

## BASIC FINANCIAL STATEMENTS

The basic financial statements and note disclosure comprise the minimum acceptable fair presentation in conformity with Generally Accepted Accounting Principles (GAAP). Basic financial statements are designed to be lifted from the Financial Section of the Comprehensive Annual Financial Report (CAFR) for widespread distribution to users requiring less detailed information than is contained in the full CAFR. Basic Financial Statements include:

### **Government-wide Financial Statements**

- (1) **Government-wide Statement of Net Assets** – presents information on all County governmental and business-type assets and liabilities, with the difference reported as net assets.
- (2) **Government-wide Statement of Activities** – presents information on all County governmental and business-type revenues and expenses, with the difference reported as change in net assets.

### **Fund Financial Statements**

- (3) **Balance Sheet - Governmental Funds** - presents the balance sheets for major funds and aggregated amounts for all other governmental funds.
- (4) **Reconciliation of the Balance Sheet of Governmental Funds to the Government-wide Statement of Net Assets**
- (5) **Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds** – presents information for each major fund and aggregated information for all other governmental funds.
- (6) **Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-wide Statement of Activities**
- (7) **Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual** – presents budget information, along with actual results, on separate statements for each major fund which has a legally adopted budget. Departmental information is included for the General Fund, in accordance with the County's legally adopted budget.
- (8) **Statement of Net Assets – Proprietary Funds** – presents information on all assets and liabilities, with the difference reported as change in net assets, for each major enterprise fund and for the County's one non-major enterprise fund, as well as a separate column of information for internal service funds.
- (9) **Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds** - presents information for each major enterprise fund and for the County's one non-major enterprise fund, as well as a separate column of information for internal service funds.

- (10) **Statement of Cash Flows** - presents information on the sources and uses of cash for each major enterprise fund and for the County's one non-major enterprise fund, as well as a separate column of information for internal service funds.
- (11) **Statement of Fiduciary Net Assets** – presents information on investment trust funds, the private-purpose trust fund, and agency fund assets and liabilities, with the difference reported as net assets.
- (12) **Statement of Changes in Fiduciary Net Assets** - presents information on additions to and deductions from investment trust funds, the private-purpose trust fund, and agency funds, with the difference reported as change in net assets.
- (13) **Notes to Financial Statements-** presents disclosure and further detail information to assist the reader in a better understanding of the financial statements and the data presented within them.

**CLARK COUNTY, WASHINGTON**  
**Statement of Net Assets**  
**For the Year Ended December 31, 2004**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash, cash equivalents & pooled investments	\$ 156,081,512	\$ 17,913,971	\$ 173,995,483
Receivables	22,027,043	1,444,181	23,471,224
Internal balances	(98,970)	98,970	0
Inventories	1,075,858	0	1,075,858
Prepays	127,132	0	127,132
Notes receivable	7,125,989	30,851,724	37,977,713
Deferred charges	1,024,606	0	1,024,606
Restricted assets - in safekeeping	2,632,939	0	2,632,939
Capital assets:			
Land, infrastructure and construction in progress	717,514,410	83,022,337	800,536,747
Other capital assets, net of depreciation	121,009,897	62,927,516	183,937,413
Total assets	<u>1,028,520,416</u>	<u>196,258,699</u>	<u>1,224,779,115</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	17,556,875	1,822,740	19,379,615
Accrued liabilities	5,763,926	264,444	6,028,370
Deposits payable	4,993,924	0	4,993,924
Due to other governments	490,565	787	491,352
Deferred revenue	2,219,825	30,851,724	33,071,549
Long term liabilities:			
Special assessment debt with governmental commitment due in more than one year	263,954	0	263,954
Other due within one year	8,183,346	1,874,062	10,057,408
Other due in more than one year	166,680,121	28,558,115	195,238,236
Total liabilities	<u>206,152,536</u>	<u>63,371,872</u>	<u>269,524,408</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	681,478,807	115,686,833	797,165,640
Restricted for:			
Capital projects	19,248,052	0	19,248,052
Culture and recreation	24,830,142	0	24,830,142
Economic environment	23,227,364	0	23,227,364
Law and justice	1,581,005	0	1,581,005
Debt service- debt covenants	285,760	0	285,760
Transportation	4,306,283	0	4,306,283
Health and human services	26,818,336	0	26,818,336
General governmental	8,518,198	0	8,518,198
Unrestricted	32,073,933	17,199,994	49,273,927
Total net assets	<u>\$ 822,367,880</u>	<u>\$ 132,886,827</u>	<u>\$ 955,254,707</u>

See accompanying notes to the financial statements

**CLARK COUNTY, WASHINGTON**  
**Statement of Activities**  
**For the Year Ended December 31, 2004**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Primary Government		
					Governmental Activities	Business- Type Activities	Total
<b>Primary Government:</b>							
Governmental activities:							
General government	\$ 45,147,967	\$ 16,547,406	\$ 5,081,237	\$ 0	\$ (23,519,324)	\$ 0	\$ (23,519,324)
Public safety	56,822,756	4,272,157	5,049,676	113,835	(47,387,088)	0	(47,387,088)
Judicial	11,792,152	3,805,470	1,741,433	0	(6,245,249)	0	(6,245,249)
Physical environment	1,795,890	5,661,296	1,571,212	0	5,436,618	0	5,436,618
Transportation	25,823,196	9,190,951	1,500	26,513,893	9,883,148	0	9,883,148
Economic environment	19,529,418	12,298,575	8,510,041	0	1,279,198	0	1,279,198
Health and human services	46,237,042	5,473,750	37,680,163	0	(3,083,129)	0	(3,083,129)
Culture and recreation	8,347,815	5,936,367	83,342	3,205,356	877,250	0	877,250
Interest on long term debt	5,467,112	0	0	0	(5,467,112)	0	(5,467,112)
Total governmental activities	220,963,348	63,185,972	59,718,604	29,833,084	(68,225,688)	0	(68,225,688)
Business-type activities:							
Solid waste	1,901,751	1,532,755	603,277	0	0	234,281	234,281
Water	3,915,099	4,856,164	154,871	1,566,795	0	2,662,731	2,662,731
Sewer	6,479,177	6,143,477	0	1,153,549	0	817,849	817,849
Total business-type activities	12,296,027	12,532,396	758,148	2,720,344	0	3,714,861	3,714,861
Total primary government	\$ 233,259,375	\$ 75,718,368	\$ 60,476,752	\$ 32,553,428	\$ (68,225,688)	\$ 3,714,861	\$ (64,510,827)
General revenues:							
Taxes:							
Property					71,844,546	0	71,844,546
Sales					26,309,287	0	26,309,287
Other					15,527,887	0	15,527,887
Interest and investment earnings					2,995,876	270,564	3,266,440
Gain/(loss) on sale of capital assets					1,830,875	0	1,830,875
Special Item:							
Prepayment of contract receivable by the City of Battle Ground					0	7,341,480	7,341,480
Transfers					141,980	(141,980)	0
Total general revenues and transfers					118,650,451	7,470,064	126,120,515
Change in net assets					50,424,763	11,184,925	61,609,688
Net assets as of January 1					842,936,107	105,831,390	948,767,497
Prior period adjustment					(70,992,990)	15,870,512	(55,122,478)
Net assets as of January 1 - restated					771,943,117	121,701,902	893,645,019
Net asset as of December 31					\$ 822,367,880	\$ 132,886,827	\$ 955,254,707

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See accompanying notes to the financial statements

**Clark County Washington  
Balance Sheet  
Governmental Funds  
For the Year Ended December 31, 2004**

	Major Funds					Other Governmental Funds	Total
	General	County Roads	Mental Health	Community Services Grants	Campus Health District Facility		
<b>ASSETS</b>							
Cash, cash equivalents and pooled investments	\$ 14,853,515	\$ 4,152,410	\$ 9,910,277	\$ 2,962,550	\$ 18,662,809	\$ 90,134,825	\$ 140,676,386
Deposit with fiscal agent	0	0	0	0	0	15,000	15,000
Deposit in trust	2,222,166	0	0	0	0	1,000	2,223,166
Taxes receivable	1,699,740	1,120,933	13,093	0	0	89,370	2,923,136
Special assessments receivable	0	0	0	0	0	928,156	928,156
Interest and penalties receivable	3,790,797	0	0	0	0	0	3,790,797
Accounts receivable	2,083,079	1,664,637	61,431	4,942	49,671	2,242,316	6,106,076
Due from other funds	61,281	423	0	88,481	0	1,676,057	1,826,242
Due from other governments	913,840	1,981,865	239,915	965,081	0	3,313,098	7,413,799
Inventories	0	0	0	0	0	295,718	295,718
Prepaid expenditure	78,842	309	0	13,685	0	34,296	127,132
Advance due from other funds		318,291	0	0	0	1,422,719	1,741,010
Notes receivable	205,572	152,391	0	6,762,936	0	5,090	7,125,989
Assets in safekeeping	0	0	0	0	0	2,632,939	2,632,939
Total assets	<u>25,908,832</u>	<u>9,391,259</u>	<u>10,224,716</u>	<u>10,797,675</u>	<u>18,712,480</u>	<u>102,790,584</u>	<u>177,825,546</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<i>Liabilities</i>							
Warrants and anticipation notes payable	0	0	0			1,312,502	1,312,502
Vouchers payable	2,343,986	2,235,426	2,204,992	1,355,556	2,662,903	4,241,833	15,044,696
Due to other funds	258,773	303,397	0	124,396	0	972,167	1,658,733
Due to other governments	26,997	33,684	1,184	890	0	427,765	490,520
Accrued liabilities	3,311,011	556,544	68,839	4,530	0	1,273,270	5,214,194
Deposits payable	2,245,233	739,836	0	0	482,206	1,526,649	4,993,924
Matured long-term obligations	0	0	0	0	0	15,000	15,000
Deferred revenue	5,706,580	1,215,780	59,859	6,794,113	0	3,056,005	16,832,337
Advance due to other funds	0	0	0	0	0	1,422,719	1,422,719
Total liabilities	<u>13,892,580</u>	<u>5,084,667</u>	<u>2,334,874</u>	<u>8,279,485</u>	<u>3,145,109</u>	<u>14,247,910</u>	<u>46,984,625</u>
<i>Fund Balances</i>							
Reserved for							
Prepaid items	78,842	309	0	13,685	0	34,296	127,132
Advances	0	318,291	0	0	0	1,422,719	1,741,010
Unreserved - designated for:							
compensated absences	1,499,145	287,670	17,674	50,002	0	342,825	2,197,316
Unreserved - designated for:							
low income housing, clinic, and upgrades	0	0	6,020,954	0	0	0	6,020,954
Unreserved, undesignated, reported in:							
General fund	10,438,265	0	0	0	0	0	10,438,265
Special revenue funds	0	3,700,322	1,851,214	2,454,503	0	30,097,980	38,104,019
Debt service funds	0	0	0	0	0	285,760	285,760
Capital project funds	0	0	0	0	15,567,371	56,359,094	71,926,465
Total fund balances	<u>12,016,252</u>	<u>4,306,592</u>	<u>7,889,842</u>	<u>2,518,190</u>	<u>15,567,371</u>	<u>88,542,674</u>	<u>\$ 130,840,921</u>
Total liabilities and fund balance	<u>\$ 25,908,832</u>	<u>\$ 9,391,259</u>	<u>\$ 10,224,716</u>	<u>\$ 10,797,675</u>	<u>\$ 18,712,480</u>	<u>\$ 102,790,584</u>	

See accompanying notes to the financial statements

**CLARK COUNTY, WASHINGTON**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**To the Statement of Net Assets**  
**For the Year Ended December 31, 2004**

Total fund balances as shown on the Governmental Funds Balance Sheet:	\$	130,840,921
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. This amount reflects the initial investment in capital assets, net of depreciation, at 12/31/04 . (This amount does not include internal service fund capital assets in the amount of \$12,936,012, which are included as a reconciling item in a note further down this page.)		825,588,295
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		15,637,118
Internal service funds are used to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		21,493,155
Accrued interest liabilities that are not due and payable in the current period are not reported in the funds, however, they are recorded in the Statement of Net Assets.		(262,832)
Long-term liabilities that are not due and payable in the current period are not reported in the funds, however, they are recorded in the Statement of Net Assets.		(170,928,777)
Total net assets, as reflected on the Statement of Net Assets:	\$	822,367,880

See accompanying notes to the financial statements

**Clark County Washington**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2004**

	Major Funds					Other Governmental Funds	Total
	General Fund	County Roads	Mental Health	Community Service Grants	Campus Health District Facility		
<b>Revenues:</b>							
Property taxes	\$ 44,126,201	\$ 25,583,974	\$ 342,894	\$ 0	\$ 0	\$ 2,329,623	\$ 72,382,692
Sales and use taxes	19,238,655	0	0	0	0	7,070,632	26,309,287
Other taxes	4,578,775	363,806	2,510	0	0	10,582,796	15,527,887
Licenses & permits	1,120,967	250,024	0	42,603	0	8,249,619	9,663,213
Intergovernmental	11,555,109	18,962,706	22,114,893	8,113,355	0	19,704,302	80,450,365
Charges for services	15,119,349	5,095,961	675,094	1,264,909	49,671	21,681,339	43,886,323
Fines & forfeitures	3,265,677	5,600	0	0	0	171,560	3,442,837
Interest earnings	1,162,967	42,033	149,168	80,656	96,145	1,284,440	2,815,409
Donations	12,688	1,500	0	0	0	95,079	109,267
Other revenues	213,883	144,202	94	618,333	0	4,601,503	5,578,015
Total revenues	100,394,271	50,449,806	23,284,653	10,119,856	145,816	75,770,893	260,165,295
<b>Expenditures:</b>							
Current:							
General government	29,544,985	29,790	0	0	0	2,003,611	31,578,386
Public safety	49,400,700	241,171	0	0	0	7,111,431	56,753,302
Judicial	11,484,412	0	0	0	0	0	11,484,412
Physical environment	51,319	0	0	0	0	1,745,985	1,797,304
Transportation	62,296	53,810,049	0	0	0	733,369	54,605,714
Economic environment	68,500	0	0	11,674,306	0	7,494,590	19,237,396
Health and human services	1,912,900	0	22,482,246	505,153	0	23,714,338	48,614,637
Culture & recreation	3,820,621	0	0	0	0	2,816,293	6,636,914
Capital outlay	0	0	0	0	11,713,411	21,269,947	32,983,358
Debt service:							
Principal	0	0	0	0	0	6,191,608	6,191,608
Interest and other charges	13,396	87,065	288	83,508	247,146	5,296,392	5,727,795
Total expenditures	96,359,129	54,168,075	22,482,534	12,262,967	11,960,557	78,377,564	275,610,826
Excess (deficiency) of revenues over (under) expenditures	4,035,142	(3,718,269)	802,119	(2,143,111)	(11,814,741)	(2,606,671)	(15,445,531)
<b>Other Financing Sources (Uses):</b>							
Issuance of long term debt	0	2,272,500	0	1,810,000	23,335,000	32,285,000	59,702,500
Premiums on long term debt	0	0	0	7,913	590,073	1,321,911	1,919,897
Proceeds from bond anticipation notes	0	0	0	1,270,500	0	10,109,000	11,379,500
Repayment of bond anticipation notes	0	0	0	(1,270,500)	0	(10,109,000)	(11,379,500)
Sale of capital assets	694,414	823,657	4,969	0	355,440	104,184	1,982,664
Transfers in	6,877,510	3,049,687	0	823,284	0	17,592,457	28,342,938
Transfers out	(15,992,570)	(1,748,509)	0	0	0	(19,694,047)	(37,435,126)
Total other financing sources (uses)	(8,420,646)	4,397,335	4,969	2,641,197	24,280,513	31,609,505	54,512,873
Net change in fund balances	(4,385,504)	679,066	807,088	498,086	12,465,772	29,002,834	39,067,342
Fund balance as of January 1	10,899,066	3,032,885	6,949,470	1,761,605	3,101,599	57,569,730	83,314,355
Prior period adjustment	5,502,690	594,641	133,284	258,499	0	1,970,110	8,459,224
Fund balance as of January 1 - restated	16,401,756	3,627,526	7,082,754	2,020,104	3,101,599	59,539,840	91,773,579
Fund balance as of December 31	\$ 12,016,252	\$ 4,306,592	\$ 7,889,842	\$ 2,518,190	\$ 15,567,371	\$ 88,542,674	\$ 130,840,921

See accompanying notes to the financial statements

**CLARK COUNTY, WASHINGTON**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended December 31, 2004**

Net change in fund balances as shown on Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance: \$ 39,067,342

Governmental funds report capital outlays as expenditures and proceeds from the sale of capital assets as revenues. In the Statement of Activities the cost of those assets is capitalized and depreciated over the period of the asset's useful life. When capital assets are disposed of, the difference between original cost and depreciation, and the proceeds are booked as a gain or (loss) on the sale. This entry takes into account the differences in how capital costs are treated between the Statement of Activities and the governmental fund statements. 56,284,574

The County receives contributions in the form of capital assets from developers and other donors. Because capital assets are not reported in governmental funds, neither are such contributions. Government-Wide Statements report capital assets in the Statement of Net Assets, and any contributions are reported in the Statement of Activities. This is the value of those capital contributions during the year. 8,992,056

Internal service fund expenses are allocated to other funds. The net expense of certain internal service fund activities is reported with governmental activities on the Statement of Activities. 1,294,578

The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This entry is the net effect of these differences in the treatment of long-term debt issuance and payments. (54,893,880)

