Office of the Washington State Auditor

Pat McCarthy

Financial Statements and Federal Single Audit Report

Clark County

For the period January 1, 2016 through December 31, 2016

Published August 24, 2017

Report No. 1019654

Office of the Washington State Auditor
Pat McCarthy

August 24, 2017

Board of County Councilors
Clark County
Vancouver, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Clark County's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the County's financial condition.

Sincerely,

Pat McCarthy

Pat McCarthy

State Auditor

Olympia, WA

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Clark County
January 1, 2016 through December 31, 2016

SECTION I – SUMMARY OF AUDITOR'S RESULTS

The results of our audit of Clark County are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component units and remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the County.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the County's compliance with requirements applicable to each of its major federal programs.

We reported findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs:

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

CFDA No.	Program or Cluster Title
12.600	Community Investment
14.239	Home Investment Partnerships Program

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was $838,796.

The County qualified as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See finding 2016-001.

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Clark County
January 1, 2016 through December 31, 2016

2016-001 The County did not have adequate internal controls to ensure compliance with federal grant requirements for housing quality standards.

CFDA Number and Title:	14.239 – HOME Investment Partnerships Program
Federal Grantor Name:	Department of Housing and Urban Development (HUD)
Federal Award/Contract Number:	M-14/15/16-UC-53-0204
Pass-through Entity Name:	NA
Pass-through Award/Contract Number:	NA
Questioned Cost Amount:	$0

Description of Condition

During fiscal year 2016, the County spent $1,063,103 on its HOME Investment Partnerships Program. This program supports the construction, acquisition or rehabilitation of affordable housing units and creates rental and homeownership opportunities for low-income families.

Federal regulations require the County to perform periodic onsite inspections of housing projects funded by the program to ensure compliance with property standards. The County did not have adequate internal controls to ensure compliance with the HOME Investment Partnerships Program's Housing Quality Standards (HQS) requirement. We found the following internal control deficiencies that resulted in non-compliance with these inspection requirements:

- The County did not have a process to ensure that the listing of properties that require inspections was complete.
- The County performs a project completion inspection when a newly constructed property is completed. County employees thought this met the HQS requirement to inspect properties within the first 12 months after

the project completion. However, HUD requires a property completion inspection and a separate inspection within 12 months of completion.

- The County did not inspect all units for properties with four or fewer units as required. Instead, it inspected a selection of these units as allowed for properties with more than four units.

We consider the combined effect of these control weaknesses to be a material weakness.

This issue was not reported as a finding in the prior audit.

Cause of Condition

The Clark County Department of Community Services program staff had insufficient knowledge of the requirements for HQS inspections to ensure compliance and did not have a complete list of applicable properties to ensure required inspections were completed.

Effect of Condition and Questioned Costs

During the audit period, 17 properties required an HQS inspection; however, the County inspected only 13 properties. Additionally, four of the 13 properties had four or fewer units, and the County did not inspect all of the units as required. Failure to comply with inspection requirements could result in HUD withholding future annual allocations of HOME Investment Partnership Program funding from the County.

Recommendations

We recommend the County strengthen internal controls to ensure compliance with the HQS requirements, including:

- Implementing a process to ensure that the list used to track HQS inspections is complete and includes all applicable properties
- Providing training and other resources to County employees responsible for the inspection process to ensure the process is completed in accordance with federal requirements

County's Response

The County acknowledges the State Auditor's finding, and has addressed the core finding by implementing internal controls that ensure compliance with the federal grant requirements for housing quality standards, and has fully resolved the specific internal control deficiencies listed in the finding. All properties *developed with HOME Investment Partnerships Program funds are currently in compliance with grant requirements for housing quality standards. Specifically:*

- *The Program Manager and Program Coordinator reconcile the listing of properties that require housing quality inspections with the IDIS PR02 report to ensure the listing of properties is complete. This reconciliation has been added to the Action Plan approval and review process, and will be completed every year by April 1st.*

- *During the audit, a question came regarding inspection requirements for new construction and the State Auditor suggested seeking clarification from HUD as to the requirements of Section 92.504 (d)(1)(ii)(A) related to inspections for new construction. Based on the guidance received from HUD, all properties receive a project completion inspection when a newly constructed property is completed, and a Housing Quality Standard inspection within the first 12 months after the project completion. Verification that the inspections have been scheduled is made following the same process stated above.*

- *All HOME Program Staff, including the inspector, now receive HUD HOME Program notices providing guidance on program operations and grant compliance directly.*

Auditor's Remarks

We appreciate the County's commitment to resolve this finding. We will review the corrective action taken during our next regular audit. We thank the County for its cooperation and assistance during the audit.

Applicable Laws and Regulations

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in internal controls over compliance in its Codification of Statements on Auditing Standards, section 935, as follows:

> .11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:
>
> **Material weakness in internal control over compliance.** A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the

event is either reasonably possible or probable as defined as follows:

> **Reasonably possible.** The chance of the future event or events occurring is more than remote but less than likely.
>
> **Remote.** The chance of the future event or events occurring is slight.
>
> **Probable.** The future event or events are likely to occur . . .

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Title 2 Code of Federal Regulation Section 200.516 Audit findings, states in part:

(a) *Audit findings reported*. The auditor must report the following as audit findings in a schedule of findings and questioned costs:

> (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
>
> (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor’s determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

Title 2 Code of Federal Regulation Section 200.303 Internal controls, states in part:

> The non-Federal entity must:
>
> (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the nonfederal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
>
> (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.

Title 24 Code of Federal Regulations Section 92.504 Participating jurisdiction responsibilities; written agreements; on-site inspection, states in part:

> (d) *On-site inspections and financial oversight.* (1) *Inspections.* The participating jurisdiction must inspect each project at project completion and during the period of affordability to determine that the project meets the property standards of §92.251.
>
> > (i) *Completion inspections.* Before completing the project in the disbursement and information system established by HUD, the participating jurisdiction must perform an on-site inspection of HOME-assisted housing to determine that all contracted work has been completed and that the project complies with the property standards of §92.251.
> >
> > (ii) *Ongoing periodic inspections of HOME-assisted rental housing.* During the period of affordability, the participating jurisdiction must perform on-site inspections of HOME-assisted rental housing to determine compliance with the property standards of §92.251 and to verify the information submitted by the owners in accordance with the requirements of §92.252. The inspections must be in accordance with the inspection procedures that the

participating jurisdiction establishes to meet the inspection requirements of §92.251.

(A) The on-site inspections must occur within 12 months after project completion and at least once every 3 years thereafter during the period of affordability.

(B) If there are observed deficiencies for any of the inspectable items in the property standards established by the participating jurisdiction, in accordance with the inspection requirements of §92.251, a follow-up on-site inspection to verify that deficiencies are corrected must occur within 12 months. The participating jurisdiction may establish a list of non-hazardous deficiencies for which correction can be verified by third party documentation (e.g., paid invoice for work order) rather than re-inspection. Health and safety deficiencies must be corrected immediately, in accordance with §92.251. The participating jurisdiction must adopt a more frequent inspection schedule for properties that have been found to have health and safety deficiencies.

(C) The property owner must annually certify to the participating jurisdiction that each building and all HOME-assisted units in the project are suitable for occupancy, taking into account State and local health, safety, and other applicable codes, ordinances, and requirements, and the ongoing property standards established by the participating jurisdiction to meet the requirements of §92.251.

(D) Inspections must be based on a statistically valid sample of units appropriate for the size of the HOME-assisted project, as set forth by HUD through notice. For projects with one-to-four HOME-assisted units, participating jurisdiction must inspect 100 percent of the HOME-assisted units and the inspectable items (site, building exterior, building systems, and common areas) for each building housing HOME-assisted units.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Clark County
January 1, 2016 through December 31, 2016

This schedule presents the status of federal findings reported in prior audit periods. The status listed below is the representation of Clark County. The State Auditor's Office has reviewed the status as presented by the County.

<table>
<tr><td>Audit Period:
1/1/2015 – 12/31/2015</td><td>Report Ref. No.:
1017220</td><td>Finding Ref. No.:
2015-002</td><td>CFDA Number(s):
20.205</td></tr>
<tr><td colspan="2">Federal Program Name and Granting Agency: Department of Transportation, Federal Highway Administration</td><td colspan="2">Pass-Through Agency Name:
Washington State Department of Transportation</td></tr>
<tr><td colspan="4">Finding Caption:
The County did not have adequate internal controls to ensure compliance with federal grant requirements for allowable costs.</td></tr>
<tr><td colspan="4">Background:
The fiscal year 2016 audit found that the County did not meet the requirements established by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the federal Office of Management and Budget Circular A-87, Cost Principles and Allowable Costs, for indirect costs or compensated absence costs that were charged to the federal program.</td></tr>
<tr><td colspan="4">Status of Corrective Action: (check one)
☒ Fully Corrected   ☐ Partially Corrected   ☐ Not Corrected   ☐ Finding is considered no longer valid</td></tr>
<tr><td colspan="4">Corrective Action Taken:
Public Works staff has received additional training for grant compliance. They have also created additional handouts for federally funded projects.

