

Vancouver Library Capital Facility Area
Notes to Financial Statements
December 31, 2014

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

The Vancouver Library Capital Facility Area was established with a special election of the voters in November 2005. The governing body of the VLCFA as designated by RCW 27.15.030 is comprised of three members of the county legislative authority. The VLCFA is a special-purpose government, which was established to finance, acquire, construct and equip a replacement main library, further equip the Vancouver Mall Library and finance, acquire, construct and equip a replacement library for the Cascade Park Library. The District uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

The district reports financial activity in accordance with the Cash Basis Budgeting, Accounting and Reporting System (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The Schedule of Liabilities is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

A. Fund Accounting

The accounts of the Vancouver Library Capital Facility Area are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprises its cash, investments, revenues, and expenditures as appropriate. The District's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by the District.

Governmental Fund Type

General Fund: This fund is the primary operating fund of the VLCFA. It accounts for the financial resources of the District except those required or elected to be accounted for in another fund.

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Debt Service Fund Type

Debt Service Fund: The VLCFA uses a debt service fund for the accumulation of resources that are restricted, committed or assigned to pay principal, interest and related costs on general long-term debt.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid.

Purchases of fixed assets are expensed during the year of acquisition. There is no capitalization of fixed assets, nor allocation of depreciation expense. Inventory, including collection materials, is expensed when purchased.

C. Budget

The VLCFA adopts an annual appropriated budget for Debt Service funds approved by the Clark County Commissioners. . This budget is appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end. The annual appropriated budget is adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budget is as follows:

2014

Fund	Final Appropriated Amount	Actual Expenditures	Variance
Debt Svc.	\$ 3,258,027	\$ 3,183,406	\$ 74,621

Budgeted amounts are authorized to be transferred between (Departments within any fund/object classes within departments); however, any revisions that alter the total expenditures of a fund, must be approved by the VLCFA's legislative body).

D. Cash

It is the VLCFA's policy to invest all temporary cash surpluses. The amount is included on the statement of resources and uses arising from cash transactions as net cash and investments.

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E. Deposits

The VLCFA's deposits are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission as utilized by the Clark County Treasurer's Office.

F. Assets

Capital assets are long-lived assets of the VLCFA and are recorded as expenditures when purchased. Capital assets are assets with an initial individual cost of more than \$10,000.

G. Reserved Fund Balance

The fund balance is reserved in the Debt Service fund for the payment requirements including interest of the general obligation bonds.

H. Long Term Debt

See Note 3, Long-Term Debt.

NOTE 2 - INVESTMENTS

The VLCFA investments are managed by the Clark County Treasurer's Office. The Clark County Treasurer acts as fiduciary for the VLCFA and administers an investment pool in which the VLCFA participates. This pool is not registered with the Securities and Exchange Commission. Regulatory oversight is provided by the Clark County Treasurer's Office Finance Committee, which by statute consists of the Treasurer, the Auditor 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. The fair value of the district's position in the pool is the same as the value of the pool shares.

Qualified bank depositories are those specified by the Washington Public Deposit Protection Commission. Investments may be made in the form of banker's acceptances, US Treasury bills and certain other government district obligations. Clark County policy dictates that all investment instruments other than certificates of deposit and the Washington State Investment Pool be transacted on the delivery versus payment basis.

All investments are held in the Clark County Investment Pool. At December 31, 2014, the ending investment balance was \$466,318. The amount that the Clark County Treasurer is holding at December 31, 2014 differs from the financial statements by \$593 due to a warrant

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discrepancy. Investments in the County's pool are not subject to categorization because specific instruments cannot be distinguished between those participating in the pool.

NOTE 3 – LONG-TERM DEBT

The accompanying Schedule of Long-Term Liabilities (09) provides more details of the outstanding debt and liability of the VLCFA and summarizes the VLCFA's debt transactions for 2014. The debt service requirement for the fiscal year being reported and future payment requirements, including interest, for the general obligation bond is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	1,955,000	1,553,063	3,508,063
2016	2,035,000	1,474,863	3,509,863
2017	2,125,000	1,386,113	3,511,113
2018	2,230,000	1,293,388	3,523,388
2019	2,325,000	1,205,278	3,530,278
2020-2024	13,425,000	4,506,539	17,931,539
2025-2028	11,890,000	1,351,257	13,241,257
	<u>\$ 35,985,000</u>	<u>\$ 12,770,501</u>	<u>\$ 48,755,501</u>

NOTE 4 – PROPERTY TAX

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed in the month they are received.

Property tax revenues are recognized when cash is received by the VLCFA. Delinquent taxes are considered fully collectible because a lien affixes to the property after taxes are levied.