Governmental funds report revenue in the current period for revenues deferred in prior periods since they were not available financing sources at the time. Government-wide statements record revenues at the time they are earned. This amount accounts for the change in deferred revenues during 2003. (538,146)

Some expenses reported in the statement of activities do not require the use of current financial resources, and accordingly, are not reported as expenditures in governmental funds. 218,239

Change in net assets, as reflected on the Statement of Activities **\$ 50,424,763**

See accompanying notes to the financial statements

**Clark County Washington**  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget (GAAP Basis) and Actual**  
**For the Biennium Ended December 31, 2004**

	Original 2003/2004 <u>Budget</u>	Final 2003/2004 <u>Budget</u>	Actual Biennium-To- <u>Date</u>	Variance with Final Budget Positive/ <u>(Negative)</u>
<b><u>Revenues:</u></b>				
Taxes	\$ 127,567,468	\$ 132,133,030	\$ 133,359,618	\$ 1,226,588
Licenses & permits	2,345,608	2,345,608	2,085,359	(260,249)
Intergovernmental	18,621,858	21,958,174	23,044,259	1,086,085
Charges for services	27,694,797	31,604,119	30,955,125	(648,994)
Fines & forfeitures	6,904,976	6,904,976	6,626,602	(278,374)
Miscellaneous	5,991,790	2,354,116	2,755,901	401,785
Total revenues	<u>189,126,497</u>	<u>197,300,023</u>	<u>198,826,864</u>	<u>1,526,841</u>
<b><u>Expenditures</u></b>				
General government	56,105,822	60,354,446	58,569,850	1,784,596
Public safety	98,768,460	101,328,823	96,569,042	4,759,781
Judicial	21,032,104	22,740,079	22,480,477	259,602
Physical environment	102,275	102,275	103,113	(838)
Transportation	95,107	130,932	120,367	10,565
Economic environment	151,000	151,000	147,583	3,417
Health and human services	3,896,007	3,939,427	3,823,601	115,826
Culture and recreation	7,613,890	7,915,954	7,577,464	338,490
Debt service-principal	26,792	226,792	26,793	199,999
Debt service-interest	0	100,276	50,138	50,138
Total expenditures	<u>187,791,457</u>	<u>196,990,004</u>	<u>189,468,428</u>	<u>7,521,576</u>
Excess (deficiency) of revenues over expenditures	1,335,040	310,019	9,358,436	9,048,417
Interfund loan proceeds	0	580,000	0	(580,000)
Sale of capital assets	919,414	919,414	1,221,338	301,924
Transfers in	16,242,663	15,957,087	15,551,427	(405,660)
Transfers out	<u>(18,732,627)</u>	<u>(28,263,294)</u>	<u>(28,122,196)</u>	<u>141,098</u>
Total other financing sources(uses)	(1,570,550)	(10,806,793)	(11,349,431)	(542,638)
Net change in fund balance	(235,510)	(10,496,774)	(1,990,995)	8,505,779
Fund Balance as of January 1	235,510	14,421,405	8,488,860	(5,932,545)
Prior Period Adjustment	0	0	5,518,387	5,518,387
Fund Balance as of January 1- restated	<u>235,510</u>	<u>14,421,405</u>	<u>14,007,247</u>	<u>(414,158)</u>
Fund balance as of December 31	<u>\$ 0</u>	<u>\$ 3,924,631</u>	<u>\$ 12,016,252</u>	<u>\$ 8,091,621</u>

See accompanying notes to the financial statements

**Clark County Washington**  
**General Fund**  
**Statement of Revenues - Budget (GAAP Basis) and Actual**  
**For the Biennium Ended December 31, 2004**

	Original 2003/2004 <u>Budget</u>	Final 2003/2004 <u>Budget</u>	Actual Biennium-To- <u>Date</u>	Variance with Final Budget Positive/ <u>(Negative)</u>
General property taxes	\$ 86,262,149	\$ 81,232,863	\$ 81,253,604	\$ 20,741
Retail sales and use taxes	32,315,150	35,458,721	36,554,879	1,096,158
Excise and other taxes	1,966,935	7,501,297	8,295,353	794,056
Penalties and interest on delinquent taxes	7,023,234	7,940,149	7,255,782	(684,367)
Total taxes	<u>127,567,468</u>	<u>132,133,030</u>	<u>133,359,618</u>	<u>1,226,588</u>
Business licenses and permits	2,140,000	2,140,000	1,783,072	(356,928)
Non-business licenses and permits	205,608	205,608	302,287	96,679
Total licenses and permits	<u>2,345,608</u>	<u>2,345,608</u>	<u>2,085,359</u>	<u>(260,249)</u>
Federal grants -- direct	229,981	255,482	139,960	(115,522)
Federal entitlements	39,276	39,276	12,180	(27,096)
Federal grants -- indirect	3,148,677	3,614,466	3,003,552	(610,914)
State grants	3,640,422	3,792,176	4,717,200	925,024
State shared revenues	3,798,000	4,298,000	4,336,482	38,482
State entitlements	2,079,586	4,126,783	4,506,392	379,609
Interlocal grants	39,000	123,175	326,874	203,699
Intergovernmental revenues	5,646,916	5,708,816	6,001,619	292,803
Total intergovernmental	<u>18,621,858</u>	<u>21,958,174</u>	<u>23,044,259</u>	<u>1,086,085</u>
General government fees	12,902,247	14,454,406	14,462,273	7,867
Public safety	3,200,767	4,426,317	3,953,235	(473,082)
Transportation	0	0	20,020	20,020
Economic environment	113,926	113,126	128,969	15,843
Health & human services	13,800	13,800	91,204	77,404
Culture and recreation	362,500	362,500	349,042	(13,458)
Interfund revenues	11,101,557	12,233,970	11,950,382	(283,588)
Total charges for services	<u>27,694,797</u>	<u>31,604,119</u>	<u>30,955,125</u>	<u>(648,994)</u>
Fines and forfeitures	6,904,976	6,904,976	6,626,602	(278,374)
Total fines & forfeitures	<u>6,904,976</u>	<u>6,904,976</u>	<u>6,626,602</u>	<u>(278,374)</u>
Interest earnings	5,576,934	1,840,999	2,240,391	399,392
Rents and royalties	284,141	404,141	351,567	(52,574)
Insurance recoveries	70,000	0	8,100	8,100
Donations	3,830	48,496	63,069	14,573
Other revenues	56,885	60,480	92,774	32,294
Total miscellaneous	<u>5,991,790</u>	<u>2,354,116</u>	<u>2,755,901</u>	<u>401,785</u>
Total revenues	<u>\$ 189,126,497</u>	<u>\$ 197,300,023</u>	<u>\$ 198,826,864</u>	<u>\$ 1,526,841</u>

See accompanying notes to the financial statements

**Clark County Washington**  
**General Fund**  
**Statement of Expenditures - Budget (GAAP Basis) and Actual**  
**For the Biennium Ended December 31, 2004**

	Original 2003/2004 <u>Budget</u>	Final 2003/2004 <u>Budget</u>	Actual Biennium-to- <u>Date</u>	Variance with Final Budget <u>Positive(Negative)</u>
<b><u>General government</u></b>				
<b><u>Assessor</u></b>				
Personal Services	\$ 6,207,850	\$ 6,269,247	\$ 6,145,207	124,040
Supplies	52,713	44,817	98,213	(53,396)
Other Services and Charges	396,244	401,244	327,322	73,922
Interfund Payment for Services	220,961	224,973	236,216	(11,243)
Capital outlay	0	5,890	5,861	29
Total Assessor	<u>6,877,768</u>	<u>6,946,171</u>	<u>6,812,819</u>	<u>133,352</u>
<b><u>Auditor</u></b>				
Personal Services	5,215,606	5,546,957	5,465,910	81,047
Supplies	48,800	48,880	69,371	(20,491)
Other Services and Charges	353,755	401,469	332,430	69,039
Interfund Payment for Services	114,446	136,867	132,377	4,490
Total Auditor	<u>5,732,607</u>	<u>6,134,173</u>	<u>6,000,088</u>	<u>134,085</u>
<b><u>Treasurer</u></b>				
Personal Services	2,838,403	3,040,391	3,028,059	12,332
Supplies	10,000	10,000	15,866	(5,866)
Other Services and Charges	294,996	394,996	390,776	4,220
Interfund Payment for Services	108,764	150,764	135,090	15,674
Total Treasurer	<u>3,252,163</u>	<u>3,596,151</u>	<u>3,569,791</u>	<u>26,360</u>
<b><u>Bank Fees</u></b>				
Other Services and Charges	604,373	604,373	517,213	87,160
Total Bank Fees	<u>604,373</u>	<u>604,373</u>	<u>517,213</u>	<u>87,160</u>
<b><u>Prosecuting Attorney</u></b>				
Personal Services	10,729,566	11,437,001	11,393,367	43,634
Supplies	111,888	134,077	133,897	180
Other Services and Charges	421,500	493,935	458,253	35,682
Interfund Payment for Services	237,738	249,468	248,150	1,318
Total Prosecuting Attorney	<u>11,500,692</u>	<u>12,314,481</u>	<u>12,233,667</u>	<u>80,814</u>
<b><u>Child Support Enforcement</u></b>				
Personal Services	2,367,373	2,421,989	2,337,630	84,359
Supplies	9,800	17,783	14,936	2,847
Other Services and Charges	325,000	327,500	294,099	33,401
Interfund Payment for Services	17,300	125,238	122,749	2,489
Total Child Support Enforcement	<u>\$ 2,719,473</u>	<u>\$ 2,892,510</u>	<u>\$ 2,769,414</u>	<u>123,096</u>

See accompanying notes to the financial statements

**Clark County Washington**  
**General Fund**  
**Statement of Expenditures - Budget (GAAP Basis) and Actual**  
**For the Biennium Ended December 31, 2004**

	Original 2003/2004 <u>Budget</u>	Final 2003/2004 <u>Budget</u>	Actual Biennium-to- <u>Date</u>	Variance with Final Budget <u>Positive(Negative)</u>
<b><u>Commissioners</u></b>				
Personal Services	\$ 1,740,775	\$ 1,803,303	\$ 1,804,004	\$ (701)
Supplies	9,500	9,500	14,174	(4,674)
Other Services and Charges	94,300	97,950	79,730	18,220
Interfund Payment for Services	52,502	53,505	47,757	5,748
Total Commissioners	<u>1,897,077</u>	<u>1,964,258</u>	<u>1,945,665</u>	<u>18,593</u>
<b><u>Office of Budget</u></b>				
Personal Services	8,770,120	9,172,912	9,254,454	(81,542)
Supplies	1,568,040	1,981,455	1,954,786	26,669
Other Services and Charges	1,915,810	2,387,768	1,937,261	450,507
Interfund Payment for Services	179,838	245,585	258,781	(13,196)
Capital outlay	0	36,341	27,546	8,795
Total Office of Budget	<u>12,433,808</u>	<u>13,824,061</u>	<u>13,432,828</u>	<u>391,233</u>
<b><u>Countywide Services</u></b>				
Personal Services	177,700	287,306	241,061	46,245
Supplies	58,692	58,692	47,799	10,893
Other Services and Charges	1,007,539	1,234,422	942,500	291,922
Interfund Payment for Services	(10,400)	0	6,724	(6,724)
Total Countywide Services	<u>1,233,531</u>	<u>1,580,420</u>	<u>1,238,084</u>	<u>342,336</u>
<b><u>Human Resources</u></b>				
Personal Services	1,708,378	1,907,303	1,888,565	18,738
Supplies	28,500	28,500	40,582	(12,082)
Other Services and Charges	418,938	527,538	496,220	31,318
Interfund Payment for Services	41,678	42,384	42,647	(263)
Total Human Resources	<u>2,197,494</u>	<u>2,505,725</u>	<u>2,468,014</u>	<u>37,711</u>
<b><u>Loss Control</u></b>				
Personal Services	510,882	564,304	553,431	10,873
Supplies	10,750	11,145	9,793	1,352
Other Services and Charges	8,600	13,600	12,819	781
Interfund Payment for Services	10,018	11,021	10,822	199
Total Loss Control	<u>540,250</u>	<u>600,070</u>	<u>586,865</u>	<u>13,205</u>
<b><u>General Services</u></b>				
Personal Services	2,081,616	2,251,363	2,228,152	23,211
Supplies	164,490	164,490	170,828	(6,338)
Other Services and Charges	1,248,518	1,296,399	1,268,052	28,347
Interfund Payment for Services	57,374	56,321	58,724	(2,403)
Total General Services	<u>\$ 3,551,998</u>	<u>\$ 3,768,573</u>	<u>\$ 3,725,756</u>	<u>\$ 42,817</u>

See accompanying notes to the financial statements

**Clark County Washington**  
**General Fund**  
**Statement of Expenditures - Budget (GAAP Basis) and Actual**  
**For the Biennium Ended December 31, 2004**

	Original 2003/2004 <u>Budget</u>	Final 2003/2004 <u>Budget</u>	Actual Biennium-to- <u>Date</u>	Variance with Final Budget <u>Positive(Negative)</u>
<b><u>Public Information &amp; Outreach</u></b>				
Personal Services	\$ 811,823	\$ 898,935	\$ 872,979	\$ 25,956
Supplies	10,592	9,592	6,553	3,039
Other Services and Charges	50,697	43,697	40,962	2,735
Interfund Payment for Services	30,548	29,898	31,400	(1,502)
Capital outlay	0	8,000	5,562	2,438
Total Public Information & Outreach	903,660	990,122	957,456	32,666
<b><u>Board of Equalization</u></b>				
Personal Services	217,937	191,937	177,345	14,592
Supplies	2,440	2,440	1,943	497
Other Services and Charges	29,433	55,433	51,911	3,522
Intergovernmental	15,071	15,071	6,849	8,222
Interfund Payment for Services	7,897	7,897	7,016	881
Total Board of Equalization	272,778	272,778	245,064	27,714
<b><u>ESA Countywide Services</u></b>				
Personal Services	432,245	432,245	417,258	14,987
Supplies	26,000	2,600	16,733	(14,133)
Other Services and Charges	429,209	429,209	198,105	231,104
Interfund Payment for Services	81,164	76,994	15,498	61,496
Total ESA Countywide services	968,618	941,048	647,594	293,454
<b><u>Miscellaneous</u></b>				
Other Services and Charges	0	0	0	0
Interfund Payment for Services	1,419,532	1,419,532	1,419,532	0
Total Miscellaneous	1,419,532	1,419,532	1,419,532	0
<b>Total general government</b>	<b>56,105,822</b>	<b>60,354,446</b>	<b>58,569,850</b>	<b>1,784,596</b>
<b><u>Judicial</u></b>				
<b><u>Clerk</u></b>				
Personal Services	3,402,776	3,601,337	3,597,985	3,352
Supplies	22,500	27,500	31,988	(4,488)
Other Services and Charges	241,612	339,812	297,521	42,291
Interfund Payment for Services	107,246	123,782	130,337	(6,555)
Total Clerk	3,774,134	4,092,431	4,057,831	34,600
<b><u>District Court</u></b>				
Personal Services	5,448,566	5,408,480	5,389,369	19,111
Supplies	91,222	113,722	113,325	397
Other Services and Charges	600,564	708,228	689,164	19,064
Interfund Payment for Services	149,372	148,369	149,521	(1,152)
Total District Court	6,289,724	6,378,799	6,341,379	37,420
<b><u>Superior Court</u></b>				
Personal Services	3,137,937	3,172,745	3,126,079	46,666
Supplies	103,980	138,155	129,029	9,126
Other Services and Charges	826,016	848,302	750,995	97,307
Interfund Payment for Services	94,222	96,228	92,755	3,473
Total Superior Court	\$ 4,162,155	\$ 4,255,430	\$ 4,098,858	\$ 156,572

See accompanying notes to the financial statements

**Clark County Washington**  
**General Fund**  
**Statement of Expenditures - Budget (GAAP Basis) and Actual**  
**For the Biennium Ended December 31, 2004**

	Original 2003/2004 <u>Budget</u>	Final 2003/2004 <u>Budget</u>	Actual Biennium-to- <u>Date</u>	Variance with Final Budget <u>Positive(Negative)</u>
<b><u>Indigent Defense</u></b>				
Other Services and Charges	\$ 6,806,091	\$ 8,013,419	\$ 7,982,409	\$ 31,010
Total Indigent Defense	6,806,091	8,013,419	7,982,409	31,010
<b>Total judicial</b>	<b>21,032,104</b>	<b>22,740,079</b>	<b>22,480,477</b>	<b>259,602</b>
<b><u>Public safety</u></b>				
<b><u>Juvenile</u></b>				
Personal Services	11,143,855	11,231,192	11,039,829	191,363
Supplies	120,884	120,884	128,430	(7,546)
Other Services and Charges	2,030,511	2,064,511	1,714,158	350,353
Interfund Payment for Services	318,080	323,095	275,811	47,284
Total Juvenile	13,613,330	13,739,682	13,158,228	581,454
<b><u>Sheriff - Enforcement</u></b>				
Personal Services	21,805,029	24,617,691	24,407,437	210,254
Supplies	79,500	117,311	137,895	(20,584)
Other Services and Charges	1,725,442	1,759,372	1,699,343	60,029
Intergovernmental	600	600	0	600
Interfund Payment for Services	2,627,303	2,281,955	2,403,352	(121,397)
Total Sheriff	26,237,874	28,776,929	28,648,027	128,902
<b><u>Sheriff - Civil/Support</u></b>				
Personal Services	6,685,739	6,303,164	6,192,509	110,655
Supplies	431,481	442,881	326,205	116,676
Other Services and Charges	672,847	727,157	691,927	35,230
Interfund Payment for Services	150,600	612,962	686,392	(73,430)
Total Sheriff	7,940,667	8,086,164	7,897,033	189,131
<b><u>Sheriff - Administration</u></b>				
Personal Services	2,904,166	3,051,998	2,969,692	82,306
Supplies	131,400	135,874	163,269	(27,395)
Other Services and Charges	617,800	676,099	618,650	57,449
Interfund Payment for Services	39,500	39,500	39,998	(498)
Total Sheriff	3,692,866	3,903,471	3,791,609	111,862
<b><u>Jail</u></b>				
Personal Services	20,516,352	21,081,702	20,953,588	128,114
Supplies	1,637,871	1,639,171	1,642,965	(3,794)
Other Services and Charges	3,199,548	3,710,303	3,697,914	12,389
Interfund Payment for Services	208,376	116,100	150,636	(34,536)
Total Jail	25,562,147	26,547,276	26,445,103	102,173
<b><u>Emergency Medical Services</u></b>				
Intergovernmental	2,558,631	2,558,631	2,311,458	247,173
Total Emergency Medical Services	\$ 2,558,631	\$ 2,558,631	\$ 2,311,458	\$ 247,173