The County formed an internal team consisting of staff from Public Works and the Auditor's Office. The rates have been changed to reflect a more appropriate cost allocation plan.

Public Works staff has created checklists for each Federal Highway grant to assist with compliance.

The County formed an internal team to re-evaluate how compensated absences are tracked and charged to grants. Public Works does not charge compensated absences to grants.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Clark County
January 1, 2016 through December 31, 2016

Board of County Councilors
Clark County
Vancouver, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component units and remaining fund information of Clark County, Washington, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 27, 2017.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Pat McCarthy

State Auditor

Olympia, WA

June 27, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Clark County
January 1, 2016 through December 31, 2016

Board of County Councilors
Clark County
Vancouver, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of Clark County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2016. The County's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2016-001. Our opinion on each major federal program is not modified with respect to these matters.

County's Response to Findings

The County's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2016-001 to be a material weakness.

County's Response to Findings

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Pat McCarthy

State Auditor

Olympia, WA

August 8, 2017

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Clark County
January 1, 2016 through December 31, 2016

Board of County Councilors
Clark County
Vancouver, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component units and remaining fund information of Clark County, Washington, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed on page 22.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component units and remaining fund information of Clark County, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General, County Road and Community Services Grants funds, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 24 through 44, information on postemployment benefits other than pensions on page 111, infrastructure modified approach information on pages 112 through 113 and pension plan information on pages 114 through 118 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This schedule is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2017 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Pat McCarthy

State Auditor

Olympia, WA

June 27, 2017

FINANCIAL SECTION

Clark County
January 1, 2016 through December 31, 2016

REQUIRED SUPPLEMENTARY INFORMATION

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Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds – 2016
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Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2016
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REQUIRED SUPPLEMENTARY INFORMATION

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Infrastructure Modified Approach Information – 2016
Schedule of Proportionate Share of Net Pension Liability – 2016
Schedule of Employer Contributions – 2016
Notes to Required Supplemental Information – Pension – 2016

SUPPLEMENTARY AND OTHER INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Clark County's discussion and analysis provides a narrative overview and analysis of the County's financial activities for the fiscal year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with additional information in the letter of transmittal, which can be found preceding this narrative, and with the County's financial statements and notes to the financial statements which follow this discussion.

FINANCIAL HIGHLIGHTS

- Clark County's total assets and deferred outflows, combined, exceeded its total liabilities and deferred inflows, combined, at December 31, 2016 by $1.31 billion (a $ 52.5 million increase over December 31, 2015).

- Total net position of the County is comprised of the following:
  1) Net investment in capital assets of $1.2 billion includes all capital assets, net of accumulated depreciation and reduced for outstanding debt related to the purchase or construction of capital assets.
  2) Restricted net position of $107.0 million represents the portion restricted by constraints imposed from outside the County, such as debt covenants, grants and laws.
  3) A deficit unrestricted net position of $13.1 million is reported in the 2016 government-wide financial statements, driven largely by the accounting of pension liabilities as required by Governmental Accounting Standards Board Statement #68 (GASB 68), implemented in 2015.

- For the year ended December 31, 2016, Clark County reported a $52.5 million increase in net position (includes prior year adjustments), compared to a $181.3 decrease in net position from 2014 to 2015. Details of contributing factors to the change are included later within this analysis.

- The General Fund's total fund balance decreased, from $37.5 million in 2015 to $36.4 million in 2016, for a total decrease of 2.9%. Transfers out to other funds (for one time subsidies and special projects) decreased $4.0 million during this same period

- Clark County's total long term liabilities are $241.9 million at December 31, 2016 (includes $90.8 million in pension liability), up from $ 236.9 million in 2015. See Note # 12 in the notes to the financial statements for more detailed information about liabilities.

- Remaining capacity for non-voted debt was $630.4 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Clark County's basic financial statements, which include three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains other required supplementary information.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with an overview of Clark County's finances in a manner similar to private-sector business. The statements distinguish functions of Clark County that are principally supported by taxes and intergovernmental revenues ("governmental activities") from functions that are intended to recover all or a significant portion of their costs through user fees and charges ("business-type activities"*)*. Governmental activities include services provided to the public, such as law enforcement and public safety; the court systems; legal prosecution and indigent defense; jails and corrections; road construction and maintenance; community planning and development; parks and open space preservation; public health; and care and welfare of the disadvantaged and mentally ill. Other general government services provided include elections, property assessment, tax collection, and the issuance of permits and licenses. Business-type activities of Clark County include solid waste, sanitary sewer, a golf course, and storm water management.

The **statement of net position** presents information on all of the County's assets, deferred outflows, liabilities, deferred inflows and net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The **statement of activities** presents information showing how the County's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. As a result, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods, such as revenues pertaining to uncollected taxes, unpaid vendor invoices, and earned but not used vacation and sick leave. This statement separates program income (revenue generated by specific programs through charges for services, grants and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program). By separating program revenue from general revenue, users can identify the extent to which each program relies on taxes for funding. Certain administrative costs or indirect costs are allocated to the various programs, but are eliminated from the direct program costs for comparative purposes.

Both of the government-wide financial statements have separate columns for governmental activities, business-type activities, and a discretely presented component unit.

Governmental activities – Governmental activities are primarily supported by intergovernmental revenues (generally grants) and taxes. Most basic services fall into this category, including general government; public safety; judicial; physical environment; transportation; economic environment; health and human services; culture and recreation; and debt service. Also included within the governmental activities are the operations of four blended component units: Industrial Revenue Bond Corporation, Fairgrounds Site Management Group (Event Center Fund), Emergency Medical Services District, and the Metropolitan Parks District. Although legally separate from the County, these component units are blended with the primary government (Clark County) because of their governance relationship with the County and fiscal dependency. These four entities are reflected in the nonmajor combining special revenue fund statements. Further information regarding these blended component units is found in the *Summary of Significant Accounting Policies* beginning on the first page of <u>*Notes to Financial Statements*</u>. The County has also reported its investment in one governmental joint venture: Clark Regional Emergency Services Agency (CRESA). A description of this joint venture is found in Note 22 of the *Notes to Financial Statements*.

Business-type activities – Total assets and total liabilities between the government-wide statements and fund statements will differ slightly because the "internal balances" are combined into a single line in the asset section on the government-wide statement.

Discretely presented component unit - The government-wide financial statements include not only Clark County (the primary government) but also a legally separate Clark County Public Facilities District for which the County is financially accountable. Financial information for this discretely presented component unit is reported in a column separate from the financial information for the County. A description of this component unit can be found in note 1 of the *Notes to Financial Statements*.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the funds of Clark County can be divided into three categories: **governmental** funds, **proprietary** funds, and **fiduciary** funds.

Governmental funds are used to account for most of a government's tax-supported activities and to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements' use of accrual accounting, governmental fund financial statements focus on near-term inflows and outflows of spendable resources and on balances of spendable resources available at year end. Such information is useful in evaluating a government's near-term financing requirements in comparison to resources available.

Because the focus of governmental fund financial statements is narrower than that of government-wide financial statements, it is useful to compare information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This gives readers a better understanding of the long-term impact of the government's financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to the governmental activities column in the government-wide statements, in order to facilitate this comparison.

The governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances present separate columns of financial data for the General Fund, Development Impact Fees Fund, County Roads Fund and Community Services Grants Fund, which are considered major funds for financial reporting purposes. The governmental fund financial statements can be found immediately following the government-wide financial statements. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in combining statements, outside of the basic financial statements (following the required supplementary information section of this report).

The County maintains budgetary controls with a biennial appropriated budget to ensure compliance with legal provisions. Budgets for governmental funds are established in accordance with state law, and are adopted on a fund level, except for the General Fund, which is adopted on a department level. A budgetary comparison of revenues, expenditures, and changes in fund balances is provided for the General Fund, all special revenue funds, general obligation bond fund and all capital project funds. Major fund budgetary variance statements are included with the basic financial statements, while nonmajor fund budget variance schedules follow the combining fund statements. Budgetary variances for the General Fund are discussed in more detail later in this section.

Proprietary funds account for a government's business type activities, where all or part of the costs of activities are supported by fees and charges paid directly by those who benefit from the activities. Proprietary funds provide the same type of information as government-wide financial statements, only in more detail, since both apply the accrual basis of accounting. Proprietary fund statements follow governmental fund statements in this report. The County maintains two types of proprietary funds:

Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. Enterprise funds account for the County's solid waste, storm water, golf course and sewer operations. The Sanitary Sewer and Clean Water funds are both considered major funds for financial reporting purposes. The County reports two nonmajor enterprise funds: the Solid Waste Fund and the Tri-Mountain Golf Course O&M Fund.

Internal service funds report activities that provide services to the County's other programs and activities on a cost reimbursement basis. The County uses internal service funds to account for vehicle fleet, election services, insurance reserves, self-insured medical insurance, equipment replacement reserves, and various other administrative services. The revenues and expenses of the internal service funds that are duplicated in other funds through allocations are eliminated in the government-wide statements, with the remaining balances included in the governmental activities column. All internal service funds are aggregated in a single column in the basic proprietary fund financial statements. Individual fund data can be found in the combining statements.

