562	957,731	950,609	6,029,136	4,059,139	10,220,755	8,698,860	684,006
Capital Grants - State Grants	2,701,313	486,574	174,223	81,560	0	0	454,646	624,320	942,779	0
Capital Grants - Non Govt	0	0	0	0	0	0	0	0	848,000	0
Total General Revenues	\$56,755,271	\$50,681,231	\$42,131,189	\$38,319,993	\$29,809,726	\$34,802,079	\$32,938,434	\$38,399,836	\$40,382,071	\$30,752,422
Changes in Accounting Principle		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prior Period Adjustment	(\$19,502,687)	\$0	(\$398,789)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Change in Net Position	\$16,016	\$3,728,397	\$2,706,245	\$506,372	(\$6,916,176)	(\$405,205)	(\$2,515,840)	\$3,490,079	\$9,561,933	\$2,334,694

CLARK COUNTY PTBA

TAXABLE SALES BY CATEGORY

Last Ten Calendar Years

(in thousands of dollars)

CATEGORY	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Building Materials and Hardware	\$321,403	\$274,896	\$253,147	\$211,310	\$194,657	\$201,121	\$186,642	\$215,533	\$262,894	\$285,649
General Merchandise	655,477	608,817	579,853	562,346	546,385	543,235	537,552	529,772	539,986	539,559
Food	326,905	272,885	252,065	237,552	231,341	237,401	226,108	224,663	223,368	210,783
Auto Dealers/Gas Stations	651,695	561,472	516,325	467,104	404,959	382,092	361,522	416,887	494,502	492,850
Apparel/Accessories	127,588	129,407	127,177	120,258	110,235	108,468	106,082	118,429	126,248	114,125
Furniture/Furnishings	203,777	184,255	151,070	129,229	131,262	115,262	115,040	133,424	143,163	128,325
Eating/Drinking Places	658,843	590,496	543,297	510,365	483,583	466,858	453,962	465,489	460,920	435,273
Misc. Retail Stores	127,716	301,648	290,496	277,889	281,904	273,191	263,786	292,753	309,191	287,257
Services	499,319	448,446	411,847	396,213	373,083	349,639	350,557	365,961	392,473	361,902
Contracting	1,137,118	895,089	798,099	666,654	629,133	574,319	533,000	912,393	1,016,443	1,145,695
Manufacturing	84,803	81,469	69,614	64,131	60,056	60,126	69,641	95,853	118,614	119,642
Transportation, Communication, and Utilities	373,131	338,341	333,862	322,334	296,236	275,411	253,431	258,833	253,275	233,601
Wholesaling	370,185	338,338	320,629	277,884	266,437	258,722	260,744	321,783	316,694	311,516
Finance, Insurance, and Real Estate	181,536	164,743	138,588	131,920	116,676	124,860	135,963	154,293	156,679	163,735
Other Business	116,842	94,923	84,264	81,494	71,385	65,622	39,017	43,068	35,492	36,864
TOTAL RETAIL SALES	6,007,338	5,285,205	4,870,333	\$4,456,683	\$4,197,332	\$4,036,328	\$3,893,047	\$4,548,933	\$4,849,743	\$4,866,777
Sales Tax at										
Applicable Rate (0.7%):	42,051	36,996	34,092	29,210	20,987	20,182	19,465	22,745	\$24,249	\$24,334
(Note: Effective April 2012 Tax Rate Increased from Prior Rate of 0.5%. Rate increased to 0.5% in January 2006 from prior rate of 0.3%)										
Sales and Use Tax Revenue	44,152	38,990	36,141	30,837	22,725	22,008	21,180	24,257	\$25,853	\$26,086
Percent of Tax from Retail Sales (Balance is from Use Tax)	95.2%	94.9%	94.3%	94.7%	92.4%	91.7%	91.9%	93.8%	93.8%	93.3%

Source: Quarterly Business Review, Washington Department of Revenue.

CLARK COUNTY PTBA
DIRECT AND OVERLAPPING SALES TAX RATES
Last Ten Fiscal Years

Fiscal Year	Direct PTBA Sales Tax Rate		Other Local Sales Tax Rate		State Sales Tax Rate		Total Sales Tax Rate	
2015	0.7	%	1.2	%	6.5	%	8.4	%
2014	0.7		1.2		6.5		8.4	
2013	0.7		1.2		6.5		8.4	
2012	0.7		1.2		6.5		8.4	
2011	0.5		1.2		6.5		8.2	
2010	0.5		1.2		6.5		8.2	
2009	0.5		1.2		6.5		8.2	
2008	0.5		1.2		6.5		8.2	
2007	0.5		1.2		6.5		8.2	
2006	0.5		1.1		6.5		8.1	

CLARK COUNTY
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2015	451,820	not available	not available	6.4%
2014	442,800	19,462,176	43,153	7.0%
2013	435,500	18,357,803	41,411	8.7%
2012	431,250	18,159,821	41,508	9.4%
2011	428,000	17,061,202	39,433	11.6%
2010	425,363	16,069,435	37,645	12.9%
2009	431,200	15,928,387	37,813	13.2%
2008	424,200	16,591,380	39,952	7.1%
2007	415,000	15,483,890	37,875	5.6%
2006	403,500	14,313,104	35,632	5.7%

