

ANNUAL REPORT CERTIFICATION

Vancouver Library Capital Facility Area

MCAG No. 2936

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

For the Fiscal Year Ended **December 31, 2012**

GOVERNMENT INFORMATION:

Official Mailing Address 1007 E. Mill Plain Blvd.

Official Website Address www.fvrl.org

Official E-mail Address mgithens@fvrl.org

Official Phone Number (360) 695-1561

PREPARER INFORMATION and CERTIFICATION:

Preparer Name and Title Mike Githens, Accounting Manager

Contact Phone Number (360) 695-1561

Contact E-mail Address mgithens@fvrl.org

I do hereby certify 28th day of May, 2013, 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.

Moreover, I acknowledge and understand that management and the governing body are responsible for:

- The design and implementation of policies and procedures to safeguard public resources and ensure compliance with applicable laws and regulations, including internal controls to prevent and detect fraud.
- Compliance with applicable state and local laws and regulations.
- Immediately submitting corrected annual report information if any error in submitted information is subsequently identified.

Preparer Signature:



FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2012

BARS Code		Total for All funds*	001 General Fund	200 Debt Service Fund
Beginning Cash and Investments				
30810	Beg Fund Bal-Reserved	472,246	185,956	286,290
30880	Beg Fund Bal-Unreserved	0	0	0
38880/58880	Prior Period Adjustments, net	0	0	0
Operating Revenues				
310	Taxes	3,189,927	0	3,189,927
330	Intergovernmental Revenues	0	0	0
340	Charges for Goods and Services	0	0	0
350	Fines & Penalties	0	0	0
360	Miscellaneous Revenues	1,147,275	1,143,640	3,635
Total Operating Revenues:		4,337,202	1,143,640	3,193,562
Operating Expenditures				
510	General Government	0	0	0
570	Culture And Recreation	8,736	0	8,736
598	Intergovernmental Payments	0	0	0
Total Operating Expenditures:		8,736	0	8,736
Net Operating Increase (Decrease):		4,328,466	1,143,640	3,184,826
Nonoperating Revenues				
370, 380, 395, 398	Other Financing Sources	0	0	0
391-393	Debt Proceeds	0	0	0
397	Transfers-In	0	0	0
Total Nonoperating Revenues:		0	0	0
Nonoperating Expenditures				
580, 596, 599	Other Financing Uses	0	0	0
591-593	Debt Service	3,153,656	0	3,153,656
594-595	Capital Expenditures	1,314,683	1,314,683	0
597	Transfers-Out	0	0	0
Total Nonoperating Expenditures:		4,468,339	1,314,683	3,153,656
Increase (Decrease) in Cash and Investments		-139,873	-171,043	31,170
Ending Cash and Investments				
50810	End Fund Bal-Reserved	332,373	14,913	317,460
50880	End Fund Balance-Unreserved	0	0	0

FIDUCIARY FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2012

BARS Code		Total for All funds
308	Beginning Cash and Investments	0
388 and 588	Prior Period Adjustments, net	0
310-360	Revenues	0
370-390	Other Increases and Financing Sources	0
510-570	Expenditures	0
580-590	Other Decreases and Financing Uses	0
Increase (Decrease) in Cash and Investments		0
508	Ending Cash and Investments	0

Fund Balance Comparison

Entity: Vancouver Library Capital Facility
Area

Fund Number	Ending Balance	Beginning Balance	Balance Difference
001	185,956	185,956	0
200	286,290	286,290	0

Reconcile Funds

Entity: Vancouver Library Capital Facility Area

Fund	Beginning Fund Balance	Total Revenues	Total Expenditures	Ending Fund Balance	Difference Value
200	286,290	3,193,562	3,162,392	317,460	0
001	185,956	1,143,640	1,314,683	14,913	0
Grand total:	472,246	4,337,202	4,477,075	332,373	0

MCAG NO. 2936

Vancouver Library Capital Facility Area

Schedule 09

Schedule of Liabilities

For the year ended December 31, 2012

Debt Type	ID. No.	Description	Maturity/Payment Due Date	Beginning Balance January 1, 2012	Additions	Reductions	BARS Code for Redemption of Debt Only	Ending Balance December 31, 2012
General Obligations								
	251.12	GO Bonds	12/1/2026	8,500,000	0	420,000	59172	8,080,000
	251.12	GO Bonds	12/1/2028	32,025,000	0	1,030,000	59172	30,995,000
Total General Obligations:				40,525,000	0	1,450,000		39,075,000
Total Liabilities:				40,525,000	0	1,450,000		39,075,000

Labor Relations Consultant(S)
For the Year Ended December 31, 2012

Has your government engaged labor relations consultants? ___ Yes X No

If yes, please provide the following information for each consultant:

Name of firm:
Name of consultant:
Business address:
Amount paid to consultant during fiscal year:
Terms and conditions, as applicable, including: Rates (e.g., hourly, etc.) Maximum compensation allowed Duration of services Services provided

LOCAL GOVERNMENT RISK-ASSUMPTION
For the Year Ended December 31, 2012

Program Manager: Mike Githens

Address: 1007 E Mill Plain Blvd, Vancouver, WA 98663

Phone: 360 695-1561

Email: mgithens@fvrl.org

- 1. NO Does the entity self-insure for any class of risk, including liability, property, health and welfare, unemployment compensation, workers' compensation? (yes/no)

If NO, STOP, you do not need to complete the rest of this Schedule.