Fiduciary funds are used to account for resources that are held by a government as a trustee or agent for parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Clark County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The County has three types of fiduciary funds: 1) Investment Trust Funds (which report the portion of County investments that belong to other jurisdictions), 2) Private Purpose Trust Funds (which report trust arrangements where the principal and interest benefit those outside of the County), and 3) Agency Funds (which are clearing accounts for assets held by Clark County in its custodial role until funds are allocated to the private parties, organizations, or government agencies to which they belong). The basic fiduciary fund financial statements follow the proprietary fund financial statements in this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

GOVERNMENT- WIDE FINANCIAL ANALYSIS

Analysis of Net Position

Net position may serve over time as a useful indicator of a government's financial position. Clark County's combined net position (governmental and business-type activities) was $ 1.3 billion at the end of 2016 (a $52.5 million increase from 2015).

The bulk of the County's net position is comprised of investments in capital assets, while most of the rest is restricted for culture and recreation, economic environment, transportation and health and human services activities.

The County has an unrestricted position of $(13.1) million at the end of 2016. Of the County's total net position, 92.8% is net investment in capital assets, 8.2% is subject to external restrictions by outside parties, and the unrestricted deficit amount represents (1.0)% of the total net position. In 2015, the County implemented GASB 68, which required the disclosure of pension liabilities on the face of financial statements. The inclusion of pension liability continues to cause unrestricted net position to be negative, although this negative position has improved by $2.6 million since 2015. Pension liability is a major part of the county's total liabilities and in 2016 pension liability stood at $90.8 million. The structure and the management of the County's pension plans described in detail in Note 14.

The condensed financial information that follows is derived from the government-wide Statement of Net Position and reflects the County's net position in 2016 compared with 2015.

Clark County Net Position

	Governmental Activities		Business-Type Activities		Total		
	2016	2015	2016	2015	2016	2015	% of PY
Current & other assets	$ 234,898,758	$ 230,634,192	$ 11,521,231	$ 9,085,150	$ 246,419,989	$ 239,719,342	102.8%
Capital assets (net of depreciation)	1,213,953,082	1,181,460,712	109,931,549	107,074,681	1,323,884,631	1,288,535,393	102.7%
Total assets	1,448,851,840	1,412,094,904	121,452,780	116,159,831	1,570,304,620	1,528,254,735	102.8%
Total deferred outflows of resources	22,361,357	16,118,884	492,133	459,819	22,853,490	16,578,703	137.8%
Long term liabilities	236,362,861	229,771,410	5,582,826	7,095,376	241,945,687	236,866,786	102.1%
Other liabilities	36,570,979	34,781,397	775,427	1,296,936	37,346,406	36,078,333	103.5%
Total liabilities	272,933,840	264,552,807	6,358,253	8,392,312	279,292,093	272,945,119	102.3%
Total deferred inflows of resources	2,756,648	12,780,268	80,975	530,839	2,837,623	13,311,107	21.3%
Net position:							
Net investment in capital assets	1,107,253,372	1,067,898,537	109,931,550	107,074,681	1,217,184,922	1,174,973,218	103.6%
Restricted	106,987,298	99,317,682	-	-	106,987,298	99,317,682	107.7%

Unrestricted	(18,717,961)	(16,335,506)	5,574,135	621,818	(13,143,826)	(15,713,688)	83.6%
Total net position	$ 1,195,522,709	$ 1,150,880,713	$ 115,505,685	$ 107,696,499	$ 1,311,028,394	$ 1,258,577,212	104.2%

Total liabilities increased $6.3 million in 2016. Pension liability accounted for a $12.6 million increase. This increase in liability was offset by a $7.6 million decrease in other long term liabilities, the result of the retirement of $8.2 million in general obligation bonds. The County's long term debt is explained in more detail in Note 11 and Note 12.

Net assets increased $42.0 million in 2016 from 2015, primarily because of three factors. The County's cash position that improved by $17.5 million in 2016. Capital assets not being depreciated increased $15.6 million due to land acquisitions and depreciable capital assets net of depreciation increased $19.8 million.

Governmental activities net position increased $44.6 million in 2016, from 2015. Because governmental activities make up 91.2% of the total primary government, many of the drivers of the changes in assets and liabilities are the same as the total primary government.

Assets increased $36.8 million in 2016. Capital assets increased $32.4 million and cash and investments increased $15.1 million from December 31, 2015, due to cash in the Road fund available for upcoming projects.

A deferred outflow of resources is a consumption of net assets which is applicable to a future period, while a deferred inflow of resources is an acquisition of net assets which is applicable to a future reporting period. In 2016, Clark County's Governmental Activities deferred outflows increased $6.2 million while deferred inflows decreased $10.0 million. Both of these changes are driven by changes in the pension plans.

Long term liabilities increased a total of $8.4 million largely driven by pension liabilities, as stated above. Governmental activities pension liability increased $13.5 or 18.1% in 2016 compared to 2015. This liability was offset by the previously mentioned retirement of bonds. Largely as a result of pension activities, Governmental Activities had an unrestricted deficit net position of $18.7 million in 2016.

Business-type position - Business-type net position increased $7.8 million in 2016. Net position for business type activities is entirely invested in capital assets or is otherwise unrestricted. Capital assets in business activities increased $2.9 million or 2.7% while the unrestricted portion of the net position increased from $621,818 to $5.6 million. In 2015 0.6% of the total net position for business-type activities was unrestricted, while at December 31, 2016 4.8% was unrestricted. This largest driver of this increase is the result of an increase in cash for upcoming projects and a reduction of payables in Clean Water.

Analysis of Changes in Net Position

The County’s total change in net position related to 2016 activities was an increase of $52.5 million compared to an decrease of $91.5 million in 2015. The condensed financial information that follows is derived from the Government-Wide Statement of Activities and reflects how the County’s 2016 changes in net position compare with 2015.

Clark County Changes in Net Position

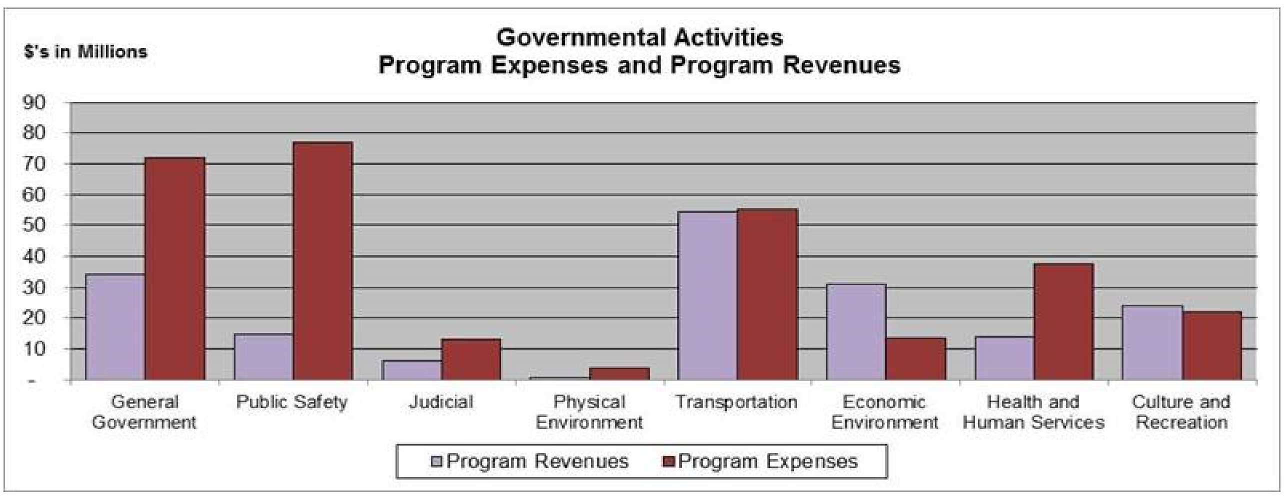
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Program Revenues						
Charges for services	$ 91,518,664	$ 92,299,596	$ 15,985,278	$ 15,947,435	$ 107,503,942	$ 108,247,031
Operating grants and contributions	37,500,621	32,439,807	449,804	1,116,618	37,950,425	33,556,425
Capital grants and contributions	48,075,344	42,343,772	1,964,065	1,611,483	50,039,409	43,955,255
General Revenues						
Taxes	159,850,041	153,414,027	-	-	159,850,041	153,414,027
Gain on sale of assets	1,298,275	2,649,437	-	-	1,298,275	2,649,437
Interest earnings	4,801,506	3,814,686	92,887	29,439	4,894,393	3,844,125
Transfers	130,625	72,505	(130,625)	(72,505)	-	-
Insurance Recoveries	2,284				2,284	-
Total revenues	343,177,360	327,033,830	18,361,409	18,632,470	361,538,769	345,666,300
Program Expenses:						
General government	67,393,374	56,687,101	-	-	67,393,374	56,687,101
Public safety	76,148,292	77,250,110	-	-	76,148,292	77,250,110
Judicial	13,100,883	13,134,614	-	-	13,100,883	13,134,614
Physical environment	1,763,236	4,036,651	-	-	1,763,236	4,036,651
Transportation	58,483,978	66,001,991	-	-	58,483,978	66,001,991
Economic environment	26,900,989	27,847,791	-	-	26,900,989	27,847,791
Health & human services	28,840,479	24,332,673	-	-	28,840,479	24,332,673
Culture & recreation	21,400,028	19,369,643	-	-	21,400,028	19,369,643
Solid Waste	-	-	1,643,472	2,584,543	1,643,472	2,584,543
Water - restated	-	-	4,055,899	4,567,588	4,055,899	4,567,588
Golf Course	-	-	1,546,677	1,535,177	1,546,677	1,535,177
Sewer	-	-	3,256,150	3,555,498	3,256,150	3,555,498
Interest on long term debt	4,215,158	5,171,207	10,358	11,121	4,225,516	5,182,328
Total expenses	298,246,417	293,831,781	10,512,556	12,253,927	308,758,973	306,085,708
Excess (deficiency) of revenues over (under) expenses	44,930,943	33,202,049	7,848,853	6,378,543	52,779,796	39,580,592
Special Items/Extraordinary Items		(9,336,846)		(121,778,647)	-	(131,115,493)
Change in Net Position	44,930,943	23,865,203	7,848,853	(115,400,104)	52,779,796	(91,534,901)
Net position as of January 1	1,150,880,713	1,212,996,142	107,696,499	226,915,711	1,258,577,212	1,439,911,853
Prior period adjustments	(288,947)	(13,864,232)	(39,667)	(167,025)	(328,614)	(14,031,257)
Change in accounting principle		(72,116,400)		(3,652,083)	-	(75,768,483)
Net position as of December 31	$ 1,195,522,709	$ 1,150,880,713	$ 115,505,685	$ 107,696,499	$ 1,311,028,394	$ 1,258,577,212