Source:

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

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

Unemployment rates are from the Washington State Employment Security Department

CLARK COUNTY
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	2015			2006		
	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
PeaceHealth Southwest Medical Center	4,374	1	2.0%	2,490	2	1.2%
Bonneville Power Administration	2,946	2	1.4%	1,113	7	0.0%
Evergreen Public Schools	2,764	3	1.3%	2,673	1	1.3%
Vancouver Public Schools	2,400	4	1.1%	2,278	3	1.1%
Fred Meyer Stores	1,743	5	0.8%	1,024	10	0.5%
Clark County	1,550	6	0.7%	1,595	5	0.8%
Battle Ground Public Schools	1,385	7	0.6%	-		0.0%
Legacy Salmon Creek Medical Center	1,160	8	0.5%	-		0.0%
The Vancouver Clinic	1,061	9	0.0%	-		0.0%
Wafer Tech LLC	1,050	10	0.5%	1,100	8	0.0%
City of Vancouver	-		0.0%	1,084	9	0.5%
Kaiser Permanente	-		0.0%	-		0.0%
Columbia Machine	-		0.0%	-		0.0%
Hewlett-Packard	-		0.0%	1,800	4	0.9%
Safeway	-		0.0%	1,250	6	0.6%
Total	16,059		7.5%	16,407		8.0%
Total County Employment	213,480			204,410		

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

CLARK COUNTY PTBA
OPERATING INFORMATION
2015-2006

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
PASSENGER BOARDINGS										
A. Fixed Route	5,856,838	6,061,350	6,193,249	6,614,724	6,723,798	6,317,040	6,201,190	6,984,933	5,506,506	5,436,018
B. Demand Response	249,801	235,508	231,021	217,458	206,596	218,104	215,357	245,684	230,409	211,818
C. Vanpool	68,880	68,420	67,031	56,758	28,210	17,426	14,086	0	0	0
PASSENGER MILES										
A. Fixed Route	34,671,520	36,035,215	38,399,963	32,408,972	33,748,700	31,773,904	34,730,798	36,883,205	25,849,236	29,268,989
B. Demand Response	1,668,602	1,703,745	1,671,950	1,542,584	1,468,523	1,528,543	1,295,897	1,409,969	1,300,870	1,203,188
C. Vanpool	1,956,221	2,014,887	1,996,671	1,570,340	756,260	461,647	379,442	0	0	0
OPERATING MILES										
A. Fixed Route	4,629,044	4,636,289	4,637,508	4,645,988	4,656,656	4,618,039	4,970,828	5,155,643	4,373,134	4,171,577
B. Demand Response	1,547,932	1,563,463	1,541,863	1,454,013	1,366,941	1,436,388	1,431,783	1,535,597	1,443,921	1,335,402
C. Vanpool	399,061	449,502	412,699	303,664	145,611	78,431	65,864	0	0	0
OPERATING HOURS										
A. Fixed Route	279,693	279,840	280,922	281,940	282,552	279,432	299,243	304,416	267,171	248,299
B. Demand Response	101,290	93,675	90,394	86,529	82,554	87,973	92,255	99,972	92,641	85,930
C. Vanpool	10,784	11,613	10,530	8,377	4,181	2,395	2,141	0	0	0
IN-SERVICE MILES										
A. Fixed Route	3,864,255	3,871,089	3,885,615	3,913,550	3,939,455	3,931,152	4,289,359	4,476,702	3,845,014	3,683,991
B. Demand Response	1,313,680	1,333,555	1,307,322	1,245,285	1,192,208	1,253,477	1,250,885	1,348,396	1,268,496	1,182,787
C. Vanpool	399,061	449,502	412,699	303,664	145,611	78,431	65,864	0	0	0
IN-SERVICE HOURS										
A. Fixed Route	253,300	252,900	254,632	256,684	258,137	256,428	275,743	280,211	247,323	230,657
B. Demand Response	93,047	86,327	83,040	79,515	75,949	80,555	81,064	88,258	81,773	77,010
C. Vanpool	10,784	11,613	10,530	8,377	4,181	2,395	2,141	0	0	0
NET OPERATING COST										
A. Fixed Route	\$35,075,668	\$34,483,217	\$31,781,431	\$31,063,712	\$29,935,491	\$28,219,249	\$28,689,099	\$28,283,504	\$23,970,530	\$21,255,407
B. Demand Response	11,006,372	9,905,245	8,999,356	8,554,901	7,771,570	7,775,082	7,816,398	8,791,796	7,753,950	6,787,272
C. Vanpool	448,471	229,465	189,693	172,019	128,488	219,071	281,796	0	0	0
OPERATING REVENUE										
A. Fixed Route	\$7,568,954	\$7,838,603	\$7,742,600	\$7,551,671	\$7,295,061	\$6,793,511	\$6,670,570	\$6,346,589	\$5,345,781	\$4,818,489
B. Demand Response	399,531	400,362	378,198	340,685	330,428	336,942	230,340	266,498	234,627	241,677
C. Vanpool	209,957	221,424	199,799	158,695	67,246	46,697	37,348	0	0	0
PASSENGERS PER IN-SERVICE HOUR										
A. Fixed Route	23.1	24.0	24.3	25.8	26.0	24.6	22.5	24.9	22.3	23.6
B. Demand Response	2.7	2.7	2.8	2.7	2.7	2.7	2.7	2.8	2.8	2.8
C. Vanpool	6.4	5.9	6.4	6.8	6.7	7.3	6.6	0.0	0.0	0.0