See accompanying notes to the financial statements

**Clark County Washington**  
**General Fund**  
**Statement of Expenditures - Budget (GAAP Basis) and Actua**  
**For the Biennium Ended December 31, 2004**

	Original 2003/2004 Budget	Final 2003/2004 Budget	Actual Biennium-to- Date	Variance with Final Budget Positive(Negative)
<b><u>Community Corrections</u></b>				
Personal Services	\$ 8,498,290	\$ 8,502,528	\$ 8,237,057	\$ 265,471
Supplies	230,595	392,690	344,648	48,042
Other Services and Charges	534,000	760,144	620,039	140,105
Interfund Payment for Services	864,844	607,525	625,668	(18,143)
<b>Total Community Corrections</b>	<b>10,127,729</b>	<b>10,262,887</b>	<b>9,827,412</b>	<b>435,475</b>
<b><u>Miscellaneous</u></b>				
Personal Services	3,265,216	1,445,059	0	1,445,059
Other Services and Charges	3,020,000	3,258,724	3,117,587	141,137
Intergovernmental	2,750,000	2,750,000	1,372,585	1,377,415
<b>Total Miscellaneous</b>	<b>9,035,216</b>	<b>7,453,783</b>	<b>4,490,172</b>	<b>2,963,611</b>
<b>Total public safety</b>	<b>98,768,460</b>	<b>101,328,823</b>	<b>96,569,042</b>	<b>4,759,781</b>
<b><u>Physical Environment</u></b>				
<b><u>Community Development</u></b>				
Intergovernmental	102,275	102,275	103,113	(838)
<b>Total Community Development</b>	<b>102,275</b>	<b>102,275</b>	<b>103,113</b>	<b>(838)</b>
<b>Total physical environment</b>	<b>102,275</b>	<b>102,275</b>	<b>103,113</b>	<b>(838)</b>
<b><u>Transportation</u></b>				
<b><u>Lewis &amp; Clark Railroad</u></b>				
Supplies	0	0	7,816	(7,816)
Other Services and Charges	90,107	125,932	97,108	28,824
Interfund Payment for Services	5,000	5,000	15,443	(10,443)
<b>Total Lewis &amp; Clark Railroad</b>	<b>95,107</b>	<b>130,932</b>	<b>120,367</b>	<b>10,565</b>
<b>Total transportation</b>	<b>95,107</b>	<b>130,932</b>	<b>120,367</b>	<b>10,565</b>
<b><u>Economic Environment</u></b>				
<b><u>Community Support</u></b>				
Intergovernmental	151,000	151,000	147,583	3,417
<b>Total Community Development</b>	<b>151,000</b>	<b>151,000</b>	<b>147,583</b>	<b>3,417</b>
<b>Total economic environment</b>	<b>151,000</b>	<b>151,000</b>	<b>147,583</b>	<b>3,417</b>
<b><u>Health and Human Services</u></b>				
<b><u>Health District</u></b>				
Interfund Payment for Services	2,645,067	2,645,067	2,645,067	0
<b>Total Health District</b>	<b>2,645,067</b>	<b>2,645,067</b>	<b>2,645,067</b>	<b>0</b>
<b><u>Medical Examiner</u></b>				
Personal Services	1,040,093	1,065,513	1,014,413	51,100
Supplies	31,000	37,000	35,102	1,898
Other Services and Charges	137,997	149,997	91,151	58,846
Interfund Payment for Services	41,850	41,850	37,868	3,982
<b>Total Medical Examiner</b>	<b>1,250,940</b>	<b>1,294,360</b>	<b>1,178,534</b>	<b>115,826</b>
<b>Total health and human services</b>	<b>\$ 3,896,007</b>	<b>\$ 3,939,427</b>	<b>\$ 3,823,601</b>	<b>\$ 115,826</b>

See accompanying notes to the financial statements

**Clark County Washington**  
**General Fund**  
**Statement of Expenditures - Budget (GAAP Basis) and Actual**  
**For the Biennium Ended December 31, 2004**

	Original 2003/2004 <u>Budget</u>	Final 2003/2004 <u>Budget</u>	Actual Biennium-to- <u>Date</u>	Variance with Final Budget <u>Positive(Negative)</u>
<b><u>Culture and Recreation</u></b>				
<b><u>Cable Television</u></b>				
Intergovernmental	\$ 706,895	\$ 706,895	\$ 706,895	\$ 0
Total Cable Television	706,895	706,895	706,895	0
<b><u>Cooperative Extension Service</u></b>				
Personal Services	284,068	244,498	224,054	20,444
Supplies	49,658	49,658	67,771	(18,113)
Other Services and Charges	797,562	838,481	701,863	136,618
Interfund Payment for Services	50,114	53,123	58,774	(5,651)
Total Cooperative Extension Service	1,181,402	1,185,760	1,052,462	133,298
<b><u>Parks</u></b>				
Other Services and Charges	0	0	18,644	(18,644)
Interfund Payment for Services	0	0	20	(20)
Intergovernmental	2,654,458	2,487,320	2,390,947	96,373
Total Parks	2,654,458	2,487,320	2,409,611	77,709
<b><u>Parks Operations</u></b>				
Personal Services	1,887,107	1,911,246	1,834,804	76,442
Supplies	307,279	366,845	340,558	26,287
Other Services and Charges	420,938	516,880	528,514	(11,634)
Interfund Payment for Services	448,433	476,312	532,101	(55,789)
Capital outlay	7,378	264,696	172,519	92,177
Total Parks Operations	3,071,135	3,535,979	3,408,496	127,483
<b>Total culture and recreation</b>	<b>7,613,890</b>	<b>7,915,954</b>	<b>7,577,464</b>	<b>338,490</b>
Debt service -principal	26,792	226,792	26,793	199,999
Debt service - interest	0	100,276	50,138	50,138
<b>Total expenditures:</b>	<b>\$ 187,791,457</b>	<b>\$ 196,990,004</b>	<b>\$ 189,468,428</b>	<b>\$ 7,521,576</b>

See accompanying notes to the financial statements

**Clark County Washington**  
**County Roads**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Biennium Ended December 31, 2004**

	Original 2003/2004 <u>Budget</u>	Final 2003/2004 <u>Budget</u>	Actual Biennium -To- <u>Date</u>	Variance with Final Budget Positive / (Negative)
<b><u>Revenues</u></b>				
General property taxes	\$ 52,228,560	\$ 50,936,628	\$ 50,698,186	\$ (238,442)
Timber harvest	267,300	267,300	317,745	50,445
Excise and other taxes	14,000	14,000	58,765	44,765
Total taxes	<u>52,509,860</u>	<u>51,217,928</u>	<u>51,074,696</u>	<u>(143,232)</u>
Business licenses and permits	360,000	360,000	339,817	(20,183)
Non-business licenses and permits	91,993	91,993	131,547	39,554
Total licenses & permits	<u>451,993</u>	<u>451,993</u>	<u>471,364</u>	<u>19,371</u>
State grants	10,696,411	13,097,000	15,342,286	2,245,286
State shared revenues	0	0	3,488	3,488
State entitlements	11,301,956	11,301,956	11,118,852	(183,104)
Federal grants -- indirect	7,425,000	11,694,000	8,696,321	(2,997,679)
Federal entitlements	17,050	17,050	27,113	10,063
Interlocal grants	58,000	58,000	0	(58,000)
Total intergovernmental	<u>29,498,417</u>	<u>36,168,006</u>	<u>35,188,060</u>	<u>(979,946)</u>
Interfund revenues	2,614,752	2,614,752	2,674,636	59,884
Physical environment	1,373,363	2,910,363	7,900,561	4,990,198
General government fees	16,982	16,982	26,362	9,380
Economic environment	135,325	135,325	66,060	(69,265)
Transportation	1,336,791	1,336,791	1,510,309	173,518
Total charges for services	<u>5,477,213</u>	<u>7,014,213</u>	<u>12,177,928</u>	<u>5,163,715</u>
Fines and forfeitures	12,600	12,600	8,800	(3,800)
Total fines & forfeitures	<u>12,600</u>	<u>12,600</u>	<u>8,800</u>	<u>(3,800)</u>
Rents and royalties	53,390	53,390	46,950	(6,440)
Interest earnings	75,015	75,015	109,766	34,751
Other revenues	262,403	1,297,403	158,095	(1,139,308)
Total miscellaneous	<u>390,808</u>	<u>1,425,808</u>	<u>314,811</u>	<u>(1,110,997)</u>
Total revenues	<u>88,340,891</u>	<u>96,290,548</u>	<u>99,235,659</u>	<u>2,945,111</u>
<b><u>Expenditures</u></b>				
General government				
Other services and charges	143,353	101,727	69,364	32,363
Interfund payment for services	86,647	0	0	0
Total general government	<u>\$ 230,000</u>	<u>\$ 101,727</u>	<u>\$ 69,364</u>	<u>\$ 32,363</u>

See accompanying notes to the financial statements

**Clark County Washington**  
**County Roads**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Biennium Ended December 31, 2004**

	Original 2003/2004 <u>Budget</u>	Final 2003/2004 <u>Budget</u>	Actual Biennium -To- <u>Date</u>	Variance with Final Budget Positive / <u>(Negative)</u>
Public Safety				
Personal services	\$ 275,254	\$ 275,254	\$ 295,872	\$ (20,618)
Supplies	2,000	2,000	4,345	(2,345)
Other services and charges	280,325	12,300	15,297	(2,997)
Interfund payment for services	129,472	110,220	119,278	(9,058)
Total public safety	<u>687,051</u>	<u>399,774</u>	<u>434,792</u>	<u>(35,018)</u>
Transportation				
Personal services	18,060,875	24,792,122	23,728,063	1,064,059
Supplies	5,173,800	5,224,208	5,807,102	(582,894)
Other services and charges	28,897,919	16,378,645	14,674,101	1,704,544
Intergovernmental	0	0	599,900	(599,900)
Interfund payment for services	14,794,273	19,008,191	16,497,574	2,510,617
Capital outlays	47,871,643	63,495,472	52,733,792	10,761,680
Total transportation	<u>114,798,510</u>	<u>128,898,638</u>	<u>114,040,532</u>	<u>14,858,106</u>
Debt service: interest	<u>57,000</u>	<u>189,520</u>	<u>87,065</u>	<u>102,455</u>
Total expenditures	<u>115,772,561</u>	<u>129,589,659</u>	<u>114,631,753</u>	<u>14,957,906</u>
Excess (deficiency) of revenues over expenditures	(27,431,670)	(33,299,111)	(15,396,094)	17,903,017
Issuance of long-term debt	12,640,000	12,640,000	6,587,500	(6,052,500)
Sale of capital assets	1,611,727	1,611,727	2,230,918	619,191
Transfers in	3,515,620	7,552,168	6,294,763	(1,257,405)
Transfers out	<u>(2,934,300)</u>	<u>(4,070,132)</u>	<u>(1,963,145)</u>	<u>2,106,987</u>
Excess (deficiency) of revenues and other sources over expenditures	(12,598,623)	(15,565,348)	(2,246,058)	13,319,290
Fund balance as of January 1	12,598,623	16,466,734	4,929,409	(11,537,325)
Prior period adjustments	0	0	1,623,241	1,623,241
Fund balance as of January 1 -restated	<u>12,598,623</u>	<u>16,466,734</u>	<u>6,552,650</u>	<u>(9,914,084)</u>
Fund balance as of December 31	<u>\$ 0</u>	<u>\$ 901,386</u>	<u>\$ 4,306,592</u>	<u>\$ 3,405,206</u>

See accompanying notes to the financial statements

**CLARK COUNTY, WASHINGTON**  
**Mental Health**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget (GAAP Basis) and Actual**  
**For the Biennium Ended December 31, 2004**

	Original 2003/2004 <u>Budget</u>	Final 2003/2004 <u>Budget</u>	Actual Biennium -To- <u>Date</u>	Variance with Final Budget Positive/ <u>(Negative)</u>
<b><u>Revenues</u></b>				
General property taxes	\$655,760	\$ 655,760	\$ 666,921	\$ 11,161
Timber harvest	1,500	1,500	2,018	518
Excise and other taxes	1,300	1,300	2,509	1,209
Total taxes	<u>658,560</u>	<u>658,560</u>	<u>671,448</u>	<u>12,888</u>
Federal grants -- indirect	8,375,671	3,522,501	2,202,938	(1,319,563)
Federal grants -- direct	1,970,000	5,057,282	3,835,314	(1,221,968)
Federal entitlements	13	13	2	(11)
State grants	11,130,212	10,262,106	3,385,090	(6,877,016)
State shared revenues	300	300	22	(278)
Intergovernmental revenues	18,660,680	26,513,908	30,739,117	4,225,209
Total intergovernmental	<u>40,136,876</u>	<u>45,356,110</u>	<u>40,162,483</u>	<u>(5,193,627)</u>
Interfund revenues	0	0	51,348	51,348
Health and human services	0	0	812,733	812,733
Total charges for services	<u>0</u>	<u>0</u>	<u>864,081</u>	<u>864,081</u>
Rents and royalties	100	100	2,071	1,971
Interest earnings	221,040	221,040	272,436	51,396
Other revenues	0	0	1,373	1,373
Total miscellaneous	<u>221,140</u>	<u>221,140</u>	<u>275,880</u>	<u>54,740</u>
Total revenues	<u>41,016,576</u>	<u>46,235,810</u>	<u>41,973,892</u>	<u>(4,261,918)</u>
<b><u>Expenditures</u></b>				
Health and human services				
Personal services	3,000,373	4,196,986	3,486,400	710,586
Supplies	30,000	92,000	68,583	23,417
Other services and charges	32,384,948	39,227,744	35,589,910	3,637,834
Interfund payment for services	1,796,503	2,086,054	2,403,352	(317,298)
Total health and human services	<u>37,211,824</u>	<u>45,602,784</u>	<u>41,548,245</u>	<u>4,054,539</u>
Debt service: interest	0	0	6,800	(6,800)
Total expenditures	<u>37,211,824</u>	<u>45,602,784</u>	<u>41,555,045</u>	<u>4,047,739</u>
Excess (deficiency) of revenues over expenditures	3,804,752	633,026	418,847	(214,179)
Sale of capital assets	6,850	6,850	8,906	2,056
Transfers out	(686,729)	(3,000,000)	(3,000,000)	0
Excess (deficiency) of revenues and other sources over expenditures	3,124,873	(2,360,124)	(2,572,247)	(212,123)
Fund balance as of January 1	236,531	4,208,958	9,927,362	5,718,404
Prior period adjustment	0	0	534,727	534,727
Fund balance as of January 1 - restated	<u>236,531</u>	<u>4,208,958</u>	<u>10,462,089</u>	<u>6,253,131</u>
Fund balance as of December 31	<u>\$3,361,404</u>	<u>\$1,848,834</u>	<u>\$7,889,842</u>	<u>\$6,041,008</u>

See accompanying notes to the financial statements

**CLARK COUNTY, WASHINGTON**  
**Community Services Grants**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget (GAAP Basis) and Actual**  
**For the Biennium Ended December 31, 2004**