Total revenues increased $15.9 million in 2016 from 2015, with governmental activities increasing $16.1 million and business-type activities decreasing $0.3 million. Tax revenue increased $6.4 million in 2016 from 2015, and accounted for 44.2% of total revenues in 2016. Property Tax revenue increased $0.9 million in 2016, while sales/excise and other taxes, combined, increased $5.5 million. The small property tax revenue increase of 0.9% is due to construction activity in 2016, while the 10.4% increase in other taxes is largely due to a $1.9 million increase in excise taxes. Grants and contributions accounted to 24.3% (22.4% in 2015) and charges for services 29.7% in 2016, slightly less than 31.3% of total revenues in 2015. Governmental activities provided $343.2 million in revenues (94.9%), while business-type activities provided $18.4 million (5.1%).

The County's expenses cover a range of services, the largest of which were for public safety, general government and transportation, accounting for 65.5% of total expenses, combined. Health and human services, economic environment, and culture and recreation, combined, account for 24.7%, while the expenses of all other functional programs and interest expense, combined, account for 9.8%. Total expenses for the year were $308.8 million, up $2.7 million from 2015. Governmental activities accounted for 96.8% of total County expenses. Governmental activity expenses increased $4.4 million in 2016 (over 2015), while business type activity expenses decreased $ (1.7) million.

Governmental activities – General government expenditures increased by $10.7 million and tranportation expenditures decreased by $7.5 million compared to prior year expenditures. In 2014 management moved forward with necessary capital road projects and improvements, given the available fund balance in the County Roads Fund at the end of 2014 and continuing through 2015. The increase in general government was offset by a $7.5 million decrease in transportation due to the completion of projects. Public Safety expenditures decreased $1.1 million to $76.1 million in 2016.

The following graph illustrates 2016 governmental activities program revenues and expenses by function.



Business-type activities – Business-type activities revenue decreased $0.3 million to $18.3 million in 2016 when compared to 2015. The driver of this decrease was a reduction in grants of around $0.3 to each of the Solid Waste and Clean Water funds in 2016. This was offset by an increase of capital grants of $0.6 in Clean Water. Charges for services made up 87.1% of revenue for business-type activities in 2016. Total 2016 revenue of $15.9 million was relatively unchanged from 2015.

Overall expenses for the year decreased $1.7 million to $10.5 million. The largest reduction of expenses was in Solid Waste, which had a net decrease of $0.9 million. This was due to lower personal services expenses as a result of the annual pension expense adjustment in compliance with GASB 68. Sanitary Sewer and Clean Water also saw offsets to personal service expenses due to pensions in 2016.

The 2016 $7.8 million improvement in business-type activities net position is driven by the decrease in expenditures as discussed above, and the absence of the major pension adjustment done in 2015 to be in compliance with GASB 68. Without pension the 2015 pension expense adjustment, the 2015 results were otherwise similar to 2016. Revenues, expenses, and changes in fund balance are discussed in more depth in the **Proprietary Funds Analysis** section of this management's discussion and analysis.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Clark County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Following is a discussion of the financial highlights of the County's funds.

Governmental Funds – Fund Balance Analysis

The focus of Clark County's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Unassigned fund balance serves as a useful measure of the County's net resources available for spending at the end of the fiscal year. The General Fund, County Roads Fund and Community Services Grants Fund are the major governmental funds in 2016.

As of December 31, 2016, the County's governmental funds reported combined ending fund balances of $161.2 million (a $4.6 million increase from 2015). Total governmental assets decreased $0.8 million this year. There is an $11.6 million increase in cash, deposits and investments, offset, in part, by a $9.0 million decrease in accounts receivable, amounts due from other governments and due from other funds, combined. The biggest portion of these changes occurred in the County Roads Fund. Interest and penalties receivable (which is related to unpaid taxes) has been included with taxes receivable in this report for 2016, which results in no material change over the combination of the two combined categories shown in the 2015 report. Further discussion in these changes is discussed below, within the specific funds and fund type.

Total governmental liabilities and deferred inflows of resources, combined, are $47.4 million in 2016, compared to $52.8 million in 2015 (an decrease of $5.4 million). Among the most significant changes are a decrease of $3.8 million in payments due to other funds (of which the payment of the prior year balance in the Development Impact Fee fund reduced this balance), an decrease in deposits payable of $0.6 million, a $0.8 million decrease in advances due to other funds (which is offset in the assets category by an advance due from other funds). Accounts payable and other payables decreased $2.1 million from 2015 due to a change in reporting the balances. The due to other government line had a $4.2 million increase.

The **General Fund's** total fund balance decreased $1.0 million, from $37.5 million in 2015 to $36.4 million in 2016. In 2016, $13.2 million was transferred out to other funds, compared to $9.3 million in 2015. There was a net $0.6 million decrease of unassigned fund balance in the General Fund at the end of 2016.

Total assets decreased $2.1 million in 2016, over 2015. Due to timing of receivables as well as evaluating and classifying the receivables due from other governments, other funds and external agencies, amounts due from other funds and other governments, combined, increased $2.7 million, while accounts receivable decreased $4.6 million. Cash and investments and deposits in trust, combined, at the end of the year were $1.1 million higher than at the end of

2015. Taxes receivable decreased $0.6 million over combined taxes receivable at the end of 2015, as a result of the overall increase in tax revenue.

General Fund liabilities and deferred inflows of resources, combined, are $21.8 million at December 31, 2016, compared to $22.9 million in 2015 (a decrease of $1.1 million). Accounts payable decreased $0.3 million (due to the timing of vendor invoicing) and contractor deposits payable decreased $0.6 million. Deferred inflows of unavailable for property tax decreased $1.2 million in 2016, compared to 2015.

The **County Roads** major fund's total assets decreased $3.0 million in 2016. Cash, cash equivalents and pooled investments decreasing by $5.7 million, in correlation with a $14.1 million decrease in capital project expenditures in 2016, over 2015. Due to the timing of billings, due from other fund decreased $4.2 million by the end of 2016, over the prior period. This was primarily due to a receivable for the Development Impact Fee fund in 2015 that was paid and quarterly transfers occurred during 2016.

Total liabilities and total deferred inflows of resources decreased from $7.8 million in 2015 to $5.7 million in 2016, decreasing $2.1 million. The biggest changes are a $1.0 million increase in accounts payable and a $0.4 million decrease in due to other funds.

The **Community Services Grants** major fund reported a $0.7 million decrease in fund balance at the end of 2016. Total assets decreased slightly by $0.6 million while total liabilities decreased $0.1 million.

Non-major governmental funds combined increased fund balance by $19.8 million from December 31, 2015 to December 31, 2016. The reclassification of the Development Impact Fees Fund, from a major fund in 2015 to a non-major capital projects fund in 2016, accounts for a increase of $15.8 million (fund balance at 12/31/16) of the increase. Excepting the change in classification for the Development Impact Fees Fund, the combined increase is $4.0 million. In addition, the County Building nonmajor special revenue fund increased $3.1 million in fund balance.

When comparing non-major governmental funds with balances in 2016 against 2015, total assets increased $2.9 million and total liabilities decreased $1.3 million. Including Development Impact Fees, cash and investments increased $4.1 million, amounts due from other governments increased $1.4 million (due to the timing of grants, pass-through revenues receivable and reclassification of receivables). Due to other funds decreased by $3.6 million as a result of the balance from 2015 being paid in full to pay off the callable GO bonds.