CLARK COUNTY PTBA
OPERATING INFORMATION
2015-2006

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
COST PER PASSENGER MILE										
A. Fixed Route	\$1.01	\$0.96	\$0.83	\$0.96	\$0.89	\$0.89	\$0.83	\$0.77	\$0.93	\$0.73
B. Demand Response	\$6.60	\$5.81	\$5.38	\$5.55	\$5.29	\$5.09	\$6.03	\$6.24	\$5.96	\$5.64
C. Vanpool	\$0.23	\$0.11	\$0.10	\$0.11	\$0.17	\$0.47	\$0.74	\$0.00	\$0.00	\$0.00
COST PER OPERATING MILE										
A. Fixed Route	\$7.58	\$7.44	\$6.85	\$6.69	\$6.43	\$6.11	\$5.77	\$5.49	\$5.48	\$5.10
B. Demand Response	\$7.11	\$6.34	\$5.84	\$5.88	\$5.69	\$5.41	\$5.46	\$5.73	\$5.37	\$5.08
C. Vanpool	\$1.12	\$0.51	\$0.46	\$0.57	\$0.88	\$2.79	\$4.28	\$0.00	\$0.00	\$0.00
COST PER PASSENGER BOARDING										
A. Fixed Route	\$5.99	\$5.69	\$5.13	\$4.70	\$4.45	\$4.47	\$4.63	\$4.05	\$4.35	\$3.91
B. Demand Response	\$44.06	\$42.06	\$38.95	\$39.34	\$37.62	\$35.65	\$36.30	\$35.78	\$33.65	\$32.04
C. Vanpool	\$6.51	\$3.35	\$2.83	\$3.03	\$4.55	\$12.57	\$20.01	\$0.00	\$0.00	\$0.00
COST PER OPERATING HOUR										
A. Fixed Route	\$125.41	\$123.22	\$113.13	\$110.18	\$105.95	\$100.99	\$95.87	\$92.91	\$89.72	\$85.60
B. Demand Response	\$108.66	\$105.74	\$99.56	\$98.87	\$94.14	\$88.38	\$84.73	\$87.94	\$83.70	\$78.99
C. Vanpool	\$41.59	\$19.76	\$18.01	\$20.54	\$30.73	\$91.47	\$131.62	\$0.00	\$0.00	\$0.00
OPERATING REVENUE PER PASSENGER										
A. Fixed Route	\$1.29	\$1.29	\$1.25	\$1.14	\$1.08	\$1.08	\$1.08	\$0.91	\$0.97	\$0.89
B. Demand Response	\$1.60	\$1.70	\$1.64	\$1.57	\$1.60	\$1.54	\$1.07	\$1.08	\$1.02	\$1.14
C. Vanpool	\$3.05	\$3.24	\$2.98	\$2.80	\$2.38	\$2.68	\$2.65	\$0.00	\$0.00	\$0.00
PERCENT OF OPERATING REVENUE TO OPERATING COSTS										
A. Fixed Route	21.6 %	22.7 %	24.4 %	24.3 %	24.4 %	24.1 %	23.3 %	22.4 %	22.3 %	22.7 %
B. Demand Response	3.6	4.0	4.2	4.0	4.3	4.3	2.9	3.0	3.0	3.6
C. Vanpool	46.8	96.5	105.3	92.3	52.3	21.3	13.3	0.0	0.0	0.0
FULL-TIME EQUIVALENT EMPLOYEES										
Total	411	400	394	393	384	385	404	413	383	356
CAPITAL ASSETS - FLEET VEHICLES										
A. Fixed Route	108	108	108	108	108	105	110	123	109	104
B. Demand Response	52	52	52	52	58	61	68	53	61	44
C. Vanpool	51	47	38	29	20	22	30			

Notes:

- * Data for passenger boardings and passenger miles reflect the National Transit Database (NTD) data and are computed on a statistically sampled basis, and subject to statistical variations from year to year.
- * Data for operating and in-service miles and hours match the NTD reported data.
- * Net operating cost excludes cost of service contracted to the Tri-County Metropolitan Transit District, Portland, Oregon (TriMet), depreciation and leases to match NTD reporting requirements.
- * Operating revenue includes passenger revenue, the sale of maps and rider's digests, revenue from contracts to provide additional service, advertising revenue, and room rental for use of the Rose F. Besseman Community Room at Fisher's Landing Transit Center.