If YES, continue below.

- a. Which class of risk does the entity self-insure? Check all that apply.
i. Liability
ii. Property
iii. Health and Welfare (medical, vision, dental, prescription)
iv. Unemployment Compensation
v. Workers' Compensation
vi. Other - please describe:
b. Does the entity self-insure as an individual program? (yes/no)
i. If answered YES, does the entity allow another separate legal entity into its self-insurance program(s)? (yes/no) For example, employees of a different organization participate in a health and welfare program of a city.
If so, list the entity or entities:
c. Does the entity self-insure as a joint program? (yes/no)
i. If answered YES, list the other member(s):

2. ____ Does the entity administer its own claims? (yes/no)
3. ____ Does the entity contract with a third party administrator for claims administration? (yes/no)
4. ____ Did the entity receive a claims audit in the last three years, regardless of who administered the claims? (yes/no)
5. ____ Were the program's revenues sufficient to cover the program's expenses? (yes/no)
6. ____ Did the program use an actuary to determine its liabilities? (yes/no)

EXAMPLE

Description of Risk Type	Number of claims received during the period	Number of claims paid during the period	Total amount of claims paid during the period
Liability (automobile)	354	279	\$104,366

Description of Risk Type	Number of claims received during the period	Number of claims paid during the period	Total amount of claims paid during the period

Vancouver Library Capital Facility Area
NOTES TO FINANCIAL STATEMENTS
For Fiscal Years Ending December 31, 2012

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

The Vancouver Library Capital Facility Area (VLCFA) uses the revenue and expenditure classifications contained in the *Cash Basis Budgeting, Accounting, and Reporting System* (BARS) manual for Library Districts. This basis of accounting and reporting is another comprehensive basis of accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

The VLCFA was established with a special election of the voters in November 2005. The VLCFA operates under the laws of the state of Washington applicable to Chapter 27.15 of the RCW. 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.

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 comprise cash, investments, revenues and expenditures, as appropriate. The government'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 VLCFA:

GOVERNMENTAL FUND TYPES:

General Fund

This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for or reported in another fund.

Debt Service

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

The VLCFA reports financial activity using the revenue and expenditure classifications, statements and schedule contained in the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) manual. This basis of accounting and reporting is an other

Vancouver Library Capital Facility Area

NOTES TO FINANCIAL STATEMENTS

For Fiscal Year Ending December 31, 2012

comprehensive basis of accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

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

C. Budget

The Clark County Commissioners adopt an annual appropriated budget for VLCFA Debt Service fund. 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 Clark County Commissioners do not adopt a budget for the General Fund.

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

2012

Fund	Final Appropriated Amounts	Actual Expenditures	Variance	
Debt Svc.	\$ 3,217,539.00	\$ 3,162,392.00	\$55,147.00	

D. Cash

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

E. Deposits

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

F. Collection Materials

Vancouver Library Capital Facility Area

NOTES TO FINANCIAL STATEMENTS

For Fiscal Year Ending December 31, 2012

Collection materials such as books, magazines, videos, audiocassettes, and so forth are recorded as operating expenditures when purchased.

G. Capital Assets

Capital assets are long-lived assets of the District and are recorded as capital expenditures when purchased.

H. Reserved Fund Balance

Fund balance is reserved in the General fund for construction and finishing of three library projects in the city of Vancouver as defined in the issuance of bonds documents. The fund balance is reserved in the Debt Service fund for the payment requirements including interest of the general obligation bond.

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 district 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, 2012, the ending investment balance was \$332,874. The amount that the Clark County Treasurer is holding differs from the financial statements by \$500 due to a warrant 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

Vancouver Library Capital Facility Area

NOTES TO FINANCIAL STATEMENTS

For Fiscal Year Ending December 31, 2012

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 years 2010 and 2011. 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>
2013	1,515,000	1,645,050	3,160,050
2014	1,575,000	1,602,000	3,177,000
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
2018-2022	12,205,000	5,529,782	17,734,782
2023-2027	14,840,000	2,692,492	17,532,492
2028	2,825,000	134,188	2,959,188
	<u>\$ 39,075,000</u>	<u>\$ 16,017,551</u>	<u>\$ 55,092,551</u>

NOTE 4 – PROPERTY TAXES

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 District. 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 2012 was 0.2455208594 per \$1,000 on an assessed valuation of \$13,104,951,685 for a total regular levy of \$3,217,539.

Vancouver Library Capital Facility Area
NOTES TO FINANCIAL STATEMENTS
For Fiscal Year Ending December 31, 2012

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, 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.

NOTE 6 – COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.