	Original 2003/2004 Budget	Final 2003/2004 Budget	Actual Biennium -To- Date	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Non-business licenses and permits	\$ 140,000	\$ 85,500	\$ 81,858	\$ (3,642)
Total licenses & permits	140,000	85,500	81,858	(3,642)
Federal grants -- direct	8,268,240	7,314,099	5,660,354	(1,653,745)
Federal grants -- indirect	7,149,413	9,405,949	7,308,542	(2,097,407)
Intergovernmental revenues	1,910,064	338,000	290,817	(47,183)
State grants	470,000	2,888,103	1,350,568	(1,537,535)
Total intergovernmental	17,797,717	19,946,151	14,610,281	(5,335,870)
Interfund revenues	6,919,418	6,919,418	81,000	(6,838,418)
Economic environment	840,000	1,075,000	842,397	(232,603)
General government fees	1,300,000	1,800,000	1,959,534	159,534
Mental and physical health	0	2,450,156	0	(2,450,156)
Total charges for services	9,059,418	12,244,574	2,882,931	(9,361,643)
Donations	0	0	(23,864)	(23,864)
Rent and royalties	0	0	6,250	6,250
Interest earnings	73,435	123,435	129,323	5,888
Other revenues	551,070	500,000	1,262,144	762,144
Total miscellaneous	624,505	623,435	1,373,853	750,418
Total revenues	27,621,640	32,899,660	18,948,923	(13,950,737)
<b>Expenditures</b>				
Economic environment				
Personal services	5,723,986	4,741,602	3,872,626	868,976
Supplies	1,154,370	272,510	562,439	(289,929)
Other services and charges	14,460,163	22,790,836	15,654,548	7,136,288
Interfund payment for services	4,324,888	3,435,470	(1,150,133)	4,585,603
Capital outlay	0	2,215,547	1,408,800	806,747
Total economic environment	25,663,407	33,455,965	20,348,280	13,107,685
Health & human services				
Personal services	128,808	111,267	49,479	61,788
Supplies	70,000	200	765	(565)
Other services and Charges	2,535,192	2,592,291	387,540	2,204,751
Interfund payment for services	254,729	46,961	69,234	(22,273)
Total health and human services	2,988,729	2,750,719	507,018	2,243,701
Debt service: interest	0	130,125	95,124	35,001
Total expenditures	28,652,136	36,336,809	20,950,422	15,386,387
Excess (deficiency) of revenues over expenditures	(1,030,496)	(3,437,149)	(2,001,499)	1,435,650
<b>Other Financing Sources (Uses)</b>				
Proceeds from long term debt	0	1,525,000	1,810,000	285,000
Proceeds from bond anticipation notes (BANs)	0	2,000,000	1,270,500	(729,500)
Premium on general obligation bonds	0	0	7,914	7,914
Repayment of BANs	0	(1,279,328)	(1,270,500)	8,828
Transfers in	1,796,568	1,646,568	1,646,568	0
Transfers out	(65,412)	(65,412)	0	65,412
Total other financing sources (uses)	1,731,156	3,826,828	3,464,482	(362,346)
Net change in fund balance	700,660	389,679	1,462,983	1,073,304
Fund balance as of January 1	338,396	794,459	473,236	(321,223)
Prior period adjustment	0		581,971	581,971
Fund balance as of January 1 - restated	338,396	794,459	1,055,207	260,748
Fund balance as of December 31	\$ 1,039,056	\$ 1,184,138	\$ 2,518,190	\$ 1,334,052

See accompanying notes to the financial statements

**CLARK COUNTY, WASHINGTON**  
**Campus Health District Facility**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget (GAAP Basis) and Actual**  
**For the Biennium Ended December 31, 2004**

	Original 2003/2004 <u>Budget</u>	Final 2003/2004 <u>Budget</u>	Actual Biennium-To- <u>Date</u>	Variance with Final Budget Positive <u>(Negative)</u>
<b><u>Revenues</u></b>				
General Government				
Charges for goods and services	\$ 0	\$ 0	\$ 49,671	\$ 49,671
Total general government	0	0	49,671	49,671
Interest earnings	0	117,000	123,410	6,410
Total revenues	0	117,000	173,081	56,081
<b><u>Expenditures</u></b>				
Economic environment				
Other services and charges	0	2,507,000	1,687,904	819,096
Capital outlay	0	11,000,000	10,475,881	524,119
Debt issue costs	0	380,706	247,146	133,560
Total economic environment	0	13,887,706	12,410,931	1,476,775
Total expenditures	0	13,887,706	12,410,931	1,476,775
Excess (deficiency) of revenues over expenditures	0	(13,770,706)	(12,237,850)	1,532,856
<b><u>Other Financing Sources (Uses)</u></b>				
Proceeds from long term debt	0	24,193,689	23,335,000	(858,689.00)
Premium on general obligation bonds	0	0	590,073	590,073.00
Sale of capital assets	0	0	355,440	355,440.00
Transfers in	0	3,000,000	3,000,000	0
Total other financing sources (uses)	0	27,193,689	27,280,513	86,824
Net change in fund balance	0	13,422,983	15,042,663	1,619,680
Fund balance as of January 1	0	507,000	524,708	17,708
Fund balance as of December 31	<u>\$ 0</u>	<u>\$ 13,929,983</u>	<u>\$ 15,567,371</u>	<u>\$ 1,637,388</u>

See accompanying notes to the financial statements

**Clark County Washington**  
**Statement of Net Assets**  
**Proprietary Funds**  
**For the Year Ended December 31, 2004**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental Activities</b>
	<b>Major</b>		<b>Non-Major</b>	<b>Total</b>	<b>Internal Service Funds</b>
	<b>Sanitary Sewer</b>	<b>Clean Water</b>	<b>Solid Waste</b>		
<b>Assets</b>					
Current assets					
Cash, cash equivalents and pooled investments	\$ 4,184,950	\$ 8,515,048	\$ 5,213,973	\$ 17,913,971	\$ 13,166,960
Receivables, net	9,356	587,845	424,473	1,021,674	545,504
Due from other funds	69,456	37,000	0	106,456	562,143
Due from other governments	146,851	115,802	159,854	422,507	1,284
Inventory (at cost)	0	0	0	0	780,140
Total current assets	<u>4,410,613</u>	<u>9,255,695</u>	<u>5,798,300</u>	<u>19,464,608</u>	<u>15,056,031</u>
Noncurrent assets					
Contracts receivable	30,851,724	0	0	30,851,724	0
Capital assets:					
Land	115,102	27,078,368	12,315	27,205,785	44,721
Buildings	28,366	0	372,415	400,781	107,426
Improvements other than buildings	74,315,407	1,008,005	732,899	76,056,311	3,047,599
Machinery & equipment	271,732	7,498	51,197	330,427	21,999,827
Infrastructure	1,268,292	49,612,456	0	50,880,748	0
Construction in progress	4,678,622	1,525,474	0	6,204,096	1,022,160
Less accumulated depreciation	(9,943,595)	(4,751,937)	(432,763)	(15,128,295)	(13,285,721)
Total noncurrent assets	<u>101,585,650</u>	<u>74,479,864</u>	<u>736,063</u>	<u>176,801,577</u>	<u>12,936,012</u>
Total assets	<u>105,996,263</u>	<u>83,735,559</u>	<u>6,534,363</u>	<u>196,266,185</u>	<u>27,992,043</u>
<b>Liabilities</b>					
Current liabilities					
Warrants payable	0	0	0	0	365,196
Accounts payable	487,909	1,199,151	135,680	1,822,740	819,481
Due to other funds	6,302	738	446	7,486	828,622
Due to other governments	0	150	637	787	45
Accrued liabilities	188,227	43,483	32,734	264,444	286,900
Compensated absences	8,142	5,556	3,218	16,916	48,571
Bonds, notes and loans, payable	1,857,146	0	0	1,857,146	139,277
Total current liabilities	<u>2,547,726</u>	<u>1,249,078</u>	<u>172,715</u>	<u>3,969,519</u>	<u>2,488,092</u>
Noncurrent liabilities					
Deferred revenue - HDSD	30,851,724	0	0	30,851,724	0
Compensated absences	73,271	50,011	28,959	152,241	437,134
Accrued Claims Payable	0	0	0	0	2,538,662
Advance due to other governments	1,589,839	0	0	1,589,839	0
Bonds, notes and loans payable (net of discounts)	26,816,035	0	0	26,816,035	1,035,000
Total noncurrent liabilities	<u>59,330,869</u>	<u>50,011</u>	<u>28,959</u>	<u>59,409,839</u>	<u>4,010,796</u>
Total liabilities	<u>61,878,595</u>	<u>1,299,089</u>	<u>201,674</u>	<u>63,379,358</u>	<u>6,498,888</u>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	40,470,906	74,479,864	736,063	115,686,833	11,761,735
Unrestricted	3,646,762	7,956,606	5,596,626	17,199,994	9,731,420
Total net assets	<u>\$ 44,117,668</u>	<u>\$ 82,436,470</u>	<u>\$ 6,332,689</u>	<u>\$ 132,886,827</u>	<u>\$ 21,493,155</u>

See accompanying notes to the financial statements

**Clark County Washington**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended December 31, 2004**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Major		Non Major	Total	Internal Service Funds
	Sanitary Sewer	Clean Water	Solid Waste		
<b>OPERATING REVENUES</b>					
Charges for services:					
Sewer charges pledged as security for revenue bonds	\$ 3,952,879	\$ 0	\$ 0	\$ 3,952,879	\$ 0
Other charges for services	2,190,598	4,750,145	1,529,465	8,470,208	13,625,658
Contributions from participants	0	0	0	0	2,359,923
Miscellaneous	0	105,856	0	105,856	68
Total operating revenues	<u>6,143,477</u>	<u>4,856,001</u>	<u>1,529,465</u>	<u>12,528,943</u>	<u>15,985,649</u>
<b>OPERATING EXPENSES</b>					
Personal services	891,127	796,219	620,600	2,307,946	6,836,030
Contractual services	798,464	291,859	806,240	1,896,563	8,000,754
Other supplies and expenses	479,948	2,519,706	300,630	3,300,284	7,626,525
Intergovernmental	93,980	239,402	144,402	477,784	0
Depreciation	1,356,858	67,913	29,879	1,454,650	1,729,124
Total operating expenses	<u>3,620,377</u>	<u>3,915,099</u>	<u>1,901,751</u>	<u>9,437,227</u>	<u>24,192,433</u>
Operating income (loss)	<u>2,523,100</u>	<u>940,902</u>	<u>(372,286)</u>	<u>3,091,716</u>	<u>(8,206,784)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest and investment revenue	72,824	122,184	75,556	270,564	180,467
Operating grant revenue	0	154,871	603,277	758,148	0
Miscellaneous revenue	0	163	3,290	3,453	1,525
Intergovernmental revenue	0	0	0	0	171,210
Gain/(loss) on disposition of capital assets	0	0	0	0	11,576
Interest expense	(2,858,800)	0	0	(2,858,800)	(111,450)
Miscellaneous expense	0	0	0	0	8,866
Total non-operating revenues	<u>(2,785,976)</u>	<u>277,218</u>	<u>682,123</u>	<u>(1,826,635)</u>	<u>262,194</u>
Income (loss) before contributions and transfers	<u>(262,876)</u>	<u>1,218,120</u>	<u>309,837</u>	<u>1,265,081</u>	<u>(7,944,590)</u>
Capital contributions	1,153,549	1,566,795	0	2,720,344	5,000
Special Items:					
Prepayment of contract receivable by the City of Battle Ground	7,341,480	0	0	7,341,480	0
Transfers in	0	37,000	0	37,000	10,049,955
Transfers out	0	(163,755)	(15,225)	(178,980)	(815,787)
Change in net assets	<u>8,232,153</u>	<u>2,658,160</u>	<u>294,612</u>	<u>11,184,925</u>	<u>1,294,578</u>
Net assets as of January 1	35,885,515	63,907,798	6,038,077	105,831,390	19,962,890
Prior period adjustments	0	15,870,512	0	15,870,512	235,687
Net assets as of January 1- restated	<u>35,885,515</u>	<u>79,778,310</u>	<u>6,038,077</u>	<u>121,701,902</u>	<u>20,198,577</u>
Net assets as of December 31	<u>\$ 44,117,668</u>	<u>\$ 82,436,470</u>	<u>\$ 6,332,689</u>	<u>\$ 132,886,827</u>	<u>\$ 21,493,155</u>

See accompanying notes to the financial statements

**Clark County Washington**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended December 31, 2004**

	Business-type Activities -- Enterprise Funds				Governmental Activities
	Major		Non Major	Totals	Internal Service Funds
	Sanitary Sewer	Clean Water	Solid Waste		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 6,285,723	\$ 5,013,098	\$ 1,415,749	\$ 12,714,570	\$ 7,479,101
Receipts from interfund services provided	(69,456)	(37,000)	0	(106,456)	17,507,355
Payments to suppliers	(1,234,371)	118,345	(1,012,148)	(2,128,174)	(14,555,174)
Payments to employees	(881,424)	(805,076)	(612,819)	(2,299,319)	(15,034,645)
Payments for interfund services used	(185,419)	(2,495,456)	(249,405)	(2,930,280)	(896,421)
Payments on claims and judgments	0	0	0	0	1,329,382
Net cash provided (used) by operating activities	<u>3,915,053</u>	<u>1,793,911</u>	<u>(458,623)</u>	<u>5,250,341</u>	<u>(4,170,402)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating grants received	0	154,871	603,277	758,148	0
Interest paid on operating activities	0	0	0	0	(70,495)
Intergovernmental revenues	0	0	0	0	171,210
Proceeds from line of credit	0	0	0	0	(1,947,703)
Transfers from other funds	0	37,000	0	37,000	10,039,621
Transfers to other funds	0	(163,755)	(15,225)	(178,980)	(815,787)
Miscellaneous receipts	0	163	3,290	3,453	31,756
Miscellaneous payments	0	0	0	0	(11)
Net cash provided (used) by noncapital financing activities	<u>0</u>	<u>28,279</u>	<u>591,342</u>	<u>619,621</u>	<u>7,408,591</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital contributions	1,153,549	0	0	1,153,549	0
Purchases of capital assets	(2,059,469)	(632,636)	0	(2,692,105)	(2,714,853)
Proceeds from sales of capital assets	0	0	0	0	137,077
Principal paid on capital debt	(9,052,514)	0	0	(9,052,514)	(80,000)
Interest paid on capital debt	(2,338,509)	0	0	(2,338,509)	(40,944)
Proceeds from City of Battle Ground to defease their portion of Revenue Bonds	7,341,480	0	0	7,341,480	0
Net cash (used) by capital and related financing activities	<u>(4,955,463)</u>	<u>(632,636)</u>	<u>0</u>	<u>(5,588,099)</u>	<u>(2,698,720)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest earnings	72,824	122,184	75,555	270,563	180,467
Net cash provided by investing activities	<u>72,824</u>	<u>122,184</u>	<u>75,555</u>	<u>270,563</u>	<u>180,467</u>
Net increase in cash and cash equivalents	(967,586)	1,311,738	208,274	552,426	719,936
Balances as of January 1	5,152,536	7,203,310	5,005,699	17,361,545	12,447,024
Balances as of December 31	<u>\$ 4,184,950</u>	<u>\$ 8,515,048</u>	<u>\$ 5,213,973</u>	<u>\$ 17,913,971</u>	<u>\$ 13,166,960</u>

See accompanying notes to the financial statements

**Clark County Washington**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended December 31, 2004**

	<b>Business-type Activities -- Enterprise Funds</b>				<b>Governmental Activities</b>
	<b>Major</b>		<b>Non-Major</b>		<b>Internal Service Funds</b>
	<b>Sanitary Sewer</b>	<b>Clean Water</b>	<b>Solid Waste</b>	<b>Totals</b>	
<b>Reconciliation of operating income (loss) to net cash provided by operating</b>					
Operating income (loss)	\$ 2,523,100	\$ 940,902	\$ (372,286)	\$ 3,091,716	\$ (8,206,784)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	1,356,858	67,913	29,879	1,454,650	1,729,124
Changes in assets and liabilities:					
Changes in due to/from other funds	37,749	0	0	37,749	0
Receivables, net	145,782	120,097	(113,716)	152,163	9,031,539
Inventories	0	0	0	0	(102,963)
Accounts and other payables	(148,436)	676,627	(10,281)	517,910	243,158
Accrued expenses	0	(11,628)	7,781	(3,847)	(6,864,476)
Net cash provided (used) by financing activities	<u>\$ 3,915,053</u>	<u>\$ 1,793,911</u>	<u>\$ (458,623)</u>	<u>\$ 5,250,341</u>	<u>\$ (4,170,402)</u>
<b>Noncash investing, capital, and financing activities</b>					
Contribution of capital assets *	\$ 0	\$ 17,437,307	\$ 0	\$ 17,437,307	\$ 0

\* Clean Water developer contributions include stormwater facilities and retention ponds, some of which were added in 2004 as prior period adjustments on the Statement of Revenues, Expenses, and Changes in Fund Net Assets

See accompanying notes to the financial statements

See accompanying notes to the financial statements

**Clark County Washington**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2004**

	<u>Investment Trust Funds</u>	<u>Private Purpose Trust Fund</u>	<u>Agency Funds</u>
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 239,875,110	\$ 64,539	\$ 23,012,788
Cash and deposits in trust	0	0	145,191
Cash and deposits with fiscal agent	0	0	155,000
Receivables:			
Taxes	0	0	10,828,413
Other	0	0	1,288,660
From other funds	0	0	59,451
From local governments	0	0	208,766
Total receivables	<u>0</u>	<u>0</u>	<u>12,385,290</u>
Investments at fair value			
US treasury state and local government	2,187,000	0	0
Total investments	<u>2,187,000</u>	<u>0</u>	<u>0</u>
Total assets	<u>242,062,110</u>	<u>64,539</u>	<u>35,698,269</u>
<b>Liabilities</b>			
Warrants payable	0	0	14,315,303
Accounts payable and other liabilities	0	0	5,753,461
Due to other funds	0	0	59,451
Due to other governments	0	0	14,419,668
Accrued liabilities & deposits payable	0	0	832,095
Advance due to other funds	0	0	318,291
Total liabilities	<u>0</u>	<u>0</u>	<u>35,698,269</u>
<b>Net Assets</b>			
Investments held in trust for pool participants	242,062,110	0	0
Investments held in trust for other purposes	0	64,539	0
Total net assets	<u>\$ 242,062,110</u>	<u>\$ 64,539</u>	<u>\$ 0</u>

See accompanying notes to the financial statements

**Clark County Washington**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2004**

	Investment Trust Funds	Private Purpose Trust Fund
<b>Additions</b>		
Contributions		
Additions by participants	\$ 400,765,601	\$ 0
Total contributions	400,765,601	0
Investment income		
Net decrease in fair value of investments	(716,144)	0
Interest, dividends, and other	0	959
Total investment income	(716,144)	959
Total additions	400,049,457	959
<b>Deductions</b>		
Payments in accordance with trust agreements	0	1,100
Distributions to participants	490,985,971	0
Total deductions	490,985,971	1,100
Change in net assets held for individuals, organizations and other governments	(90,936,514)	(141)
Net assets as of January 1-restated	332,998,624	64,680
Net assets as of December 31	\$ 242,062,110	\$ 64,539

See accompanying notes to the financial statements

**CLARK COUNTY WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2004**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Clark County have been prepared in conformance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Washington State Auditor's Office has further developed and implemented the Budgeting, Accounting, and Reporting System (BARS) designed to promote uniformity among the cities and counties of Washington. The following is a summary of significant accounting policies for Clark County.

