

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 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.

Effective June 7, 2006, Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; after five years if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65, or at age 55 with 10 years of service. 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. The benefit is also actuarially reduced to reflect the choice of a survivor option. 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 1,181 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2005:

Retirees and Beneficiaries Receiving Benefits	68,609
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	22,567
Active Plan Members Vested	104,574
Active Plan Members Non-vested	51,004
Total	246,754

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2006, were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	3.69%**	3.69%	3.69%****
Employee	6%***	3.50%	*****

- * The employer rates include the employer administrative expense fee currently set at 0.18%.
- ** The employer rate for Plan 1 state elected officials is 5.44%.
- *** The employee rate for Plan 1 state elected officials is 7.50%.
- **** 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
2006	\$ 170,109	\$ 2,121,640	\$ 260,187
2005	\$ 125,893	\$ 1,260,802	\$ 141,311
2004	\$ 100,454	\$ 869,700	\$ 97,071

2. Law Enforcement Officers' & Fire Fighters' Retirement System (LEOFF) Plans 1 and 2

Plan Description

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. 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. Membership in the system includes all full-time, fully compensated, local law enforcement officers and firefighters. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003, being an exception. In addition, effective July 24, 2005, current members of PERS who are emergency medical technicians can elect to become members of LEOFF Plan 2.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature for the LEOFF Plan 2 retirement plan.

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 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 376 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2005:

Retirees and Beneficiaries Receiving Benefits	8,723
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	577
Active Plan Members Vested	12,348
Active Plan Members Non-vested	3,543
Total	25,191

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 required contribution rates expressed as a percentage of current-year covered payrolls, as of December 31, 2006, were as follows:

	LEOFF Plan 1	LEOFF Plan 2
Employer*	0.18%	4.90%
Employee	0.00%	7.85%
State	N/A	3.13%

* The employer rates include the employer administrative expense fee currently set at 0.18%.

** The employer rate for ports and universities is 8.03%.

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
2006	\$ 484	\$ 492,220
2005	\$ 470	\$ 358,410
2004	\$ 588	\$ 285,522

3. *Public Safety Employees' Retirement System (PSERS) Plan 2*

Plan Description

PSERS was created by the 2004 legislature and became effective July 1, 2006. PSERS is a cost-sharing multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2.

PSERS Plan 2 membership includes full-time employees of a covered employer on or before July 1, 2006, who met at least one of the PSERS eligibility criteria, and elected membership during the election period of July 1, 2006 to September 30, 2006; and those full-time employees, hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria.

A "covered employer" is one that participates in PSERS. Covered employers include: State of Washington agencies (Department of Corrections, Parks and Recreation Commission, Gambling Commission, Washington State Patrol, and Liquor Control Board), Washington State counties, and Washington State cities except for Seattle, Tacoma and Spokane.

To be eligible for PSERS, an employee must work on a full-time basis and:

- have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington, and carry a firearm as part of the job: OR
- have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; OR
- function as a limited authority Washington peace officer, as defined in RCW 10.93.020; OR
- have primary responsibility to supervise eligible members who meet the above criteria

PSERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PSERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 2 retirement benefits are vested after an employee completes five years of eligible service. PSERS Plan 2 members may retire at the age of 65 with five years of service, or at the age of 60 with at least 10 years of PSERS service credit, with an allowance of 2 percent of the average final compensation per year of service. The average final compensation is the monthly average of the member's 60 consecutive highest-paid service credit months, excluding any severance pay such as lump-sum payments for deferred sick leave, vacation or annual leave. Plan 2 retirees prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a 3 percent per year reduction for each year between the age at retirement and age 60 applies. 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.

The first actuarial valuation of the PSERS system will be effective as of September, 2006 and reported in the year 2007.

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates. The employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund Plan 2. All employers are required to contribute at the level established by the Legislature. The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.37 and 41.45 RCW. The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2006, were as follows:

	PSERS Plan 2
Employer*	6.76%
Employee	6.57%

- The employer rate includes an employer administrative expense fee of 0.18%.