Fund balance: Approximately 70.0% of the governmental fund balance ($112.8 million) is non-spendable or restricted by constraints outside county government. An additional 11.9% ($19.1 million) is committed or assigned for specific purposes, such as technology improvements, housing, mental health, public safety programs, and compensated absences. The remaining 18.2% ($29.3 million) is available for spending at the County's discretion.

Governmental Funds – Revenue, Expenditure, and Change in Fund Balance Analysis-
Governmental fund revenues total $312.1 million for 2016, up from $302.6 million in 2015 (up $9.5 million, a 3.1% increase). Tax revenue increased $7.4 million in 2016 and accounted for 51.7% of total governmental revenue collected in 2016. Intergovernmental revenue (predominately grants) decreased $1.0 million in 2016 from 2015 and accounted for 18.7% of

total governmental revenue in 2016. Charges for services and licenses and permit revenue, combined, account for 24.3% of total revenues, and increased by $3.3 million in 2016.

Governmental funds expenditures were $307.4 million in 2016, a decrease of $7.7 million from 2015. The decrease was due to an decrease in expenditures in the County Road Fund of $13.7 million and a increase in expenditures in the General Fund of $4.9 million. Current expenditures account for 82.7% of total expenditures, while capital outlay accounts for 12.6% and debt service accounts for 4.7% of total expenditures. Details regarding the changes in revenues and expenditures from 2015 to 2016 follow.

The **General Fund** is the chief operating fund for the County. General Fund revenues increased $13.5 million from 2015 to 2016, while expenditures increased $4.9 million during the same period.

The largest increase in General Fund revenue in 2016 came from a $13.9 million increase in sales tax revenues, due to improvements in the economy and an upswing in home building and the construction industry. In conjunction with this was also a $1.2 million increase in property tax revenue.

General governmental and public safety current expenditures, combined, increased $5.7 million in 2016, mostly due to filling staff positions that had remained vacant for several years, due to the poor economy.

County Roads Fund, a major special revenue fund, is used to account for the maintenance and operations of the public roads and bridges of the County. At the end of the 2016, the net change in fund balance was a decrease of $0.9 million (including prior period adjustments), reflecting management's intentions to move forward with necessary capital road projects and improvements.

Total revenue decreased $1.9 million from 2015. The largest driver of this increases were grant revenues (intergovernmental), which decreased $1.7 million in 2016. Grant revenues are often tied to the timing of capital projects and state and federal funding availability. Property tax revenue increased slightly in 2016, by $0.6 million.

Road Fund operating expenditures increased from 2015 by $0.4 million, while capital outlay for road construction decreased significantly: $14.1 million.

Community Services Grants Fund is a major special revenue fund that receives the majority of its funding through state and federal grants for various housing, weatherization, and youth programs. The net change in fund balance for 2016 was a increase of $0.7 million.

Revenues increased from $10.8 million to $12.2 million, expenditures increased $0.0 million, while transfers in from other funds increased $0.5 million. Charges for services provided to clients increased by about $0.9 million in 2016.

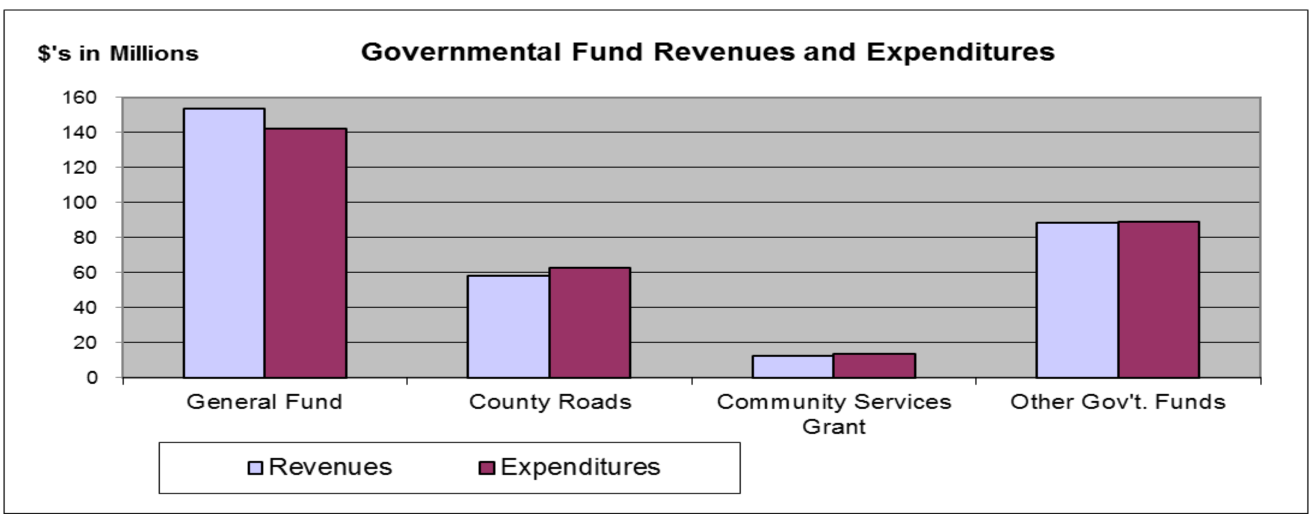
In 2016, for all **nonmajor governmental funds,** combined, the net change in fund balances is a $19.8 million increase from prior year. Development Impact Fees Fund revenues and expenditures in 2015 were reported as a major fund and for 2016 is included in the nonmajor special revenue funds. The sales tax funds closed in 2015 reported revenue and expenditure activity in 2015 and are now included in the General Fund, so they are included in the comparisons. (Refer to the fund balance analysis section that proceeds this section, for the names of those funds.)

Total non-major governmental funds revenue increased $2.9 million over 2015. Taxes decreased $8 million, due to the closure of the Special Law Enforcement, Law & Justice and CJA .1% Sales Tax funds which received sales tax revenue in 2015 and were combined into the General Fund at the end of 2015. Building permits increased $3.1 million as a result of the increased construction activity, due to a better economic environment. Intergovernmental revenue increased $0.7 million. Most of the increases were in the health and human services funds.

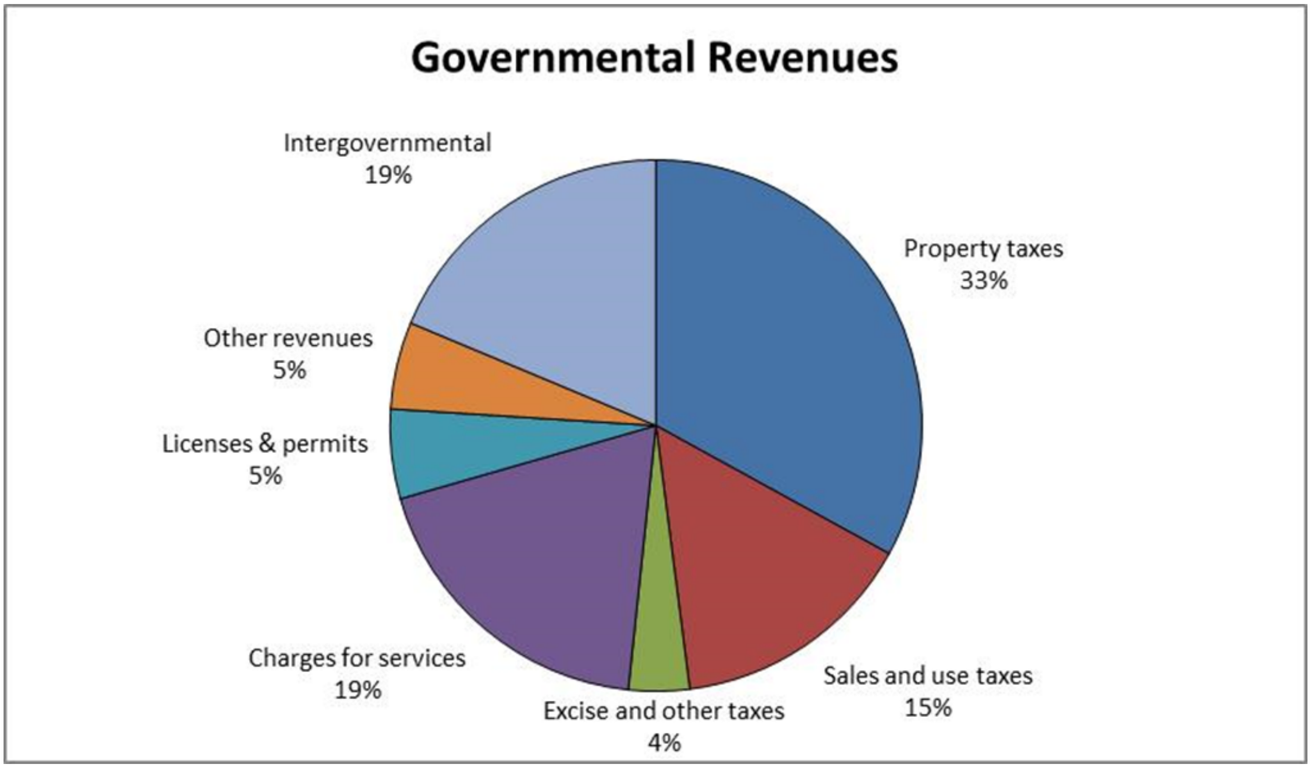
Total non-major governmental funds expenditures increased by $1.3 million. The pay-off of GO Bonds, which were callable in 2015, resulted in a decrease in debt service expenditures of $7.1 million over 2015. Culture and recreation expenditures increased by $2.1 million. There was an increase in the expenditures in the Camp Bonneville nonmajor special revenue fund of $2.4 million for the cleanup of the Camp Bonneville Park.