A. Reporting Entity

The Comprehensive Annual Financial Report of Clark County includes the primary government, and one blended component unit for which the County is financially accountable. Blended component units are legally separate entities, but are in substance a part of the County's operations and therefore the data from this unit is combined with the data from the primary government.

Blended Component Unit

The *Industrial Revenue Bond Corporation of Clark County (IRBC)* was established in 1982 with the granting of its charter and appointment of its Board of Directors by the Clark County Board of Commissioners. The Board of County Commissioners comprises the Board of Directors for the public corporation. IRBC is responsible for encouraging industrial development by issuing industrial revenue bonds in accordance with the 1981 Economic Development Act of the State of Washington. Revenue bonds issued by the corporation are payable solely from revenues of the industrial development facility funded by the revenue bonds and are neither a liability nor a contingent liability of Clark County, the IRBC, or any other public entity. There is one bond issue outstanding at December 31, 2004, which amounts to \$4,475,000. IRBC is reported as a special revenue fund. Complete statements for the component unit may be obtained from Clark County.

B. Government-wide and Fund Financial Statements

Government-wide financial statements consist of the statement of net assets and the statement of activities. These statements report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separate from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Additionally, the County's accounting system automatically allocates a portion of its indirect costs to individual functions. These indirect costs have been included as part of the program expenses reported for the various functional activities.

Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment
- Grants and contributions that are restricted to meeting the operation or capital

requirements of a particular function or segment

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are used to report additional and more detailed information about the primary government. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures are generally recorded when the related fund liability is incurred, as under accrual accounting. Exceptions to this general rule include unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Revenues susceptible to accrual are earned interest, certain charges for services, and intergovernmental revenues, such as grants, where program expenditures are the prime factor for determining reimbursement. Revenues such as sales based taxes, licenses, fines, and fees are not considered susceptible for accrual since they are not generally measurable until received. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives cash.

Clark County reports five major governmental funds.

- The *General Fund* is the County's primary operating fund. It is used to account for all activities of the general government not accounted for in another fund.
- The *County Roads Fund* accounts for the design, construction, and maintenance of County roads.
- The *Mental Health Fund* finances a variety of mental health services including treatment, consultation, and education to people experiencing psychological/social emotional distress.
- The *Community Services Grants Fund* is a multi-grant fund used to finance a variety of community improvement and relief services, including assistance to the elderly, weatherization, special volunteers, and aid to the economically disadvantaged.
- The *Campus Health District Facility Capital Fund* is a fund established to track the costs associated with the construction of a new facility for social and health service agencies in the County.

The County reports two major proprietary funds.

- The *Sanitary Sewer Fund* accounts for all sewer activity, including maintenance and operation of the County's sewer treatment plant and sewer capital construction projects.
- The *Clean Water Fund* accounts for activities related to the County's stormwater drainage systems, in accordance with the Federal Clean Water Act.

Additionally, the County reports the following fund types:

- *Internal service funds* account for equipment rental, elections, central support, self insurance, building maintenance, retirement benefit reserve, and data processing services provided to other departments, agencies of the government, and other governments on a cost reimbursement basis.
- The *private-purpose trust fund* accounts for resources legally held in trust for a private organization, the Childrens Home Society, to benefit homeless or orphaned children. Only earnings on investments may benefit this activity. The capital portion of the trust must be preserved intact. No resources are used to support the County's programs.
- *Investment trust funds* account for the external pooled and non-pooled investments held by the County Treasurer on behalf of external pool participants in the County's investment program. The pooled money is invested and monitored by the County and the external participants are generally government entities that do not have their own treasurer, such as fire and school districts.
- *Agency funds* are custodial in nature and do not present results of operations or have a measurement focus. These funds account for assets (such as property taxes collected on behalf of other governments) that the County holds for others in an agency capacity. Agency funds include fire, school, port, cemetery, air pollution, cities & towns, library, drainage district, and miscellaneous, clearing fund activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitations. The County has elected not to apply subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments-in-lieu of taxes and other charges between the government's sewer function and various other functions of the government. Elimination of these charges would distort direct costs and program revenues reported for the various functions. Amounts reported as program revenues include a) charges to customers or applicants for goods, services or privileges provided, b) operating grants and contributions, and c) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sanitary sewer, solid waste, drainage utility, clean water system and the County's internal service funds are charges to customers for sales and services. The sanitary sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of personnel services, contractual services, other supplies and expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources, as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. *Deposits and Investments*

The County'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 authorize the government and the district to invest in obligations of the U.S. Treasury, commercial paper, banker's acceptances, and certain other government agency obligations. Investments for the government are reported at fair value.

2. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Interfund balances between governmental funds and interfund balances between proprietary funds have been eliminated and were not included in the government-wide statement of net assets.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Taxes receivable represents the current year's levy and delinquent taxes accumulated from the previous years. All real property taxes are secured by liens on the corresponding property. Receivables due from other governments include amounts due from grantors for grants issued for specific programs and capital projects.

Sanitary Sewer and Clean Water Fund receivables are recorded for actual amounts billed to customers and not yet paid. Billings are recorded either monthly or annually and are based on set fee amounts that have been billed through December 31, 2004.

3. *Inventories and Prepaid Items*

Inventories are valued at cost using the average cost method. The cost of governmental fund-type inventories is recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. *Joint Venture*

The County is a party of one governmental fund joint venture agreement. This is accounted for using the equity method that reflects the County's investment in operations and net worth on the basis of contribution and participation. The equity interest primarily represents interest in capital assets and is reported in the Governmental Fund column of the Statement of Net Assets.

5. *Capital Assets*

Capital assets include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending

beyond a single reporting period. Infrastructure assets are long-lived assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure include roads, bridges, stormwater facilities, water and sewer systems, and lighting systems. Capital assets are defined by the County as assets with an initial individual cost of more than \$5,000, or in the case of infrastructure assets with an initial cost of more than \$100,000, and for all categories of assets, an estimated useful life in excess of one year.

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement # 34, which requires the inclusion of infrastructure capital assets in local government's basic financial statements. In accordance with GASB #34, the County has recorded the value of all infrastructure acquired from 1980 to present and has included that value in the financial statements. The County has not reported any infrastructure acquired prior to January 1, 1980.

The County has chosen the modified approach for reporting the road, bridge, and stormwater subsystems of infrastructure assets of the County. Under the modified approach, capital infrastructure assets are not required to report depreciation if an asset management system is used to document that infrastructure assets are being preserved at a condition level set by the government.

When capital assets are purchased, they are capitalized and depreciated (with the exception of the infrastructure assets being reported under the modified approach) in the government-wide financial statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the government fund financial statements. Capital assets are valued at cost where historical records are available and at an estimated historical cost where no records exist. Donated capital assets are valued at their estimated fair value on the date received.

Improvements to capital assets that materially add to the value or extend the life of the asset are capitalized. Other repairs and normal maintenance are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Buildings, equipment, improvements, and infrastructure are depreciated using the straight-line method. Estimated useful lives are as follows:

Buildings	- 20 years
Improvements other than buildings	- 10 to 40 years
Light vehicles	- 2 to 5 years
Heavy vehicles and equipment	- 3 to 15 years
Infrastructure	- 40 to 80 years

Machinery and equipment purchased on capital leases are treated as capital assets, indicating a constructive or actual transfer of the benefits and risks of ownership to the County, and are valued at the lesser of the fair value of the leased property or the net present value of the minimum lease payments required by the contract.

## 6. *Compensated Absences*

It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. Employees with a minimum of ten years of services are permitted to cash out a portion of their accrued sick leave based on a percentage of accumulated hours. The remainder of unpaid sick leave is not earned until taken by the employee, and therefore is recorded at the time used. All vacation pay and eligible sick leave pay is accrued when incurred in the government-wide

and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

#### 7. *Long-term Obligations*

Revenue bonds and other long-term liabilities directly related to and financed from proprietary funds are accounted for in the respective proprietary funds. All other County long-term debt is reported in the governmental column of the government-wide statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, is reported as debt service expenditures.

#### 8. *Fund Equity*

Fund equity is recognized as fund balance in governmental fund types, and as net assets in proprietary fund types. Certain fund equity may be reserved for a specific future use, or to denote unavailability for current operations. Designations of fund balance represent tentative management plans that are subject to change. Unless otherwise noted, fund balances and retained earnings (deficits) are unreserved and undesignated.

#### 9. *Restricted Net Assets*

A portion of the County's net assets are subject to external legal restrictions (by the Revised Code of the State of Washington or by contractual agreements with outside parties) on how they may be used, and therefore are not available for general spending at the discretion of the County. An amount equal to these restricted assets, less related liabilities, is reported as restricted net assets (and identified as to purpose) on the government-wide Statement of Net Assets.

## II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

### A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds." The details of the \$15,637,118 are as follows:

Unavailable deferred revenue	\$ 14,612,512
Deferred charges (issuance costs)	1,024,606
Net adjustment to increase total governmental funds to arrive at net assets governmental funds	<u>\$ 15,637,118</u>

Another element of reconciliation explains that "long-term liabilities that are not due and payable in the current period and are not reported in the funds". The details of this \$170,928,777 are as follows:

Bonds payable	\$ 148,968,149
plus deferred amount for issuance costs	1,831,335
Less deferred charge for refunding	(260,947)
Capital lease	1,141,605
Special assessment debt	263,954
Compensated absences	8,778,858
Advance due to other government	<u>10,205,823</u>
Net adjustment to reduce – <i>total governmental funds to arrive at net assets – governmental activities</i>	<u>\$ 170,928,777</u>

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlay as expenditures. In the statement of activities the cost of those assets is capitalized and depreciated over the period of the asset’s useful life. When capital assets are disposed of, the difference between original cost and depreciation, and the proceeds is booked as a gain or (loss) on the sale.” The details of this \$56,284,574 difference are as follows:

Capital outlay	\$ 65,295,625
Depreciation expense	(8,251,893)
Disposition of capital assets (net book value)	<u>(759,158)</u>
Net adjustment to increase <i>net changes in fund balance – total governmental funds</i> to arrive at changes in net assets of governmental activities	<u>\$ 56,284,574</u>

Another element of that reconciliation states “the issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.” The details of this \$54,893,880 difference are as follows:

Issuance of general obligation bonds	\$ 57,430,000
Issuance of advance due to other government plus premium on long term bonds	2,272,500
Deferred charges	1,919,898
Principal repayments:	(523,516)
General obligation debt	(5,469,371)
Advance due to other government	(646,159)
Capital lease	<u>(89,472)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at changes in net assets of governmental activities	<u>\$ 54,893,880</u>

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

The biennial budget for Clark County is adopted in accordance with the provisions of the Revised Code of Washington (RCW), as interpreted by the Budgeting, Accounting, and Reporting Systems (BARS) of the State of Washington, and on a basis consistent with generally accepted accounting principles. The Board of County Commissioners adopts biennial appropriations for the general, special revenue, and capital project funds. Budgetary constraints for debt service funds are determined by the terms of the debt instruments or enabling legislation.

During the budget process, each county official submits detailed estimates of anticipated revenues

and expenditure requests for the ensuing budget years. The budget office compiles this data and makes it available for public comment in early October of the budget adoption year. A recommended budget is published in the third week of November with a public hearing held during the first week in December when the final budget is adopted.

The biennial budget is adopted and systematically monitored on the fund level for special revenue and capital project funds and on a department level for the General Fund. Personal service costs in each fund are controlled by position. The acquisition of capital items is approved on an item by item basis in accordance with a long-term capital acquisition plan.

Biennial budgets are amended during the budget years by supplemental appropriation resolutions that are approved by the Board during public meetings. Any revisions, which increase the total appropriation of any fund, are published in the official county newspaper (The Columbian) at least seven days before the public hearing. Revisions approved by the Board during 2004 consisted of awards and modifications of grants, the release of contingency funds to specific programs, and enhanced revenues supporting expanded program requirements. Department heads may transfer budget amounts between certain categories of expenditures (supplies and services) without approval of the Board as long as they do not exceed their total department/fund

**B. Deficit Fund Equity**

The following governmental funds exhibit deficit fund balances as of December 31, 2004:

CRESA Emergency Services Communication	\$ 1,422,719
Tri-Mountain Golf Special Revenue Fund	\$ 423,017
GIS Special Revenue Fund	\$ 35,843

The deficit in the *CRESA Emergency Services Communication Fund* was anticipated because of increased debt service payments. A funding plan is in place to reduce this deficit over the next several years.

The deficit in the *Tri-Mountain Golf Fund* resulted from a decrease in charges for services relating to a new contract with a private company to operate and manage the Tri-Mountain Golf Course.

The deficit in the *GIS Fund (Geographic Information System)* is being reviewed and a plan has been developed. The deficit was reduced slightly in 2003 and 2004.

The *Central Support Services Fund* is the only internal service fund that exhibits a deficit net asset balance as of December 31, 2004. The Central Support Services deficit of \$1,067,414 exists because the full costs of services are not being recouped. The deficit in Central Support Services was reviewed during 2004 and a plan was developed to help reduce the deficit. The deficit was reduced from \$3.3 million in 2003 to \$1.1 million in 2004, with plans in 2005 to further reduce or eliminate the deficit.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The Clark County Treasurer is empowered by the state to act as the fiduciary agent for the County (as Treasurer) and other taxing districts (as ex-officio Treasurer), which includes the receipt, deposit and prudent investment of public funds as legally prescribed by the laws of the State of Washington.

All receipts received by the Treasurer are deposited into qualified bank depositories as specified by

the Washington Public Deposit Protection Commission. Investments may be made in the form of commercial paper, banker's acceptances, U.S. Treasury bills, notes, and certain other government agency obligations. County policy dictates that all investment instruments other than non-negotiable certificates of deposit and monies placed with the Washington State Local Government Investment Pool be transacted on the delivery versus payment basis.

1. *Deposits*

Cash and deposits consist of cash and cash equivalents on deposit with the Clark County Treasurer. As of December 31, 2004, the carrying value of deposits was \$69,855,866 and the bank balance was \$70,237,718.

All of the deposits are either covered by federal depository insurance or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission, and are classified under risk Category 1. Risk category 1 reflects investments, which are insured, registered, or held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are either held by the financial institution's trust department or an agent in the County's name. Category 3 represents uninsured and unregistered investments for which securities are held by the financial institution, its trust department, or agent but not held in the County's name.

2. *Equity in pooled investments*

The County Treasurer administers and maintains an External Investment Pool for county and other jurisdictional governments within the County. This Pool currently has an average maturity of approximately nine months. County monies are invested by certain individual funds for the benefit of the respective fund. Remaining County monies are aggregated in a residual account, and invested in the pool for the benefit of the General fund.

Pooled investments include U.S. Treasury Notes, Federal Agencies, monies invested with the Washington State Local Government Investment Pool and a money market account. The carrying value of the County Pool on December 31, 2004 was \$416,857,946 of which \$52,908,548 is classified as deposits. The total carrying amount is characterized based on the relative risk assumed by the County.

	<u>Category 1</u>	<u>Carrying Value</u>	<u>Fair Value</u>
<b>Equity in Pooled Investments</b>			
U.S. Treasury Notes	\$ 39,570,078	\$ 39,570,078	\$ 39,473,492
Federal Agencies	270,785,714	270,785,714	269,738,293
Subtotal	<u>310,355,792</u>	<u>310,355,792</u>	<u>309,211,785</u>
<i>Investments not subject to categorization:</i>			
Washington State Investment Pool	53,593,606	53,593,606	53,593,606
Money Market Account	52,908,548	52,908,548	52,908,548
Total equity in pooled investments	<u>\$ 416,857,946</u>	<u>\$ 416,857,946</u>	<u>\$ 415,713,939</u>

3. *Investments*

Certain funds will direct the County Treasurer to invest funds into specific investment maturities outside of the Clark County Investment Pool. On December 31, 2004, the carrying amount of the specific investments was \$2,639,860 which is comprised of money market accounts and treasury

securities. Clark County and other jurisdictional governments within the County had a total investment carrying value on December 31, 2004 of \$419,497,806 for both pooled and non-pooled investments.

<b>Equity in Investments</b>	<u>Category 1</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Money market accounts	452,860	452,860	452,860
Treasury securities - SLGS	<u>2,187,000</u>	<u>2,187,000</u>	<u>2,187,000</u>
Total equity in investments	<u>\$ 2,639,860</u>	<u>\$ 2,639,860</u>	<u>\$ 2,639,860</u>

#### 4. *External Investment Pool*

The Clark County Treasurer's Office uses "Bloomberg", an on-line financial services system to determine the fair value of securities purchased on behalf of the Clark County Investment Pool. If Bloomberg does not price a particular security, the Clark County Treasurer's Office obtains three quotes from broker/dealers to determine the fair value of the security on the specified date. Bloomberg has a pricing model called "Bloomberg Fair Value" (BFV), which establishes an investment's theoretical value, based on where similar bonds, as defined by credit quality and market sector, have traded. This value is not based on market price. BFV incorporates an option adjusted spread methodology in deriving the theoretical value.