The VLCFA's voter approved bond levy rate for the year 2014 was 0.2385924070 per \$1,000 on an assessed valuation of \$13,655,199,848 for a total regular levy of \$3,258,027.

NOTE 5 – OTHER DISCLOSURES

Interlocal Agreements

The Fort Vancouver Regional Library District, in collaboration with the VLCFA, has entered into an Interlocal Agreement to finance, acquire, construct and equip a replacement main library,

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near downtown Vancouver, further equip the Vancouver Mall Library and finance, acquire, construct and equip a replacement library for the Cascade Park Library. The VLCFA has the responsibility to oversee the construction of the building in conjunction with the Fort Vancouver Regional Library District. The Library District will maintain the daily operations and staffing of the new Libraries. Based on this agreement, the VLCFA has directed the Fort Vancouver Regional Library District to manage and administer the finances of the VLCFA with the participation of the Clark County Treasurer's Office as the ex-officio treasurer for the VLCFA. The VLCFA will reimburse the Fort Vancouver Regional Library District for project management and administrative costs related to the development of the projects.

As designated in the interlocal agreement with the Fort Vancouver Regional Library District, any books, materials, periodicals, and electronic databases become the property of the Fort Vancouver Regional Library District upon full payment of the debt by the VLCFA.

**Vancouver Library Capital Facility Area
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2014**

		Total for All Funds (Memo Only)	001 General	200 Debt Service Fund
Beginning Cash and Investments				
30810	Reserved	400,253	11,177	389,076
30880	Unreserved	-	-	-
388 & 588	Prior Period Adjustments, Net	-	-	-
Operating Revenues				
310	Taxes	3,255,965	-	3,255,965
330	Intergovernmental Revenues	-	-	-
340	Charges for Goods and Services	-	-	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	5,097	236	4,861
Total Operating Revenues:		<u>3,261,062</u>	<u>236</u>	<u>3,260,826</u>
Operating Expenditures				
570	Culture and Recreation	6,406	-	6,406
Total Operating Expenditures:		<u>6,406</u>	<u>-</u>	<u>6,406</u>
Net Operating Increase (Decrease):		3,254,656	236	3,254,420
Nonoperating Revenues				
370-380, 395 & 398	Other Financing Sources	-	-	-
391-393	Debt Proceeds	-	-	-
397	Transfers-In	-	-	-
Total Nonoperating Revenues:		<u>-</u>	<u>-</u>	<u>-</u>
Nonoperating Expenditures				
580, 596 & 599	Other Financing Uses	-	-	-
591-593	Debt Service	3,177,000	-	3,177,000
594-595	Capital Expenditures	10,998	10,998	-
597	Transfers-Out	-	-	-
Total Nonoperating Expenditures:		<u>3,187,998</u>	<u>10,998</u>	<u>3,177,000</u>
Net Increase (Decrease) in Cash and Investments:		66,658	(10,762)	77,420
Ending Cash and Investments				
50810	Reserved	466,911	415	466,496
50880	Unreserved	-	-	-

The accompanying notes are an integral part of this statement.

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Schedule 01

For the year ended December 31, 2014

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
2936	001	General	3081000	Reserved Fund Balance (GAAP)/Reserved Cash and Investments (Cash Basis)	\$11,177
2936	001	General	3611000	Investment Interest	\$236
2936	001	General	3670000	Contributions and Donations from Nongovernmental Sources	\$0
2936	200	Debt Service Fund	3081000	Reserved Fund Balance (GAAP)/Reserved Cash and Investments (Cash Basis)	\$389,076
2936	200	Debt Service Fund	3111000	Property Tax	\$3,255,965
2936	200	Debt Service Fund	3611000	Investment Interest	\$4,861
2936	001	General	5947260	Capital Expenditures/Expenses - Libraries	\$10,998
2936	001	General	5081000	Reserved Fund Balance (GAAP)/Reserved Cash and Investments (Cash Basis)	\$415
2936	200	Debt Service Fund	5721040	Administration	\$6,406
2936	200	Debt Service Fund	5917270	Redemption of Debt - Libraries	\$1,575,000
2936	200	Debt Service Fund	5927280	Interest and Other Debt Service Cost - Libraries	\$1,602,000
2936	200	Debt Service Fund	5081000	Reserved Fund Balance (GAAP)/Reserved Cash and Investments (Cash Basis)	\$466,496

**Vancouver Library Capital Facility Area
Schedule of Liabilities
For the Year Ended December 31, 2014**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligations						
251.12	GO Bonds	12/1/2026	7,645,000	-	450,000	7,195,000
251.12	GO Bonds	12/1/2028	29,915,000	-	1,125,000	28,790,000
Total General Obligations:			37,560,000	-	1,575,000	35,985,000
Total Liabilities:			37,560,000	-	1,575,000	35,985,000