Economic environment increased $3.7 million. (As discussed previously in the Government-Wide Analysis section of this discussion and analysis, in 2015 the County reclassified certain activities from Health and Human Services to Economic Environment, based on 2014 reclassifications in the Washington BARS system.) County Building non-major special revenue fund had increased expenditures of $2.4 million, as a result of the increased building and construction activity in the County in 2016. The Substance Abuse non-major special revenue fund expenditures increased by $2.2 million in 2016, as the need for these services for our citizens continue to grow.

The following chart shows the revenue and expenditure amounts for the year ended December 31, 2016 for the three major governmental funds and for all other governmental funds, combined. Revenues do not include interfund transfers or proceeds from debt or the sale of assets.



The following chart shows total governmental revenues and the percentage total for each type of revenue for the year ended December 31, 2016.



Proprietary Funds Analysis

The County's enterprise fund financial statements provide the same type of information found in the government-wide financial statements for business-type activities, although in more detail. Internal service funds, although proprietary, are not included in the following section.

Enterprise Funds – Net Position Analysis

Clark County has four enterprise funds, one of which (Clean Water) is considered a major funds. In 2016, the change in net position for the enterprise funds is an increase of $7.8 million. The following table reflects the "*Enterprise Funds Statement of Net Position"* for the year ending December 31, 2016, compared to the prior year.

Clark County Washington
Enterprise Funds - Statement of Net Position

	Major		Non-Major			
	Clean Water				Total	
	2016	2015	2016	2015	2016	2015
Assets						
Total current assets	$ 6,455,411	$ 4,062,750	$ 5,633,472	$ 5,079,841	$ 12,088,883	$ 9,142,591
Total non current assets	101,213,708	98,259,950	8,717,841	8,814,731	109,931,549	107,074,681
Total assets	107,669,119	102,322,700	14,351,313	13,894,572	122,020,432	116,217,272
Total deferred outflows of resources	202,952	207,816	289,181	252,003	492,133	459,819
Total current liabilities	1,199,207	1,509,292	708,533	410,669	1,907,740	1,919,961
Total non current liabilities	2,999,619	4,029,216	2,018,546	2,500,576	5,018,165	6,529,792
Total liabilities	4,198,826	5,538,508	2,727,079	2,911,245	6,925,905	8,449,753
Total deferred inflows of resources	33,309	240,283	47,666	290,556	80,975	530,839
Total net position	$ 103,639,936	$ 96,751,725	$ 11,865,749	$ 10,944,774	$ 115,505,685	$ 107,696,499

Total assets for enterprise funds increased $5.8 million. Current assets increased $2.9 million, non current asset increased $2.9 million. Ending cash and investments increased $2.5 million at the end of 2016, over 2015, additionally amounts due from other governments increased by $0.8 million.

Total liabilities decreased $2.0 million, largely as a result of enterprise funds changes in reporting of pension liabilities in accordance with GASB 68.

The **Clean Water Fund** accounts for operations, maintenance, and capital improvements of the County's storm water facilities. Total net position in the Clean Water Fund is $103.6 million at the end of 2016, or an increase of $6.9 million over 2015. Cash and investments increased $1.7 million, mostly due to the result of operations for 2016. Liabilities decreased $1.5 million, which for the effects of the change in the pension liability of $0.5 million in accordance with GASB 68. The Clean Water Fund has a unrestricted fund balance (resources available for discretionary spending) of $2.4 million (a increase from a negative $1.5 million in 2015). This is due to a legal judgement in 2013 of $3.6 million, of which $1.6 million has been paid as of 2016. The remaining amount is to be paid in annual payments of $500,000 each year over the next four years. The County increased clean water rates in 2014 in order to finance this obligation, as well as ongoing operational costs.

Enterprise Funds Revenue and Expense Analysis

The **Clean Water** Fund total operating revenues for 2016 were $7.8 million ($8.3 million in 2015). Operating expenses were $3.9 million, compared to $4.6 million in 2015. The decrease is in pension expense-adjustment due to the implementation of GASB 68 and the changes in the pension expense during 2016.

Sanitary Sewer changed from a major enterprise fund to a non-major enterprise fund in 2016 and is reported in the non-major enterprise fund revenues and expenses in 2015.

Enterprise funds that include employees began absorbing allocated pension expenses in 2015, as a result of GASB 68 and is reported in 2016. The changes in the liability for pension expense is reported as pension expense adjustment.

The following table reflects the enterprise funds revenues and expenses for the year ending December 31, 2016, compared to the prior year.

Clark County Washington

Enterprise Funds - Revenues and Expenses

	Major		Non-Major			
	Clean Water				Total	
	2016	2015	2016	2015	2016	2015
Total operating revenues	$ 7,780,736	$ 8,298,165	$ 7,311,482	$ 7,624,415	$ 15,092,218	$ 15,922,580
Total operating expenses	3,946,169	4,567,588	6,556,029	7,675,150	10,502,198	12,242,738
Operating income (loss)	3,834,567	3,730,577	755,453	(50,735)	4,590,020	3,679,842
Total non-operating revenues(expenses)	271,327	628,011	297,511	531,712	568,838	1,159,723
Income (loss) before contributions and transfers	4,105,894	4,358,588	1,052,964	480,977	5,158,858	4,839,565
Extraordinary item/special item	--	-	-	(121,778,647)	-	(121,778,647)
Capital contributions	2,820,620	1,611,483	-	-	2,820,620	1,611,483
Transfers, net	(38,303)	(82,816)	(92,322)	10,311	(130,625)	(72,505)
Change in net position	6,888,211	5,887,255	960,642	(121,287,359)	7,848,853	(115,400,104)
Net position, January 1	96,751,725	92,639,805	10,944,774	134,275,906	107,696,499	226,915,711
Change in accounting principle						
GASB 68 implementation	-	(1,608,310)	-	(2,043,773)	-	(3,652,083)
Prior period adjustment	-	(167,025)	(39,667)	-	(39,667)	(167,025)
Net Position January 1-restated	96,751,725	90,864,470	10,905,107	132,232,133	107,656,832	223,096,603
Net position, December 31	$ 103,639,936	$ 96,751,725	$ 11,865,749	$ 10,944,774	$ 115,505,685	$ 107,696,499

GENERAL FUND BUDGETARY HIGHLIGHTS

Analysis of Original versus Final 2015/2016 Budget

The County adopts a biennial budget which is amended during the budget years by supplemental appropriation resolutions. General Fund final budgeted revenues increased 5.6% from the original budget and expenditures increased 6.3% from the original budget. Budgeted tax revenue increased $11.5 million primarily based on increased sales taxes and also, in 2016, there three sales tax funds: Special Law Enforcement fund, Law & Justice fund, and Criminal Justice fund were combined with General fund. Expenditures increased $16.4 million driven largely by expenditures in the Sheriff's Office and general governmental technology projects. The following table shows the changes between the original and the final biennial General Fund budget, and the variances between the final budget and the actual revenues and expenditures up to the end of the first year of the biennium.

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, 2016

	Original 2015/2016 Budget	Final 2015/2016 Budget	Actual Year to Date	Variance with Final Budget Positive/ (Negative)
Revenues:				
Taxes	$ 155,424,234	$ 167,471,805	$ 180,691,453	$ 13,219,648
Licenses & permits	5,847,828	6,164,777	6,334,431	169,654
Intergovernmental	21,443,850	24,134,881	24,304,169	169,288
Charges for services	65,926,886	66,218,992	65,406,988	(812,004)
Fines & forfeitures	9,330,245	8,976,889	8,929,691	(47,198)
Miscellaneous	7,046,796	7,718,934	7,613,927	(105,007)
Total revenues	265,019,839	280,686,278	293,280,659	12,594,381
Expenditures				
Current:				
General government	91,808,674	94,768,211	93,278,670	1,489,541
Public safety	136,081,833	145,699,634	143,332,897	2,366,737
Judicial	23,790,268	24,362,047	24,436,044	(73,997)
Physical environment	8,038,599	9,357,349	8,022,313	1,335,036
Transportation	569,816	421,523	322,594	98,929
Economic environment	6,276,299	6,267,904	5,258,390	1,009,514
Health and human services	2,309,115	2,632,577	2,654,257	(21,680)
Culture and recreation	620,119	1,389,742	1,152,564	237,178
Capital outlay:				
General government	-	235,000	146,726	88,274
Public safety	-	264,320	93,588	170,732
Physical environment	516,800	-	27,494	(27,494)
Transportation	-	540,000	668,895	(128,895)
Culture and recreation	112,708	635,705	-	635,705
Total expenditures	270,124,231	286,574,012	279,394,432	7,179,580
Excess (deficiency) of revenues over expenditures	(5,104,392)	(5,887,734)	13,886,227	19,773,961
Sale of capital assets	2,648,372	2,201,508	2,398,137	196,629
Transfers in	28,062,108	29,281,020	15,376,176	(13,904,844)
Transfers out	(24,631,637)	(26,665,644)	(22,275,844)	4,389,800
Total other financing sources(uses)	6,078,843	4,816,884	(4,501,531)	(9,318,415)
Net change in fund balance	974,451	(1,070,850)	9,384,696	10,455,546
Fund balance as of January 1	6,397,160	(12,206,386)	27,759,202	39,965,588
Prior Period Adjustment	-	-	(697,529)	-
Fund Balance as of January 1-restated	6,397,160	(12,206,386)	27,061,673	39,268,059
Fund balance as of December 31	$ 7,371,611	$ (13,277,236)	$ 36,446,369	$ 49,723,605

Intergovernmental revenue (grants) increased from the original budget by $2.7 million. The largest increase was an addition of $5.1 million of funding for the Camp Bonneville and an addition of $1.0 million of state funding for the Lewis & Clark Railroad. Charges for services increased slightly less than $0.3 million.