Clark County does not report any securities at amortized cost. All securities are reported using the security's fair value. The Clark County Investment Pool is not SEC-registered. Authority to manage the Clark County Investment Pool is derived from the Revised Code of Washington (RCWs) in RCW 36.29.022. Regulatory oversight is provided by the Finance Committee, which by statute consists of the Treasurer as Chair, the Auditor as Secretary, and the Chair of the Board of County Commissioners. The committee approves the investment policy and makes all appropriate rules and regulations to carry out the provisions of RCW 36.48.010 through 36.48.060.

Clark County may use an investment advisor, depending on budgetary constraints, on at least an annual basis. During 2003, Clark County contracted with Public Financial Management, Inc. to review the investment portfolio and strategy on a quarterly basis. Clark County also utilizes an Intergovernmental Investment Pool Committee, which is made up of the largest pool participants from the junior taxing districts within Clark County. This committee meets on a quarterly basis, and assists in sharing information to other pool members regarding the pool strategy and the need for cash management information from the participants. The Treasurer's Investment Strategy Committee, which is made up of the Treasurer, the Deputy Treasurer, the Finance Manager, the Asset/Liability Manager, and a Senior Accountant, meet weekly to discuss investment strategies, economic conditions, analysis of yield curve shifts, possible Federal Reserve Board actions, cash flow forecasts, and spreads on various securities. This committee also reviews the fair value of the Clark County Investment Pool.

The fair value of the Washington State Treasurer's Investment Pool is the same as the value of the pool shares. The State Treasurer, Governor, State Auditor and Joint legislative audit and review committee provide regulatory oversight of the Washington State Treasurer's Investment Pool. There is no involuntary participation in the Clark County Investment Pool. All participants have the option of investing in the Pool, or requesting specific investment amounts and maturity dates for investments outside of the pool. The Clark County Treasurer provides monthly fair value investment

reports on a fund level to all participants through footnote disclosures. This information is based on the net asset value of each share in the Pool, and is based on each funds' month-end investment balance. For 2004, the Clark County Treasurer's Office allocated and reported each participant's share of \$1,270,742 in unrealized losses. The Treasurer allocated and reported the change in fair value on at least a quarterly basis during 2004. The participants' shares are sold and redeemed at fair value, which is the same method used to report the pooled investments. An interlocal

agreement is entered into with each pool participant that allows the Clark County Treasurer's Office to invest their funds in the pool. There are no specific legally binding guarantees given to participants to support the values of the shares.

<b>Condensed Statement of Net Assets</b>	
<b>Year Ended December 31, 2004</b>	
<b>Assets</b>	
Cash, cash equivalents, and pooled investments	\$ 417,123,326
Total assets	417,123,326
<b>Liabilities</b>	
Accrued Interest Payable	0
Total liabilities	0
Net assets held in trust for pool participants	<u>\$ 417,123,326</u>

The external investment pool has investments in Federal agencies and US Treasury securities. All investments are pooled together and the number of shares is equal to one share per one dollar of investment. The carrying amount of investments is the same as the fair value. An overall interest rate on all investments is calculated. Investment interest rates ranged from 1.19% to 2.28% in 2004, and averaged 1.72% for the year. The average maturity dates range from 99 to 494 days.

<b>Condensed Statement of Changes in Net Assets</b>	
<b>Year Ended December 31, 2004</b>	
Changes in net assets resulting from operations	\$ 6,341,941
Distribution to participants	(6,341,941)
Changes in net assets resulting from depositor transactions	(59,560,072)
<b>Net Assets Available</b>	
Beginning of year	\$ 476,683,398
End of year	
Private purpose trust fund	64,539
Internal funds	177,183,677
External funds	239,875,110
total net assets available	<u>\$ 417,123,326</u>

A reconciliation of cash, cash equivalents (including pooled investments) and investments as shown on the fund statements is as follows:

Checking Accounts	\$ 16,947,318
Petty Cash	170,035
Deposits with Fiscal Agent	170,000
Deposits held in Trust	2,386,357
Fair Value of Pooled Investments	363,077,259
Fair Value of Investments out of pool	2,639,860
Accrued interest	1,135,734
Money Market (Pooled investments classified as deposits)	52,908,548
	<u>\$ 439,435,111</u>
Cash, cash equivalents, pooled investments	173,995,483
Cash, cash equivalents, pooled investments - fiduciary	262,799,768
Investments	2,639,860
	<u>\$ 439,435,111</u>

## B. Property Taxes

Property tax revenues are recognized when they become available, meaning due or past due, and receivable within the current period. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied during October for the ensuing year, and are payable in two installments on April 30th and October 31st. Delinquent property taxes accrue interest at twelve

percent per annum and are assessed a penalty of from three to eleven percent, depending on the duration of delinquency.

Clark County bills and collects its own property tax, and also bills and collects property taxes for the State of Washington, cities and towns within the county, school districts, fire districts, cemetery districts, and port districts. Such collections are accounted for in Agency Funds. The County is permitted to levy taxes for general governmental services, subject to two limitations:

- a) Washington State law in RCW 84.55.010 limits the growth of regular property taxes to six percent per year, after adjustments for new construction. If the assessed valuation increases by more than six percent due to revaluation, the levy rate will decrease.
- b) The Washington State Constitution limits the total regular property taxes to one percent of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the one percent limit.

The County is also authorized to levy taxes in unincorporated areas for road construction and maintenance, which is subject to the same limitations as the levy for general government services. The maximum amounts which may be levied and the actual 2005 and 2004 levies for the General Fund and the County Roads Fund were (per \$1,000 of assessed value):

	Maximum Levy	2005 Actual Levy	2004 Actual Levy
General Fund	\$1.80	\$1.47	\$1.51
County Roads	\$2.25	\$2.04	\$2.11

### C. Receivables

Receivables as of December 31, 2004 for the County's individual major funds, nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts, are shown in the following table.

	Taxes	Accounts	Special Assessments	Due from other Governments	Interest & Penalties	Total *
General Fund	\$ 1,699,740	\$ 2,083,079	\$ 0	\$ 913,840	\$ 3,790,797	\$ 8,487,456
County Roads	1,120,933	1,664,637	0	1,981,865	0	4,767,435
Mental Health	13,093	61,431	0	239,915	0	314,439
Community Services Grants	0	4,942	0	965,081	0	970,023
Campus Health District Facility	0	49,671	0	0	0	49,671
Nonmajor Governmental	89,370	2,242,316	928,156	3,313,098	0	6,572,940
Sanitary Sewer	0	9,356	0	146,851	0	156,207
Clean Water	0	587,845	0	115,802	0	703,647
Nonmajor Enterprise	0	424,473	0	159,854	0	584,327
Internal Service	0	545,504	0	1,284	0	546,788
sub-total	2,923,136	7,673,254	928,156	7,837,590	3,790,797	23,152,933
Fiduciary	10,828,413	1,288,660	0	208,766	0	12,325,839
Gross Receivables	\$ 13,751,549	\$ 8,961,914	\$ 928,156	\$ 8,046,356	\$ 3,790,797	\$ 35,478,772

\* The total gross receivables do not equal the government-wide receivables, with a difference of \$318,291, because of the adjustment made for Interfund activity when eliminating fiduciary funds.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (General Fund)	\$5,490,537	
Property taxes receivable (Road Fund)	1,120,933	
Property taxes receivable (Mental Health)	13,093	
Property taxes receivable (other Governmental funds)	89,370	
Revenues received but not yet earned		69,674
Notes and contracts receivable not yet due	6,762,936	
Telephone revenue (General Fund)	183,397	
Special assessments not yet due	928,156	
Grants received prior to meeting all eligibility requirements		2,150,151
Miscellaneous General Fund	24,090	
Total deferred/unearned revenue for governmental funds.	<u>\$14,612,512</u>	<u>\$2,219,825</u>

D. Capital Assets

Capital asset activity for the year ended December 31, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital assets, not being depreciated				
Land	\$ 168,043,661	\$ 8,264,014	\$ 390	\$ 176,307,285
Infrastructure	366,757,360	72,348,449	2,274,154	436,831,655
Construction in progress	160,520,864	(56,111,023)	34,371	104,375,470
Total capital assets, not being depreciated	695,321,885	24,501,440	2,308,915	717,514,410
Capital assets, being depreciated:				
Buildings	72,590,925	29,980,582	127,855	102,443,652
Improvements other than buildings	39,694,009	14,114,967	31,942	53,777,034
Machinery and equipment	36,359,302	9,760,060	1,809,202	44,310,160
Infrastructure	2,378,468	1,386,455	0	3,764,923
Total capital assets being depreciated	151,022,704	55,242,064	1,968,999	204,295,769
Less accumulated depreciation for:				
Buildings	33,125,075	3,924,142	93,985	36,955,232
Improvements other than buildings	4,619,880	2,490,609	0	7,110,489
Machinery and equipment	20,410,731	3,432,672	777,622	23,065,781
Infrastructure *	16,020,776	133,594	0	16,154,370
Total accumulated depreciation	74,176,462	9,981,017	871,607	83,285,872
Total capital assets, being depreciated, net	76,846,242	45,261,047	1,097,392	121,009,897
Governmental activities capital assets, net	<u>\$ 772,168,127</u>	<u>\$ 69,762,487</u>	<u>\$ 3,406,307</u>	<u>\$ 838,524,307</u>

Depreciation expense was charged to functions as follows:

General governmental services	\$ 5,964,710
Judicial	122,223
Public Safety	467,344
Physical Environment	43,771
Transportation	265,026
Economic Environment	61,017
Mental and physical health	148,543
Culture and recreation	1,179,259
	<u>8,251,893</u>
Depreciation on capital assets held by the County's internal service funds is charged to various functions based upon their usage of the	<u>1,729,124</u>
Total governmental activities depreciation expense	<u>\$ 9,981,017</u>

\* Governmental Infrastructure assets were first added in 2001, with the implementation of GASB #34. All infrastructure was depreciated until 2003, when the County chose to report road, stormwater, and bridge systems using the modified approach. The accumulated depreciation amount includes depreciation on infrastructure that is now classified as capital assets not being depreciated.

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital assets, not being depreciated				
Land - restated	\$ 26,233,775	\$ 1,226,427	\$ 254,417	\$ 27,205,785
Infrastructure - restated	48,948,704	1,185,463	521,711	49,612,456
Construction in progress	3,821,126	2,498,071	115,101	6,204,096
Total capital assets, not being depreciated	79,003,605	4,909,961	891,229	83,022,337
Capital assets, being depreciated:				
Buildings	400,781	0	0	400,781
Improvements other than buildings	76,045,093	11,218	0	76,056,311
Machinery and equipment	250,878	84,549	5,000	330,427
Infrastructure - restated	1,170,789	97,503	0	1,268,292
Total capital assets being depreciated	77,867,541	193,270	5,000	78,055,811
Less accumulated depreciation for:				
Buildings	207,810	8,648	0	216,458
Improvements other than buildings	9,002,344	1,430,581	0	10,432,925
Machinery and equipment	147,385	25,084	264	172,205
Infrastructure *	4,285,174	21,533	0	4,306,707
Total accumulated depreciation	13,642,713	1,485,846	264	15,128,295
Total capital assets, being depreciated, net	64,224,828	(1,292,576)	4,736	62,927,516
Business-type activities capital assets, net	<u>\$ 143,228,433</u>	<u>\$ 3,617,385</u>	<u>\$ 895,965</u>	<u>\$ 145,949,853</u>

Depreciation expense was charged to functions as follows:

Sanitary Sewer **	\$ 1,388,054
Solid Waste	29,879
Water Quality	67,913
Total business-type activities depreciation expense	<u>\$ 1,485,846</u>

\*Stormwater infrastructure was first added in 2001. All infrastructure was depreciated until 2003, when the County chose to report road, stormwater, and bridge systems using the modified approach. The accumulated depreciation amount includes depreciation on infrastructure that is now classified as capital assets not being depreciated.

\*\* This differs from Depreciation operating expense shown on the Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets, which also includes bond discount / bond premium amortization.

## E. Commitments

The County has several large construction commitments resulting from active construction projects as of December 31, 2004. These projects include construction of an exposition center at the fairgrounds, a new center for community health, a new taxation/assessment system, and the expansion and improvements of the sewer treatment plant.

Project	Project Budget	Spent-to-date	Remaining commitment
Clark County Fair Exposition Center	\$ 18,500,000	\$ 14,020,000	\$ 4,480,000
Campus Health District Facility	\$ 38,000,000	\$ 14,713,000	\$ 23,287,000
Taxation/Assessment System	\$ 5,400,000	\$ 12,000	\$ 5,388,000
Sewer Treatment Plant Expansion and Interceptor upgrades	\$ 71,000,000	\$ 4,759,000	\$ 66,241,000

General obligation bonds finance most of the commitment for the exposition center, health center, and taxation/assessment system. Revenue bonds will finance most of the treatment plant expansion.

F. Interfund Receivables, Payables and Transfers

Interfund transactions usually involve the exchange of goods and services between funds in a normal business relationship. The composition of interfund receivables as of December 31, 2004, is shown in the following table:

Due to Other Funds	Due From Other Funds								
	General Fund	Road Fund	Comm. Services	Sanitary Sewer	Clean Water	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Total
General Fund		\$4,681		\$724	\$239	\$53,320	\$239	\$2,078	\$61,281
Road Fund						170		253	423
Comm. Service						88,481			88,481
Sanitary Sewer		69,456							69,456
Clean Water						37,000			37,000
Nonmajor	78,479	79	124,396			655,571		817,532	1,676,057
Internal service	180,294	229,181		5,578	499	137,625	207	8,759	562,143
Total Due to/ Due from	\$258,773	\$303,397	\$124,396	\$6,302	\$738	\$972,167	\$446	\$828,622	\$2,494,841

**Interfund Advances – To Be Repaid in More than One Year**

To	From	Amount
Road Fund	Road Guarantee Fiduciary Fund (part of "Other Agencies" in Agency Statements )	\$ 318,291
REET Fund	CRESA Emergency Services	<u>1,422,719</u>
Total		<u>\$ 1,741,010</u>

The Road Fund – Road Guarantee Fund advance is required by State law for the purpose of providing payments to bondholders should the special assessment collections be insufficient to provide for debt service obligations on the special assessment debt. The advance between the REET fund and CRESA Emergency Services fund is for financing the replacement of the 800 MHz backbone equipment and CAD/E911 equipment, with repayment to be paid by December 31, 2009.

Interfund operating transfers represent subsidies and contributions provided to operating funds and capital project funds with no corresponding debt or promise to repay. The purpose of the general fund transfers is to subsidize capital project activities and debt service. Operating transfers out of nonmajor governmental funds generally represent debt service and capital project funding. Interfund transfers between individual major funds, nonmajor governmental, nonmajor enterprise, and internal service funds of the County during the year ended December 31, 2004 are as follows:

Transfer out	Transfer In						Total
	General Fund	Road Fund	Comm. Services	Clean Water	Nonmajor Governmental	Internal Service	
General Fund			\$823,284		\$7,701,940	\$7,467,346	\$15,992,570
Road Fund					702,576	1,045,933	1,748,509
Clean Water Fund						163,755	163,755
Nonmajor governmental	6,760,603	3,049,687		37,000	8,962,745	884,012	19,694,047
Nonmajor enterprise						15,225	15,225
Internal service funds	116,907				225,196	473,684	815,787
Total transfers	\$6,877,510	\$3,049,687	\$823,284	\$37,000	\$17,592,457	\$10,049,955	\$38,429,893

During 2004, there were several significant non-routine and infrequent transfers. The General Fund transferred \$1.25 million to the Fair Fund to eliminate the deficit in that fund. The General Fund transferred \$950,000 to the Information Reserve Fund for a new point-of-sale cashiering system and a new voter registration system. The General Fund transferred \$740,000 to the Worker's Compensation fund to cover a large one-time pay out in that fund.

The County Road Fund (\$1 M) and the General Fund (\$2.6 M) transferred \$3.8 million to the Central Services Internal Service Fund to reduce the deficit in that fund due to non-recovery of full costs of services over the past several years. The Road Fund received three million dollars for road projects completed in the traffic impact fee districts during 2004.

G. Leases

1. *Operating Leases*

The County is committed under various leases for buildings, office space, and other equipment. Such leases are considered to be operating leases for accounting purposes. Lease expenditures for the year ended December 31, 2004 amounted to approximately \$1,466,940. The future minimum lease payments for these leases are:

<u>Year Ending December 31</u>	<u>Amount</u>
2005	\$ 953,000
2006	759,000
2007	520,000
2008	535,000
2009	535,000
<b>Total</b>	<u>\$ 3,302,000</u>

2. *Capital Leases*

The County has entered into a lease agreement as lessee for financing energy, plumbing and lighting savings improvements in various county buildings, with an interest rate 4.34%. The leased assets and related obligations are accounted for in the statement of net assets. The net capital lease amount shown below reflects the assets continuing to be financed through the capital lease. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The minimum capital lease payments reflect the remaining capital obligations on these assets.