Both the County and the employees made the required contributions. The County's required contributions for the year ending December 31, 2006 were as follows:

	PSERS Plan 2
2006	\$ 49,449

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, 2006, 1,067 participants were enrolled, having accumulated deposits with a fair value of \$38,049,290.

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 who are vested in LEOFF I. All County LEOFF I employees may become eligible for these benefits if they reach normal retirement age while working for the County. There are currently seven LEOFF I members employed at the County who have not yet retired.

There are 52 retired participants eligible to receive these benefits. The 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. 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 2006, \$439,035 of the \$1,103,799 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 equity interest in a joint venture. 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. The County's share of 2006 net income was \$185,830 for a total equity interest of \$690,434 at the end of 2006. Separate

financial statements for the joint venture can be obtained from CRESA, 710 W. 13th Street, Vancouver, Washington 98660.

E. Assets In Safekeeping

In December 1999, the County and the City of Vancouver (the City) consolidated their parks operations. The County transfers its park impact fee revenues 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 construction of system improvements provided by the developer. The amount of such dedications in 2006 was \$822,872. 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 and adjustments applied toward impact fees in 2006 was \$62,917. The amount of credits that may be applied against future impact fees is \$5,030,995 at December 31, 2006.

G. Risk Management

Clark County is a member of the Washington Counties Risk Pool ("Pool"). Chapter 48.62 RCW authorizes the governing body of one or more governmental entity to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring and/or 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. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Pool was formed on August 18, 1988 when several counties in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and related administrative services. Thirty counties have belonged to the Pool for some years since its inception. Twenty eight counties are current members.

The Pool allows members to jointly purchase property and excess liability insurance, to establish a plan of self-insurance, and to provide and/or obtain related services such as risk management, etc. All Pool joint self-insurance liability coverages, including public officials' errors and omissions, and the property insurance program are on an "occurrence" basis. The Pool provides the following forms of group purchased insurance coverage for its members: "following form" excess liability, and property that includes vehicles, mobile equipment, EDP equipment, and equipment breakdown, etc.

Members make an annual contribution to fund the Pool. The Pool acquires liability reinsurance and "following form" excess insurance from unrelated underwriters that is subject to a per-occurrence self-insured retention of \$100,000 or the member-selected deductible, whichever is greater. Based upon their individual deductible selections, members are responsible for the first \$10,000 to \$500,000 of each claim, while the Pool is responsible for the remaining self-insured retention up to \$100,000. Insurance carriers cover all losses above the \$100,000 to \$500,000 self-insured retention to the maximum limits of each policy.

Since the Pool is a cooperative program, there is joint liability among the participating members. This contingent liability is established if a program's assets are insufficient to cover the program's liabilities. Deficits of the Pool are financed through retroactive assessments of the responsible members. The

Pool's to-date reassessments receivable balance as of December 31, 2006 is \$947,956. Clark County's reassessments responsibilities have been satisfied.

The Pool also acquires member-option property insurance from unrelated underwriters that is subject to a member-selected per-occurrence deductible of between \$5,000 and \$50,000. Members are responsible for the entire deductible amount of each claim. Insurance carriers cover all losses over the member deductibles to the maximum limits of each policy.

Each new member pays the Pool an admittance fee. This amount covers the member's share of organizational expenses and the cost of analyzing their loss data and risk profile. Members contract to remain in the Pool for a minimum of five years, and may terminate their memberships at the conclusion of any Pool fiscal year if they have timely provided the required twelve months' notice. The Interlocal Governmental Agreement is renewed automatically each year after the initial 5-year period. Even after termination, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Governmental Agreement.

The Pool is fully funded by its member participants. Claims are filed by members and handled by the Pool's claims staff. Reserves are established for both reported and unreported insured events and include estimates of the undiscounted future cash payments of losses and related claim adjustment expenses.