The increase in the expenditures budget includes $1.2 million additional spending related to the state funding for the Lewis & Clark Railroad, previously mentioned. There is also a $2.1 million increase for technology upgrades, including a new telephone system ($1.7 million), and a $1.3 million increase in the information services department. The increase in public safety expenditures originates from an increase of personnel expenditures in the Sheriff's Office ($3.8 million) and indigent defense was funded for $0.9 million. The remainder of the $5.5 million increase is spread throughout various departments in the General Fund that included a distribution from contingency of $4.6 million to cover increased payroll costs including settlement of bargaining agreements.

Transfers out increased by $2.0 million. Most of the budget adjustments for transfers out are related to technology expenditures for a new phone system, the first phase of considering movement to a new ERP system and an imagining system project.

General Fund Budget to Actual Comparison

Actual revenues exceeded 4.5% of the final biennial budget. Expenditures at the end of the fiscal year are 97.5% of the biennial budget. This is the second year of the biennium. In 2016, three sales tax funds: Special Law Enforcement fund, Law & Justice fund, and Criminal Justice fund were combined with General fund. Overall, sales tax revenue for 2016 was 10.2% higher than in 2015. Other revenue including fines and penalties, intergovernmental, fees and charges and other financial sources revenue were down slightly.

As of the end of 2016, the fund balance in the General Fund increased $9.0 million to $36.4 million since the start of the biennium. One-time transfer of $3.1 million from assigned fund balance was made during the year.

CAPITAL ASSET, INFRASTRUCTURE, AND DEBT ADMINISTRATION

Capital Assets

Total capital asset value as of December 31, 2016 is $1.3 billion (original cost, net of accumulated depreciation). Capital assets include land, buildings, system improvements, machinery and equipment, park facilities, road and bridge infrastructure, storm water facilities, trails, and construction in progress. Of this amount, 65.4% is from infrastructure, (net of depreciation) such as roads, bridges, pathways and storm water facilities. Land makes up 26.6% of the County's capital assets. Major capital asset events during the current fiscal year included the following:

- A variety of construction projects were ongoing during the year. The County spent $32.5 million in 2016 on transportation projects that are reported as capital assets.

- Several new software projects were done during 2016: Tidemark replacement $2.2 million; Jail software $1.2 million, and Sheriff RMS $0.8 million.

- Vehicles, road equipment, and trailers were added to the fleet as either replacements or new equipment, at a cost of $2.5 million. Fleet equipment with an original cost of $1.3 million.

- Residential and commercial roads and right of way contributed by developers in 2016, at a value of $25.7 million, were added to capital assets. Stormwater land and facilities valued at $2.0 million were contributed by developers in 2016. Parks acquired 7 new parcels for $5.5 million.

Infrastructure

In 2003, Clark County elected to use the modified approach in reporting certain categories of infrastructure. Under the modified approach, asset condition is reported, based on a rating system, rather than recording depreciation. Currently bridges and storm water facilities are reported using the modified approach (rating scales for these assets are included in the required supplementary information section of this report).

Most of the County's bridges were built prior to 1980, and are not included in the listing of capital asset infrastructure in the financial statements, in accordance with GASB Statement #34 reporting requirements. However, all County owned bridges are monitored and assessed. The County has employed detailed State mandated evaluation methodologies for several years in managing the bridge network, and the ratings are sent to the State and incorporated in a state-wide bridge inspection database. Maintenance activities are budgeted at sufficient levels to maintain the bridge condition to a level at or above the established standard. The County spent $37,699, approximately 25% of the annual budget, for bridge maintenance in 2016. Bridge maintenance is performed in conjunction with Road maintenance.

The County's storm water facilities are fairly recent additions to infrastructure assets, with more than 95% of the total system being added since 1996. Stormwater facilities consist mainly of holding ponds, and are commonly earthen in construction with no moving parts or non-earthen structural layers. Some facilities include some rugged construction, generally consisting of cinder block retention walls. Stormwater facilities are intended to collect and treat stormwater prior to infiltration or entering the existing storm system and waterways. There is very little maintenance or preservation activity required for this subsystem, when compared to the investment in the subsystem. The County spent $962,299 for storm water facility maintenance in 2016, or 112% of the annual budget of $857,300.

The following table shows the value of infrastructure assets reported under the modified approach and their three most recent condition assessments compared to the County's established condition level.

Infrastructure Assets Using the Modified Approach
Condition Assessment as of December 31, 2016

	Historical Cost	Accum. Depreciation as of 12/31/03	Net Cost	Average Assessment Value*			Established Condition Level
				2012	2014	2015	
Storm water Subsystems	$ 72,781,493	$ 4,139,541	$ 68,641,952	86	97	98	70
				2013	2014	2015	
Bridge Subsystems	35,066,846	238,591	34,828,255	76	73	73	50
Total	$ 107,848,339	$ 4,378,132	$ 103,470,207				

*Although the County has only recorded infrastructure constructed after 1980 on the capital asset listing, all county stormwater facilities and bridges are assessed, regardless of when they were constructed.

Both of the infrastructure categories in the table above had an average assessed value well above the established condition level for each of the completed assessment cycles. Additional information on Clark County's capital assets can be found in note 6 of the *Notes to Financial Statements.*

Debt Administration

At December 31, 2016, Clark County had total bonded debt outstanding of $91.1 million (including deferred premiums/discounts), compared to $99.8 million at December 31, 2015. All bonded debt is held in governmental activities and is backed by the full faith and credit of the County. During the year, general obligation bonds were paid down by $8.2 million through principal amounts maturing. The County upgraded to a Moody's Aa1 rating in 2016 for its limited tax general obligation debt. Additional information on the County's long-term debt can be found in notes 11 and 12 of the *Notes to Financial Statements.*

ECONOMIC OUTLOOK

Economic factors have a direct impact on County revenues and the demand for services. During 2016, the County's financial condition continued to recover from the "Great Recession" of 2007/2008. The County has made progress in this recovery, many activities are near or above peak levels reached prior to the recession.

The County's main revenue sources include taxes, charges for service and intergovernmental (grant) revenues. Property taxes make-up 33.0% of total 2016 County revenues (excluding transfers, gain on sale of assets and special items). Even though property taxes tend to be stable, State and voter approved limitations to property taxes have kept the property tax increases to 1% each year, plus any new construction. In December the County Council approved the 1% increase in General Fund and Road Fund for the first time since 2012 and 2011, respectively.

Sales and use tax revenues are another significant revenue source for the County (15.0% of total revenues). Retail sales in Clark County, which are heavily impacted by construction activity, increased by 9.1% in 2016 following an increase of 12.2% in 2015. Construction related sales tax increased slightly to 35.0% in 2016 compared to 31.0% in 2015. Government-wide grants and contributions were up by 10.4% in 2016 ($85.6 million) compared to 2015 ($77.5 million). Considering the financial condition of the State and Federal governments, grant funding may change in the future.

Real estate excise tax (REET) is generated from the sale of real property. These funds primarily support debt service. REET revenues increased approximately $2.0 million in 2016, following a $2.3 million increase in 2015.

Residential building permits issued by the Department of Community Development (DCD) increased to 1,518 in 2016 from 1,246 in 2015. Commercial building permits also increased by 22.2% during the year.

There were 363 in 2016 compared to 297 in 2015. From the mid-1990’s, combined residential and commercial permits generally totaled over 2,000 per year until declining in 2006.

Other factors impacting the economic condition are: The annual inflation rate increased to 2.1% at the end of 2016 from 0.7% in 2015, primarily due to increase index for all items less food and energy by 2.2% during the period. Clark County average unemployment for the year 2016 was 6.0% the same as previous year.

Requests for Information

This financial report is designed to provide a general overview of Clark County’s finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Auditor's Office, Clark County, 1300 Franklin Street, P.O. Box 5000, Vancouver, WA, 98666-5000.