<u>Net Capital Lease Amount</u>	<u>Governmental Activities</u>
Buildings	\$ 1,318,500
Less Accumulated Depreciation	0
	<u>\$ 1,318,500</u>
<u>Minimum Capital Lease Payments</u>	
2005	\$ 141,928
2006	141,929
2007	141,929
2008	141,928
2009	141,928
2010-2013	567,714
2014	141,929
<i>Total Minimum Lease Payments</i>	<u>1,419,285</u>
Less Interest	(277,680)
Present Value of Minimum Lease Payments	<u>\$ 1,141,605</u>

H. Long Term Debt

General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The beginning balance of outstanding general

obligation bonds issued in prior years was \$98,300,000. During the year, general obligation bonds totaling \$57,430,000 were issued to finance the costs of acquiring, equipping, furnishing and constructing improvements to various County facilities and system upgrades and to redeem the County's Limited Tax General Obligation Bond Anticipation Note, 2004.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<b>Description</b>	<b><u>Amount Outstanding</u></b>
\$13,920,000 1994 Limited Tax General Obligation Bonds due in annual installments of \$1,200,000 to \$1,550,000 through 2005; interest from 5.5% to 6.75%. This issue is being serviced by the "911" CRESA Special Revenue Fund (27%) and the Conservation Futures Capital Fund (73%). This issue was refunded in May, 2003	1,500,000
\$9,535,000 1996 Limited Tax General Obligation and Refunding Bonds due in annual installments of \$210,000 to \$443,000 through 2006; interest from 4.8% to 5.1%. This issue is being serviced by the Real Estate Excise Tax Capital Fund for the General Obligation Bonds. The Refunding Bonds are being serviced with revenues derived from the General Fund (75%) and the Sewer Enterprise Fund (25%). This issue was refunded in October, 2003.	1,060,000
\$13,490,000 1996 Limited Tax General Obligation Bonds due in annual installments of \$1,225,000 to \$1,425,000 through 2006; interest from 4.8% to 5.1%. This issue is being serviced by the "911" CRESA Special Revenue Fund. This issue was refunded in October, 2003.	2,780,000
\$7,985,000 1997 Limited Tax General Obligation Bonds due in annual installments of \$130,000 to \$520,000 through 2027; interest from 4.455% to 5.75%. The Tri-Mountain Golf O & M Special Revenue Fund is servicing this issue.	7,120,000
\$20,415,000 1998 Limited Tax General Obligation Bonds due in annual installments of \$320,000 to \$1,740,000 through 2018; interest from 4.50% to 5.0%. The Conservation Futures II Capital Fund (51%) and the Real Estate Excise Tax Capital Fund (49%) service this issue.	18,270,000
\$6,400,000 1999 Limited Tax General Obligation Bonds due in annual installments of \$235,000 to \$425,000 through 2018; interest from 4.0% to 5.0%. This issue is being serviced by the Real Estate Excise Tax Capital Fund (89%), Tri-Mountain Golf O & M Special Revenue Fund (4%), and the General Fund (7%).	4,500,000
\$3,000,000 1999 Limited Tax General Obligation Bonds due in annual installments of \$90,000 to \$240,000 through 2019; interest from 5.0% to 5.6%. The General Fund services this issue.	2,505,000
\$37,090,000 2001 Limited Tax General Obligation Bonds due in annual installments of \$50,000 to \$3,065,000 through 2026, interest from 4.125% to 5.125%. This issue is being serviced by the Real Estate Excise Tax Capital Fund.	37,040,000
\$2,780,000 2002 Limited General Obligation Refunding Bonds due in annual installments of \$85,000 to \$645,000 through 2013, interest from 3.0% to 4.3%. This issue is being serviced by the General Fund.	1,765,000

\$11,835,000 2003 Limited Tax General Obligation and General Obligation Refunding Bonds due in annual installments of \$210,000 to \$2,040,000 through 2023, interest from 2.0% to 4.75%. The \$7,440,000 new issue is being serviced by the Capital Project Real Estate Excise Tax Fund, Tri-Mountain Golf O & M Special Revenue Fund, Central Support Services Fund, and CAD 800 MHz System Replacement Fund. The \$4,395,000 1994 LTGO refunding issue is being serviced by Conservation Futures Capital Project Fund and "911" CRESA Special Revenue Fund. 10,895,000

\$5,395,000 2003 Limited Tax General Obligation Refunding Bonds due in annual installments of \$60,000 to 615,000 through 2016, interest from 2.0% to 4.1%. This issue is being serviced by the Capital Project Real Estate Excise Tax Fund and the "911" CRESA Special Revenue Fund. This issue refunded portions of the 1996A and 1996B LTGO issues. 5,335,000

\$55,620,000 2004 Limited Tax General Obligation bonds due in installments of \$500,000 to \$3,845,000 through 2034, interest from 3.0% o 5.25%. This issue is being serviced by the General Fund, the Health District Campus Facility Capital Projects Fund, the Exhibition Hall Dedicated Special Revenue Fund and the Conservation Futures Capital Project Fund. 55,620,000

\$1,810,000 2004 Limited Tax General Obligation bonds due in installments of \$165,000 to \$235,000 through 2013, interest from 4.0% to 4.63%. This issue is being serviced by the CHIF Special Revenue Fund. 1,810,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31	Governmental Activities		Business-type	
	Principal	Interest	Principal	Interest
2005	\$ 6,448,149	\$ 7,735,988	\$ 146,851	\$ 7,343
2006	6,355,000	6,954,709	0	0
2007	5,545,000	6,440,224	0	0
2008	5,435,000	6,255,464	0	0
2009	5,605,000	6,055,695	0	0
2010-2014	29,240,000	26,844,628	0	0
2015-2019	32,700,000	19,432,659	0	0
2020-2024	30,905,000	11,761,204	0	0
2025-2029	21,175,000	3,846,161	0	0
2030-2034	6,645,000	976,125	0	0
Totals	\$ <u>150,053,149</u>	\$ <u>96,302,857</u>	\$ <u>146,851</u>	\$ <u>7,343</u>

### Special Assessment Bonds

The government also issues special assessment bonds for the construction of roads and like improvements in certain areas. These bonds will be repaid from amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the County must provide the resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. At December 31, 2004, special assessment receivables of \$116,627 were considered delinquent. The special assessment bonds outstanding are as follows:

<u>Description</u>	<u>Amount Outstanding</u>
\$582,338 R.I.D. No. 15/16 Special Assessment Bond due in 2014; interest at 5.5% to 7%. These bonds are being serviced by R.I.D. No. 15/16 Debt Service Fund from special assessments levied.	145,000
\$198,261 R.I.D. 17 Special Assessment Bonds due in 2016; interest at 4% to 6.3%. These bonds are serviced by R.I.D. No. 17 Debt Service Fund from special assessments.	80,000
\$73,954 R.I.D. 18 Special Assessment Bonds due in 2019; interest at 6.35%. These bonds are serviced by R.I.D. No.18 Debt Service Fund from special assessments and will be repaid over 15 years.	38,954

Annual debt service requirements to maturity for special assessment bonds are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 0	\$ 25,644
2006	0	25,644
2007	0	25,644
2008	0	25,644
2009	0	25,643
2010-2014	145,000	78,260
2015-2019	118,954	28,260
Totals	<u>\$ 263,954</u>	<u>\$ 234,739</u>

#### Revenue Bonds

The County also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. The beginning balance of outstanding bonds issued in prior years was \$37,600,000. These bonds are serviced by the Sanitary Sewer enterprise fund. Within the revenue bond covenants for these particular bonds (which refer to a three-way interlocal agreement between Clark County, Hazel Dell Sewer District, and the City of Battle Ground), Hazel Dell Sewer District is committed to pay to the County 100% of the debt service on these bonds. The interlocal agreement further commits the City of Battle Ground to pay their portion of debt service (Hazel Dell Sewer District and the City of Battle Ground are the only two wholesale customers of the Treatment Plant for which these bonds were issued). In 2004, the City of Battle Ground prepaid \$7,341,480, for costs associated with paying their entire remaining portion of debt service on these bonds. \$6,765,000 in bond principal was defeased at the time of this payment. In 2004, Revenue bonds outstanding at year-end, serviced by the Sewer enterprise fund, are as follows:

<u>Description</u>	<u>Amount Outstanding</u>
\$9,100,000 1995 Sewer Fund Revenue Bonds due in annual installments of \$340,000 to \$415,000 through 2005; interest from 5.2% to 5.55%.	340,000
\$45,395,000 1996 Sewer Fund Revenue Bonds due in annual installments of \$1,610,000 to \$2,085,000 through 2006; interest from 4.85% to 6.0%.	3,325,000
\$5,425,000 2001 Refunding Sewer Revenue bonds due in annual installments of \$80,000 to \$640,000 through 2015; interest from 3.2% to 4.75%.	4,380,000
\$25,765,000 2001 Refunding Sewer Revenue bonds due in annual installments of	

\$245,000 to \$3,155,000 through 2016; interest from 3.2 % to 5.25%.

20,930,000

Revenue bond debt service requirements to maturity are as follows:

Year Ending December 31	Principal	Interest
2005	\$ 1,955,000	\$ 1,451,483
2006	2,070,000	1,339,750
2007	2,050,000	1,222,750
2008	2,150,000	1,124,000
2009	2,250,000	1,026,400
2010-2014	12,935,000	3,437,487
2015-2016	5,565,000	425,275
Totals	<u>\$ 28,975,000</u>	<u>\$ 10,027,145</u>

In Proprietary funds, unamortized debt issuance costs are recorded as deferred charges and bonds are displayed net of premium or discount; annual interest expense is decreased by amortization of debt issue costs and discounts.

#### Advance Due to Other Governments

The County also receives loans from other governments. During 2004, the County drew down from five existing loans for a total increase of \$992,500. In addition, the County received three additional loans authorized at \$6,400,000, of which only \$1,280,000 was received in 2004. All of these funds were used for county road projects during 2004. With the acceptance of these loans, the County has fourteen low-interest (.05% and 2%) loans from the State Department of Community Development Public Works Trust Fund that will be repaid within 20 years in annual installments on each loan ranging from \$12,695 to \$152,632. The funds from these loans were used for sewer improvement projects or county road projects. These loans will be paid back by the Sewer Enterprise Fund and the County Road Fund.

Additionally, a loan from the State Department of Transportation for Chelatchie Railroad improvements is also outstanding. This loan is interest free with annual payments of \$13,397 ending in 2008. Advances Due to Other Governments for debt service requirements to maturity are as follows:

Year Ending December 31	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	Principal	Interest	Principal	Interest
2005	\$ 699,924	\$ 50,497	\$ 286,885	\$ 20,640
2006	767,293	47,329	286,885	17,303
2007	548,543	43,559	286,885	13,966
2008	548,543	40,883	286,885	10,629
2009	535,146	38,208	240,059	7,292
2010-2014	2,675,731	150,903	489,125	10,372
2015-2019	2,675,731	84,009	0	0
2020-2024	1,754,912	19,381	0	0
Totals	<u>\$ 10,205,823</u>	<u>\$ 474,769</u>	<u>\$ 1,876,724</u>	<u>\$ 80,202</u>

#### Prior Year Defeasance of Debt

In prior years, the County defeased certain sewer revenue and general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for defeased bonds is not included in the County's financial statements. At December 31, 2004, \$48,270,000 of bonds outstanding are considered to be defeased.

## Changes in Long Term Liabilities

The following is a summary of the long-term debt transactions of Clark County for the year ended December 31, 2004:

	Beginning Balance	New Issues	Retirements	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Bonds payable					
General obligation bonds	\$ 98,012,520	\$ 57,430,000	\$ 5,389,371	\$ 150,053,149	\$ 6,448,149
Special assessment bonds	408,954	0	145,000	263,954	0
Less deferred amounts					
For issuance discounts/premiums	(74,998)	1,919,897	13,564	1,831,335	0
On refunding	(253,456)	0	7,491	(260,947)	0
Total bonds payable	98,093,020	59,349,897	5,555,426	151,887,491	6,448,149
Capital lease	1,231,077	0	89,472	1,141,605	93,396
Claims and judgements	1,298,557	1,926,936	597,554	2,627,939	15,421
Advances due to other governments	8,579,482	2,272,500	646,159	10,205,823	699,924
Compensated absences - restated	10,303,268	10,994,648	12,033,353	9,264,563	926,456
Governmental activity long term liabilities	<u>\$ 119,505,404</u>	<u>\$ 74,543,981</u>	<u>\$ 18,921,964</u>	<u>\$ 175,127,421</u>	<u>\$ 8,183,346</u>
<b>Business-type activities</b>					
Bonds payable					
General obligation bonds	\$ 287,480	\$ 0	\$ 140,629	\$ 146,851	\$ 146,851
Revenue bonds	37,600,000	0	8,625,000	28,975,000	1,955,000
Less deferred amounts					
For issuance discounts/premiums	421,212	0	31,196	390,016	31,196
On refunding	(1,688,357)	0	(562,786)	(1,125,571)	(562,786)
Total bonds payable	36,620,335	0	8,234,039	28,386,296	1,570,261
Advance due to other governments	2,163,608	0	286,884	1,876,724	286,885
Compensated absences	164,750	538,495	534,088	169,157	16,916
Business-type activity long term liabilities	<u>\$ 38,948,693</u>	<u>\$ 538,495</u>	<u>\$ 9,055,011</u>	<u>\$ 30,432,177</u>	<u>\$ 1,874,062</u>

For governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund. The County is limited to a non-voted debt capacity of 1½% and a voted debt capacity of 2½% of the assessed valuation. At December 31 2004, the remaining non-voted capacity was \$295,981,936 and the remaining voted and non-voted capacity was \$739,799,861.

### I. Short Term Debt

During the year, the County obtained a tax anticipation note authorized at \$5,000,000 for the purpose of paying expenditures of the County's General Fund and other funds pending the receipt of taxes and other revenues. This note is drawn down as needed, similar to a line of credit. The following funds shared in the borrowing: GIS, Planning and Code, Family and Youth Resources, Admin/Grants Management, Community Services, Alcohol and Drug Abuse, Children's Care, Purchasing, Retirement Benefits and Radio ER&R.

Also, the County obtained a \$10,000,000 tax anticipation note for the purpose of paying expenditures of the County's Road Fund pending the receipt of taxes and grants. Similarly, the County issued a bond anticipation note (BANs) for the Community Services Grant (CHIF) Special Revenue Fund not to exceed \$2,000,000. This note was repaid with the 2004B Limited Tax Issue. Further, the Building Construction Capital Fund exposition hall project was initially financed with a bond anticipation note (BANs) not to exceed \$18,500,000. This note was refinanced with the 2004A Limited Tax Bond Issue.

Additionally, several funds issued registered warrants to provide resources in advance of property tax collections and grant receipts. Short term debt activities for the year ended December 31, 2004 was as follows:

	Beginning Balance	Proceeds	Repayment	Ending Balance
Tax Anticipation Note (line of credit)	\$ 5,000,000	\$ 9,663,679	\$ 13,351,177	1,312,502
Road Fund Line of Credit	0	25,701,234	25,701,234	0
Community Services Grant Fund - BANs	0	1,275,000	1,275,000	0
Building Construction Fund - BANs	0	10,109,000	10,109,000	0
<i>Registered Warrants</i>				
Road Fund	0	423,280	423,280	0
Weed Management Fund	0	902	902	0
GIS Fund	0	556,707	556,707	0
Community Service Grants	537	228,793	229,330	0
General Services	128,898	2,955,376	3,084,274	0
Server ER&R Fund	0	17,484	17,484	0
Radio ER&R Fund	0	10,741	10,741	0
Total Short term Debt	<u>\$ 5,129,435</u>	<u>\$ 50,942,196</u>	<u>\$ 54,759,129</u>	<u>1,312,502</u>

## V. OTHER INFORMATION

### A. Pension Plans

Substantially all County full time employees and qualifying part-time employees participate in one of the following statewide public employee retirement systems administered by the Washington Department of Retirement Systems (DRS), under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The Department of Retirement Systems, 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. The following disclosures are made pursuant to GASB Statement 27, *Accounting for Pensions by State and Local Government Employers*.

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

##### Plan Description

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

Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not in national higher education retirement programs; judges of district and municipal courts; and employees of local governments. PERS participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the

irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 1 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The annual pension is 2 percent of the average final compensation per year of service, capped at 60 percent. The average final compensation is based on the greatest compensation during any 24 eligible consecutive compensation months. If qualified, after reaching the age of 66 a cost-of-living allowance is granted based on years of service credit and is capped at 3 percent annually.

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

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

There are 1,168 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2003:

Retirees and Beneficiaries Receiving Benefits	65,362
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	20,001
Active Plan Members Vested	100,469
Active Plan Members Non-vested	54,081
<b>Total</b>	<b>239,913</b>

#### Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates and Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at six percent and do not vary from year to year. The employee and employer contribution rates for Plan 2 and employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and

the defined benefits portion of Plan 3. All employers are required to contribute at the level established by the Legislature. PERS Plan 3 defined contribution is a non-contributing plan for employers. Employees who participate in the defined contribution portion of PERS plan 3 do not contribute to the defined benefit portion of PERS Plan 3. The Employee Retirement Boards sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent;; two of the options are graduated rates dependent on the employee's age. The methods used to determine the contribution rates are established under state statute in accordance with chapter 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2004, were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	1.38%	1.38%	1.38%**
Employee	6.00%	1.18%	***

\* The employer rates include the employer administrative expense fee currently set at 0.19%.

\*\* Plan 3 defined benefit portion only.

