

ANNUAL REPORT CERTIFICATION

Vancouver Library Capital Facility Area

(Official Name of Government)

2936

MCAG No.

Submitted pursuant to RCW 43.09.230 to the Washington State Auditor's Office

For the Fiscal Year Ended 12/31/2017

GOVERNMENT INFORMATION:

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AUDIT CONTACT or PREPARER INFORMATION and CERTIFICATION:

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I certify 25th day of May, 2018, that annual report information is complete, accurate and in conformity with the Budgeting, Accounting and Reporting Systems Manual, to the best of my knowledge and belief, having reviewed this information and taken all appropriate steps in order to provide such certification. I acknowledge and understand our responsibility for the design and implementation of controls to ensure accurate financial reporting, comply with applicable laws and safeguard public resources, including controls to prevent and detect fraud. Finally, I acknowledge and understand our responsibility for immediately submitting corrected annual report information if any errors or an omission in such information is subsequently identified.

Signatures

Christine Witte (cwitte@fvrl.org)

**Vancouver Library Capital Facility Area
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017**

		Total for All Funds (Memo Only)	001 General	200 Debt Service Fund
Beginning Cash and Investments				
30810	Reserved	674,189	580	673,609
30880	Unreserved	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-
Revenues				
310	Taxes	3,453,727	-	3,453,727
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	-	-
340	Charges for Goods and Services	-	-	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	23,297	6,074	17,223
Total Revenues:		<u>3,477,024</u>	<u>6,074</u>	<u>3,470,950</u>
Expenditures				
570	Culture and Recreation	6,224	-	6,224
Total Expenditures:		<u>6,224</u>	<u>-</u>	<u>6,224</u>
Excess (Deficiency) Revenues over Expenditures:		3,470,800	6,074	3,464,726
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	3,363,650	3,363,650	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	-	-
381, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		<u>3,363,650</u>	<u>3,363,650</u>	<u>-</u>
Other Decreases in Fund Resources				
594-595	Capital Expenditures	5,902	5,902	-
591-593, 599	Debt Service	3,364,621	3,363,650	971
597	Transfers-Out	3,363,650	-	3,363,650
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	-	-
Total Other Decreases in Fund Resources:		<u>6,734,173</u>	<u>3,369,552</u>	<u>3,364,621</u>
Increase (Decrease) in Cash and Investments:		100,277	172	100,105
Ending Cash and Investments				
5081000	Reserved	774,466	752	773,714
5088000	Unreserved	-	-	-
Total Ending Cash and Investments		774,466	752	773,714

The accompanying notes are an integral part of this statement.

Vancouver Library Capital Facility Area

Schedule 01

For the year ended December 31, 2017

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
2936	001	General	3081000	Reserved Cash and Investments - Beginning	\$580
2936	001	General	3611000	Investment Earnings	\$23
2936	001	General	3670000	Contributions and Donations from Nongovernmental Sources	\$6,051
2936	200	Debt Service Fund	3611000	Investment Earnings	\$17,223
2936	200	Debt Service Fund	3081000	Reserved Cash and Investments - Beginning	\$673,609
2936	200	Debt Service Fund	3111000	Property Tax	\$3,453,727
2936	001	General	3970000	Transfers-In	\$3,363,650
2936	200	Debt Service Fund	5970000	Transfers-Out	\$3,363,650
2936	001	General	5947260	Capital Expenditures/Expenses - Libraries	\$5,902
2936	001	General	5081000	Reserved Cash and Investments - Ending	\$752
2936	200	Debt Service Fund	5081000	Reserved Cash and Investments - Ending	\$773,714
2936	200	Debt Service Fund	5721040	Administration	\$6,224
2936	001	General	5917270	Debt Repayment - Libraries	\$2,125,000
2936	001	General	5927280	Interest and Other Debt Service Cost - Libraries	\$1,238,650
2936	200	Debt Service Fund	5927280	Interest and Other Debt Service Cost - Libraries	\$971

**Vancouver Library Capital Facility Area
Schedule of Liabilities
For the Year Ended December 31, 2017**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.12	GO Bonds	12/1/2026	515,000	-	515,000	-
251.12	GO Bonds	12/1/2028	3,295,000	-	1,610,000	1,685,000
251.12	GO Bonds	12/1/2028	26,115,000	-	-	26,115,000
Total General Obligation Debt/Liabilities:			29,925,000	-	2,125,000	27,800,000
Total Liabilities:			29,925,000	-	2,125,000	27,800,000

Vancouver Library Capital Facility Area
Notes to Financial Statements
For the year ended December 31, 2017

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

The Vancouver Library Capital Facility Area (VLCFA) 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 district, 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 VLCFA 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 Types

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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Notes to Financial Statements
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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

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

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:

2017

<i>Fund</i>	<i>Final Appropriated Amount</i>	<i>Actual Expenditures</i>	<i>Variance</i>
<i>Debt Svc.</i>	<i>\$ 3,464,241</i>	<i>\$ 3,376,747</i>	<i>\$ 87,494</i>

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

D. Cash and Investments

See Note 2. Deposits and Investments.

E. Capital Assets

Capital assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of 2 years. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Reserved Portion of Ending Cash and Investments

Vancouver Library Capital Facility Area
Notes to Financial Statements
For the year ended December 31, 2017

Beginning and Ending Cash and Investments are reported as reserved when it is subject to restrictions on use imposed by external parties. The voter approved tax levy limits the use of these resources. When expenditures that meet restrictions are incurred, the district intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of amounts required to be used for debt service on general obligation bonds.

G. Long Term Debt

See Note 3, Debt Service Requirements.

H. Risk Management

The District purchases insurance from commercial carriers to protect itself against general liability, employee dishonesty and automobile and property damages. The insurance is purchased through Biggs Insurance Services.

The District has had no settlements that exceeded insurance coverage for the past three years.

The District participates in the State of Washington Labor and Industries worker's compensation insurance program, however, management has elected to become self-insured through the Washington State Employment Security Department on a reimbursement basis. Unemployment claims are processed by the Washington State Employment Security Department. No reserve for self-insurance has been established as the potential liability is not considered to be material to the financial statements.

NOTE 2 – DEPOSITS AND INVESTMENTS

It is the VLCFA's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

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. All investments are insured, registered or held by the VLCFA or its agent in the government's name.

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,

Vancouver Library Capital Facility Area
Notes to Financial Statements
For the year ended December 31, 2017

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.

All investments are held in the Clark County Investment Pool and reported at fair value. At December 31, 2017, the ending investment balance was \$774,466. The amount that the Clark County Treasurer is holding at December 31, 2017 differs from the financial statements by \$335 due to a deposit 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 –DEBT SERVICE REQUIREMENTS

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 the year ended December 31, 2017.

The debt service requirement for general obligation bond is as follows:

Year	Principal	Interest	Total
2018	2,170,000	1,145,925	3,315,925
2019	2,160,000	1,063,975	3,223,975
2020	2,255,000	977,575	3,232,575
2021	2,370,000	887,375	3,257,375
2022	2,485,000	792,575	3,277,575
2023-2027	13,740,000	2,346,750	16,086,750
2028	2,620,000	104,800	2,724,800
	\$ <u>27,800,000</u>	\$ <u>7,318,975</u>	\$ <u>35,118,975</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 2017 was 0.1934181984 per \$1,000 on an assessed valuation of \$17,910,625,930 for a total regular levy of \$3,464,241.

Vancouver Library Capital Facility Area
Notes to Financial Statements
For the year ended December 31, 2017

NOTE 5 – OTHER DISCLOSURES

Interlocal Agreements

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