The Pool is governed by a board of directors which is comprised of one designated representative from each participating member. An executive committee is elected from the member-designated directors and alternate directors at the annual meeting. Also at the annual meeting, the Pool's officers (president and secretary-treasurer) are elected from the executive committee members. The officers and the executive committee are responsible for conducting the business affairs of the Pool.

1. *General Liability Insurance*

The claims and judgment liability of the fund is 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). Non-incremental claims adjustment expenses have not been included in the calculation for claims and judgments. The following schedule reconciles the current year and the prior year claim liability:

	<u>2006</u>	<u>2005</u>
Beginning claims liability	\$2,785,000	\$2,627,939
Claims incurred during the year and changes in estimates for claims of prior periods (including IBNRs)	359,502	548,225
Payments made on claims	<u>(624,502)</u>	<u>(391,164)</u>
Ending claims liability	<u>\$2,520,000</u>	<u>\$2,785,000</u>

As of December 31, 2006, the County had current assets in the General Liability Insurance Fund of \$3.3 million.

2. *Other Self-Insurance Funds*

The County is self-funded for unemployment insurance claims and for industrial insurance (worker's compensation) claims. Current assets set aside at December 31, 2006 for these claims are \$2.5 million and \$600,000 respectively. There were no significant claims outstanding against these assets at December 31, 2006. There were no settlements that exceeded the insurance coverage in either 2006 or in 2005. The County maintains a \$1 million commercial policy for excess worker's compensation claims, with a \$600,000 deductible. In 2004, there was claim that exceeded the insurance coverage by \$159,802.

H. Contingent Liabilities

The County participates in several Federal, State, and local grant programs. The 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 prior period adjustment of \$22,501,453 was recorded in the Government Wide Statement of Activities for infrastructure and land relating to road systems that were contributed by developers in 2005. These items were recorded in both the capital asset system and the financial statements in 2006.

A net prior period adjustment of \$473,560 was recorded in the County Roads Major Special Revenue Fund. Grant revenues of \$123,070 received in 2006 from the State Department of Transportation were related to costs incurred in prior years. The DOT grants limit the amount that can be billed by phase (design, engineering, construction, etc.), however, on the last billing we are able to recover as much of our eligible costs as possible by applying the balances remaining in one phase against any phase in which we spent out the amount authorized. We also received \$329,128 from the State Transportation Improvement Board for payments of expenses relating to road projects which occurred prior to 2006, or for changes in the percentage amount allocated to the County. Also, a prior year adjustment of \$21,362 was made for a refund of business and operation tax received from the State.

The Health Department Special Revenue Fund reports a prior year adjustment of (\$150,618) resulting from a duplication of revenues that was transmitted from the Health Department's internal financial system to the County's general ledger financial system.

The County Road Improvement Guaranty Debt Service Fund had been reported as an agency fund in prior years. In 2006, it was determined that this fund should be reported as a Clark County fund since it is required under RCW 36.88 to hold funds to guarantee the payment of county road improvement district bonds. The County Roads Fund must transfer an amount equal to five percent of the outstanding CRID obligation. The prior year adjustment amount of \$56,178 is the beginning fund balance for this county debt service fund.

Parks Dedicated ¼% REET Capital Project Fund reports a prior period adjustment of \$85,916 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 CAD System Replacement Capital Project Fund reports a prior year adjustment of (\$120,000) relating to a State E911 grant received in 2005, which was deposited into this fund. The purpose of these grant funds is to establish a back-up 911 center at Washington State Patrol. This was a grant awarded to CRESA (the 911 center) and should be reported in their financial statements.

A prior period adjustment of (\$428,305) was recorded in the Clean Water Major Enterprise Fund. This represents storm water detention facilities and land that were recognized as capital assets in 2006, but were contributed to the County by developers in prior years. In addition, one clean water facility was determined not to be owned by the County and removed from the statements accordingly.

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, in order 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 2006, the CCPFD has a note receivable in the amount of \$1,818,660, plus accrued interest receivable of \$5,666, from the City PFD.