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

Both the County and the employees made the required contributions. The County's required contributions for the years ended December 31, were:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2004	\$ 100,454	\$ 869,700	\$ 97,071
2003	\$ 100,121	\$ 840,881	\$ 57,722
2002	\$ 107,894	\$ 825,396	\$ 1,603

## 2. Law Enforcement Officers and Fire Fighters' Retirement System (LEOFF)

### Plan Description

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. Membership in the system includes all full-time, fully compensated, local law enforcement officers and firefighters. LEOFF is comprised primarily of non-state employees. LEOFF participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members. Effective January 1, 2003, the LEOFF Plan 2 Retirement Board was established to provide governance of LEOFF Plan 2. The Board's duties including adopting contribution rates and recommending policy changes to the Legislature for the LEOFF Plan 2 retirement plan. Effective January 1, 2003 firefighter emergency medical technicians (EMT's) may transfer PERS plan 1 or Plan 2 service credits to LEOFF Plan 2 if while employed for the county, the EMT's job was relocated to a fire department from another city, town, county, or district. LEOFF defined benefit retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through state legislative appropriations. LEOFF retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 1 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary is as follows:

Term of Service	Percent of Final Average Salary
20 or more years	2.0%

10 but less than 20 years	1.5%
5 but less than 10 years	1.0%

The final average salary is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last 10 years of service. If membership was established in LEOFF after February 18, 1974, the service retirement benefit is capped at 60 percent of final average salary. A cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index).

Plan 2 retirement benefits are vested after an employee completes five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of 2 percent of the final average salary per year of service. The final average salary is based on the highest consecutive 60 months. Plan 2 retirements prior to the age of 53 are reduced 3 percent for each year that the benefit commences prior to age 53. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

There are 368 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2003:

Retirees and Beneficiaries Receiving Benefits	8,370
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	453
Active Plan Members Vested	11,548
Active Plan Members Non-vested	4,003
<b>Total</b>	<b>24,374</b>

#### Funding Policy

Starting on July 1, 2000, Plan 1 employers and employees will contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. Plan 2 employers and employees are required to pay at the level adopted by the Department of Retirement Systems in accordance with 41.45 RCW. All employers are required to contribute at the level required by state law. The Legislature, by means of a special funding arrangement, appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the requirements of the Pension Funding Council. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute. The methods used to determine the contribution rates are established under state statute in accordance with chapters 41.26 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payrolls, as of December 31, 2004, were as follows:

	LEOFF Plan 1	LEOFF Plan 2
Employer*	19.00%	3.25%**
Employee	0.00%	5.09%
State	N/A	2.03%

\*The employer rates include the employer administrative expense fee currently set at 0.19%.

\*\* The employer rate for ports and universities is 5.28%.

Both the County and the employees made the required contribution. The County's required contributions for the years ended December 31, were:

	LEOFF Plan 1	LEOFF Plan 2
2004	\$588	\$285,522
2003	\$884	\$256,006
2002	\$1,155	\$232,223

B. Deferred Compensation Plan

The County maintains a deferred compensation plan for all full-time employees in accordance with the provisions of Internal Revenue Code (IRC) Section 457. Section 457 requires that the assets and income of the plan be held in trust for the exclusive benefit of participants and their beneficiaries. Monthly contributions to the plan are deducted from the wages of employees who choose to participate as prescribed by federal law and regulations. The contributions are deposited with a third party in the County's name and in trust on behalf of the County's employees.

The County has adopted Governmental Accounting Standard Board Statement No.32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The County has little administrative involvement and does not perform the investing functions for this plan, therefore, this plan is not shown in the County's financial statements.

As of December 31, 2004, 1013 participants were enrolled having accumulated deposits with a fair value of \$26,908,189.

C. Post Employment Health Care Benefits

In addition to the pension benefits described, the County provides all of the health insurance benefits for retired public safety employees. Substantially all County LEOFF I employees may become eligible for these benefits if they reach normal retirement age while working for the County. These benefits are 100 percent provided by the County in order to meet State statutory requirements under the LEOFF I system whereby the County pays their medical premiums for life.

There are 55 retired participants eligible to receive these benefits. The County's contributions are financed on a pay-as-you-go basis, i.e., the cost of retiree medical benefits are recognized as an expense when premiums are paid. In 2004, \$421,858 of the \$623,317 total expense was recognized in the Retirement/Benefits Reserve Fund for post employment health care.

D. Joint Ventures

The County has entered into one joint venture with the City of Vancouver and other local governments in the establishment and operation of the Clark Regional Emergency Services Agency (CRESA). Control of this joint venture is shared equitably by the controlling organizations. This entity is reported as a governmental fund joint venture. As such, the County's share of ownership is reported in the governmental activities column of the Statement of Net Assets, as a capital asset. CRESA was created by agreement under the Inter-local Cooperation Act (RCW 39.34) between Clark County and various cities and other political districts. The purpose of the Agency is to equip and operate a consolidated public safety communications service. CRESA is a separate reporting entity and each participant's share of authority is defined by the terms of the enabling charter of the venture. Clark County has a 45% interest in the equity and operations of the Agency. Separate financial statements for the joint venture can be obtained from CRESA, 710 W. 13<sup>th</sup> Street, Vancouver, Washington 98660.

The County's share of 2004 net income was \$ 78,415 for a total equity interest of \$455,491 at the end of 2004. Long term liabilities of \$5,833,990 in CRESA consist of a pension fund liability, which is fully funded and a capital lease payable liability.

E. Assets In Safe Keeping

In December 1999, the County and the City consolidated their parks operations. The County has transferred its park impact fee funds to the City and the City will expend them on park projects in the coming years. These impact fees have been recorded as assets in safekeeping until such time as the parks are purchased and recorded as capital assets in the County's Statement of Net Assets.

F. Transportation Impact Fees

In 1990, Clark County adopted an impact fee ordinance to ensure that adequate facilities are available to serve new growth and development. An impact fee is levied on developers as a condition of issuance of a building permit or development approval. In addition, the developer may be entitled to a non-refundable credit against the applicable impact fee component for the fair value of appropriate dedications of land, improvements or new construction of system improvements provided by the developer. The amount of such dedications in 2004 was \$2,666,952. In the event that the amount of the credit is calculated to be greater than the amount of the impact fee due, the developer may apply the excess credit toward impact fees imposed on other developments within the same service area. The amount of credits applied toward impact fees in 2004 was \$2,874,182. The amount of credits that may be applied against future impact fees was \$4,879,272 at December 31, 2004.

G. Risk Management

Clark County is a member of the Washington Counties Risk Pool ("Pool") which was formed August 18, 1988 when counties in the state of Washington joined together by signing an interlocal agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Chapter 48.62 RCW authorizes the governing bodies of governmental entities to form together into or join a pool or organization for the joint purchasing of insurance and/or joint self-insuring, and/or the joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. The agreement to form the Pool was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Pool is presently comprised of twenty eight counties.

The Pool allows its member counties to establish a plan of self-insurance, jointly purchase excess insurance or reinsurance, and provide related services. All Pool joint self-insurance liability coverage, including public officials' errors and omissions, are on an "occurrence" basis. The Pool has also arranged for property and special events/concessionaires insurance coverage to be purchased as group purchase options for its member counties.

Member counties contract initially to remain in the Pool for five years, then renew annually automatically. Following the initial 5-year commitment, a county may terminate its Pool membership at the conclusion of any Pool fiscal year if the county has timely provided the required notice. Even after termination, a member county is responsible for contributions to the Pool for any unresolved, unreported, and in-process claims from the period(s) that it was a signatory to the interlocal agreement.

The Pool is governed by a board that is comprised of one director (and one or more alternates) appointed by each participating member county from the county's own officials or employees. An executive committee is selected by the governing board from the directors and alternates at the annual meeting that is responsible for overseeing the business affairs of the Pool.

Since the Pool is a cooperative program, there is contingent liability among the participating

member counties. Claims that are filed with the Pool are subject to the deductible amount selected by the filing county. Member deductibles range from \$10,000 to \$500,000 per occurrence. The County has a \$500,000 deductible. The Pool, which is fully funded by the annual assessments contributed by its member counties, acquires reinsurance and excess insurance policies from unrelated underwriters with a self-insured retention of \$100,000 per occurrence. The member counties are responsible for amounts within their deductibles for each claim and the Pool is responsible for any difference remaining up to the \$100,000 self-insured retention. The reinsurance and excess insurance carriers cover all losses exceeding the Pool's \$100,000 retention or the member county's deductible, whichever is greater, to the maximum limits of their policies.

RCW 48.62.141 and the Interlocal Agreement provide for the contingent liability of participants in the program if assets of the program are insufficient to cover the program's liabilities. Deficits of the Pool are financed through retroactive assessments to member counties, but none of the present retroactive assessments are pertinent to Clark County.

### 1. *General Liability Insurance*

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs).

The following schedule reconciles the current year and the prior year claim liability:

	2004	2003*
Beginning claims liability	\$2,681,520	\$1,990,039
Claims incurred during the year (including IBNRs)	543,973	1,146,628
Payments made on claims and changes in prior year estimates	<u>(597,554)</u>	<u>(455,146)</u>
Ending claims liability - 2003 restated	<u>\$2,627,939</u>	<u>\$2,681,520</u>

As of December 31, 2004, the County had current assets in the General Liability Insurance Fund of \$2.8 million.

### 2. *Other Self-Insurance Funds*

The County is self-funded for unemployment insurance claims and for most industrial insurance (worker's compensation) claims. Current assets set aside at December 31, 2004 for these claims are \$2.7 million and \$523,000 respectively. There were no significant claims outstanding against these assets at December 31, 2004. The County maintains a \$400,000 commercial policy for excess worker's compensation claims. There was a workers compensation settlement for \$559,802 in 2004, so \$159,802 of this claim exceeded the excess insurance coverage. There were no other settlements that exceeded the insurance coverage for each of the past three years. No significant reduction in insurance coverage occurred during the year.

### H. Contingent Liabilities

The County participates in several Federal, State, and local grant programs. These grants are subject to an annual audit examination that includes compliance with granting agency terms and provisions, and with Federal and State regulations. Failure to adequately comply with the provisions could result in a requirement to repay funds to the granting agency. Disallowed expenditures cannot be determined at this time, although it is expected that such amounts would be immaterial.

The County has been named as a defendant in various lawsuits. Although the outcome of these

lawsuits is not presently determinable, the County is of the opinion that present reserves are available to adequately cover potential settlements without adversely affecting the financial condition of the County.

I. GASB 18 - Accounting For Solid Waste Landfill Closure And Postclosure Costs

GASB 18 establishes the standards for accounting and financial reporting for municipal solid waste landfill closure and post closure care costs. This statement applies to the owners and operators of landfills. The County does not own or operate a landfill, but rather, in 1988 entered into a Solid Waste Reduction and Disposal Agreement with the private owner of the landfill to direct the flow of solid waste and establish a landfill reserve fund. The solid waste closure fund was established by the County for the sole purpose of accumulating disposal fees collected by the landfill operator and other resources designated to pay for environmental compliance, closure and self-insurance of the solid waste landfill. The likelihood of the County incurring costs associated with ongoing monitoring of the landfill is remote; accordingly no liability is reflected in the County's financial statements.

J. Prior Period Adjustments

A net prior period adjustment of (\$107,547) was made to the County Road Major Special Revenue Fund for State Department of Transportation grant revenues that related to costs incurred in prior years of \$114,889. The DOT grants limit the amount that can be billed by phase (design, engineering, construction, etc.). However, on the last billing we are allowed to recover as much of our eligible costs as possible by applying the balances remaining in one phase against any phase in which we spend out the amount authorized. In addition, (\$60,632) was refunded to DOT for the Betts Bridge project and the signal at 78<sup>th</sup> street project which was terminated for the recovery of grant overpayments from 2003. An adjustment was made for a credit memo of (\$217,371) for a duplicate invoice which was not recorded in the general ledger. Finally, a prior year adjustment of \$55,567 was recorded for the closure of a county road improvement project of the Road Fund. The special assessment was never levied because the project was abandoned and the developer was refunded his original deposit. Therefore, grant revenues and receivables were overstated in 2003 by the net prior period adjustments of (\$107,547).

Parks Dedicated ¼% REET Capital Project fund reports a prior period adjustment of \$375,662 relating to State Office of Interagency Committee grants for parks projects that are typically awarded a year or so after the parks projects are completed. Therefore, these reimbursements relate to expenditures from prior years.

The Real Estate Excise Tax (REET) Capital Fund reports a prior year adjustment of \$522,103. The REET fund has reported a liability for the public share match for parks impact fees collections since 2000 but has subsequently received grants to meet the public match obligation.

A prior period adjustment in the Equipment Rental and Revolving Internal Service Fund for (\$249,574) was recorded for contributed assets from the Health Department which were recorded in 2003 at their historical cost rather than at their estimated fair value. A \$14,000 prior period adjustment was also recorded for vehicles which were sent to the State auction in 2003 but the proceeds from the sale of those assets was never recorded in 2003. A net prior period adjustment of (\$235,574) was recorded.

A prior period adjustment of \$471,261 was recorded in the Major Maintenance Fund for contract work performed on building improvements in prior years. This amount was part of a project that was completed and recorded as a capital asset in 2004.

A prior period adjustment of \$15,870,512 was recorded in the Enterprise Clean Water Major Fund. This represents storm water detention facilities that were recognized as capital assets in 2004, but

were contributed to the County by developers in prior years.

A prior period adjustment for \$7,672,563 was recorded in the following funds in accordance with the policy adopted in 2004 by the Board of County Commissioners regarding compensated absences. The Board adopted this policy to be consistent with GASB Interpretation No. 6 “*Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Statements*”. Interpretation No. 6 was issued in conjunction with GASB # 34 to clarify the modified accrual recognition of certain liabilities and expenditures, in particular compensated absences. Interpretation No 6 states: “Liabilities for compensated absences . . . should be recognized as governmental fund liabilities to the extent that they mature each period. The accumulation of financial resources in a governmental fund for eventual payment of unmatured liabilities (for example, compensated absences) does not constitute an outflow of current financial resources or result in the recognition of an additional governmental fund liability or expenditure”. Interpretation No. 6 stated that it did not intend either to promote or discourage funding policies followed by individual governments. Therefore the Board adopted a policy to remove any compensated absence liabilities from governmental funds and designate 25 per cent of fund balance for future compensated absence payouts.

<b>Fund</b>	<b>Prior period adjustment amount</b>
General Fund	\$5,502,690
County Roads	702,188
Mental Health	133,284
Community Services Grant	258,499
Other governmental funds	1,075,902
	\$7,672,563

A prior period adjustment of \$72,015,555 was recorded on the Government-Wide Statement of Activities. Governmental Accounting Standard Board Statement No. 33 – “*Accounting and Financial Reporting for Nonexchange Transactions*” was issued to help clarify for local governments about when (in which fiscal year) to report the results of nonexchange transactions involving cash and other financial and capital resources. Under GASB #33, a nonexchange transaction is when a government gives (or receives) value without directly receiving (or giving) equal value in return. Property taxes are an example of a nonexchange transaction and GASB #33 clarified the recording of property tax revenues and receivable.

We have been using guidance from the 1981 National Council on Government Accounting Interpretation (NCGA) No. 3 which indicated that we could record the amount for property tax receivable in the year when the taxes are assessed. For example, the County assesses taxes in 2004 for 2005. Under past practices we would record 2005 property taxes as receivable in 2004 and would also record an offset in deferred revenue, even though the revenue was not collected until the following year.

Under GASB #33, it further clarified NCGA Interpretation No. 3 on when to record property tax receivable and property tax revenues. In order to comply with GASB #33, we did not report the 2005 property tax assessment as receivables or as deferred revenue on the fund balance sheets or the government-wide statement of net assets in 2004. Since the change (from the previous year) in deferred revenue is added to the government-wide statement of activities as a conversion item, we recorded a \$72,015,555 prior period adjustment (due to the restatement of deferred revenue in 2003).

K. Related Parties Transaction

In 2002, Clark County formed the Clark County Public Facilities District (CCPFD) to collect a portion

of state sales and use taxes within the public facilities district. These revenues are to be used solely to acquire, collect, own, remodel, maintain, and equip regional centers as define by law. The CCPFD is made up of five directors. Two are appointed by the Clark County Commissioners, two appointed by the Vancouver City Council and one member appointed by the other directors.

In 2003, the CCPFD and the City of Vancouver Public Facilities District entered into an interlocal agreement to transfer ninety-seven percent of the State sales tax revenue received by the County PFD to the City's public facilities district to support the Vancouver Convention Center. The remainder of the sales tax revenue goes to support the construction and maintenance of the County Fairgrounds expo center.

Under the interlocal agreement, the Vancouver PFD agrees to pay the CCPFD each year 75% of the "surplus" revenues from the convention center project up to \$450,000 provided that payment doesn't exceed the amount the CCPFD transferred to the City PFD for that year. In addition, following the final payment on the Vancouver conference center bonds or the end of the sales and use tax collection, the CCPFD shall be paid annually 70% of the "surplus" revenue for the prior year up to a maximum 25% of the amount carried forward balance.

At the end of 2004, the CCPFD has a note receivable amount of \$757,000 plus accrued interest receivable of \$21,473 from the City PFD.

#### L. Special Items

The Sanitary Sewer Major Enterprise Fund reports a special item of \$7,341,480 for the advance payment from the City of Battle Ground to defease their portion of the sewer revenue bonds. The City and Hazel Dell Sewer District are responsible for the principal and interest payments on the sewer revenue bonds, through a three way interlocal agreement.

#### M. Subsequent Events

On April 5, 2005 the County refinanced \$24,985,000 General Obligation debt issues to take advantage of lower interest rates. The refunding bonds include the 1997 G.O. bonds issued for the Tri-Mountain golf course, 1998 G.O. bonds issued for Conservation Futures and Jail Work Center and the 1999 G.O. bonds issued for the Fairgrounds Fire Facility.