CLARK COUNTY, WASHINGTON
Statement of Net Position
December 31, 2016

	Primary government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Clark County Public Facilities District
ASSETS				
Cash, cash equivalents & pooled investments	$ 164,797,896	$ 10,701,114	$ 175,499,010	$ 146,712
Deposits in trust	3,392,813	-	3,392,813	-
Investments	894,781	-	894,781	-
Net Receivables	36,382,066	1,302,197	37,684,263	226,387
Internal balances	493,959	(493,959)	-	-
Inventories	2,043,844	-	2,043,844	-
Prepaids	2,054,206	11,879	2,066,085	-
Notes receivable	11,812,291	-	11,812,291	7,749,542
Net OPEB asset	1,199,059	-	1,199,059	-
Net pension asset	3,482,849	-	3,482,849	-
Equity interest in joint venture	8,344,994	-	8,344,994	-
Capital assets not being depreciated:				
Land, infrastructure and construction in progress*	375,530,059	108,118,310	483,648,369	-
Capital assets net of accumulated depreciation	838,423,023	1,813,239	840,236,262	-
Total assets	1,448,851,840	121,452,780	1,570,304,620	8,122,641
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	4,639,166	-	4,639,166	-
Amounts related to pensions	17,722,191	492,133	18,214,324	-
Total deferred outflows of resources	22,361,357	492,133	22,853,490	-
LIABILITIES				
Accounts payable and other current payables	9,498,770	258,879	9,757,649	291,685
Accrued liabilities	7,342,839	175,038	7,517,877	-
Deposits payable	5,783,889	64,828	5,848,717	-
Due to other governments	6,515,621	157,652	6,673,273	-
Revenue collected in advance	7,429,860	119,030	7,548,890	-
Long term liabilities:				
Net pension liability	88,176,700	2,642,931	90,819,631	-
Other due within one year	14,997,715	564,661	15,562,376	-
Other due in more than one year	133,188,446	2,375,234	135,563,680	-
Total liabilities	272,933,840	6,358,253	279,292,093	291,685
DEFERRED INFLOWS OF RESOURCES				
Amounts related to pensions	2,756,648	80,975	2,837,623	-
Total deferred inflows of resources	2,756,648	80,975	2,837,623	-
NET POSITION				
Net investment in capital assets	1,107,253,372	109,931,550	1,217,184,922	-
Restricted for:				
Culture and recreation	28,813,642	-	28,813,642	7,830,956
Economic environment	25,689,402	-	25,689,402	-
Public Safety	6,678,979	-	6,678,979	-
Debt service- debt covenants	1,640,327	-	1,640,327	-
Transportation	22,934,627	-	22,934,627	-
Health and human services	15,351,183	-	15,351,183	-
Landfill remediation	2,379,907	-	2,379,907	-
General government	3,349,231	-	3,349,231	-
Workers compensation claims	150,000	-	150,000	-
Unrestricted	(18,717,961)	5,574,135	(13,143,826)	-
Total net position	$ 1,195,522,709	$ 115,505,685	$ 1,311,028,394	$ 7,830,956

* Storm Water facilities were depreciated prior to 2003. In 2003 the County began reporting these facilities using the modified approach. These facilities are currently being reported as capital assets not being depreciated, at a net value which includes depreciation expenses accumulated prior to 2003.

See accompanying notes to the financial statements

CLARK COUNTY, WASHINGTON
Statement of Activities
For the Year Ended December 31, 2016

			Program Revenues			Net (Expense) Revenue and Changes in Net Position — Primary Government			Component Unit
Functions/Programs	**Expenses**	**Indirect Expense Allocation**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**	**Clark County Public Facilities District**
Primary Government:									
Governmental Activities:									
General government	$ 71,986,015	$ (4,592,641)	$ 21,156,468	$ 9,731,071	$ 468,619	$ (36,037,216)	$	$ (36,037,216)	$ -
Public safety	75,994,963	153,329	14,537,714	614,154	7,187	(60,989,237)	-	(60,989,237)	-
Judicial	13,100,883	-	5,990,003	532,521	-	(6,578,359)	-	(6,578,359)	-
Physical environment	1,477,122	286,114	3,611,646	30,763	-	1,879,173	-	1,879,173	-
Transportation	56,770,204	1,713,774	14,195,220	5,882,272	34,550,500	(3,855,986)	-	(3,855,986)	-
Economic environment	25,951,408	949,581	19,520,433	11,845,362	-	4,464,806	-	4,464,806	-
Health and human services	28,015,771	824,708	5,516,901	7,410,815	-	(15,912,763)	-	(15,912,763)	-
Culture and recreation	21,261,478	138,550	6,990,279	1,453,663	13,049,038	92,952	-	92,952	-
Interest on long term debt	4,215,158	-	-	-	-	(4,215,158)	-	(4,215,158)	-
Total governmental activities	298,773,002	(526,585)	91,518,664	37,500,621	48,075,344	(121,151,788)		(121,151,788)	-
Business-type Activities:									
Solid waste	1,475,341	168,131	1,991,747	222,644	-	-	570,919	570,919	-
Golf course	1,546,677	-	1,583,333	-	-	-	36,656	36,656	-
Water	3,855,909	199,990	8,640,993	227,160	1,964,065	-	6,776,319	6,776,319	-
Sewer	3,097,686	158,464	3,769,205	-	-	-	513,055	513,055	-
Interest on long term debt	10,358	-	-	-	-	-	(10,358)	(10,358)	-
Total business-type activities	9,985,971	526,585	15,985,278	449,804	1,964,065		7,886,591	7,886,591	-
Total primary government	308,758,973		107,503,942	37,950,425	50,039,409	(121,151,788)	7,886,591	(113,265,197)	-
Component Unit									
Public Facilities District	2,294,310	-	-	1,104,330					(1,189,980)
Total Component Unit	2,294,310	-	-	1,104,330	-				(1,189,980)
General Revenues:									
Property taxes						101,621,271	-	101,621,271	-
Sales taxes						46,693,320	-	46,693,320	1,138,487
Excise and other taxes						11,535,450	-	11,535,450	-
Interest and investment earnings						4,801,506	92,887	4,894,393	426,591
Gain on sale of capital assets						1,298,275	-	1,298,275	-
Insurance recoveries						2,284	-	2,284	-
Transfers						130,625	(130,625)	-	-
Total general revenues and transfers						166,082,731	(37,738)	166,044,993	1,565,078
Change in net position						44,930,943	7,848,853	52,779,796	375,098
Net position as of January 1						1,150,880,713	107,696,499	1,258,577,212	7,455,858
Prior Period Adjustment						(288,947)	(39,667)	(328,614)	-
Net position as of January 1 - restated						1,150,591,766	107,656,832	1,258,248,598	7,455,858
Net position as of December 31						$ 1,195,522,709	$ 115,505,685	$ 1,311,028,394	$ 7,830,956

See accompanying notes to the financial statements

Clark County Washington
Balance Sheet
Governmental Funds
December 31, 2016

	General Fund	Special Revenue Major Funds: County Roads	Special Revenue Major Funds: Community Services Grants	Other Governmental Funds	Total
Assets					
Cash, cash equivalents and pooled investments	$ 25,919,778	$ 21,396,920	$ 8,540,251	$ 90,297,897	$ 146,154,846
Deposit in trust	2,892,813	-	-	-	2,892,813
Taxes receivable	11,079,476	1,882,383	-	2,170,674	15,132,533
Special assessments receivable	-	-	-	487	487
Accounts receivable	4,662,505	219,080	-	454,982	5,336,567
Due from other funds	4,823,016	1,327,843	463,638	1,823,086	8,437,583
Due from other governments	4,970,130	996,965	1,573,049	6,271,310	13,811,454
Investments	50,000	-	-	844,781	894,781
Prepaid expenditures	694,840	86,485	-	431,707	1,213,032
Advance due from other funds	2,851,181	-	-	-	2,851,181
Notes/contract receivables	261,415	32,264	11,092,277	426,335	11,812,291
Total assets	58,205,154	25,941,940	21,669,215	102,721,259	208,537,568
Liabilities, deferred inflows of resources and fund balance					
Liabilities					
Accounts payable	2,171,609	1,834,844	603,871	2,952,632	7,562,956
Other payables	2,000	-	-	138,361	140,361
Due to other funds	2,058,806	1,500,547	22,428	5,309,891	8,891,672
Due to other governments	966,412	173,774	587,742	4,233,022	5,960,950
Claims and judgements payable	149,403	-	-	-	149,403
Accrued liabilities	4,419,742	747,276	110,386	823,397	6,100,801
Deposits payable	3,497,053	280,911	-	1,963,468	5,741,432
Revenues collected in advance	61,982	629,201	-	111,822	803,005
Advance due to other funds	-	-	-	2,851,181	2,851,181
Total liabilities	13,327,007	5,166,553	1,324,427	18,383,774	38,201,761
Deferred Inflows of Resources					
Unavailable revenue-property taxes	4,185,330	591,348	-	122,155	4,898,833
Unavailable revenue-special assessments	-	-	-	15,186	15,186
Unavailable accounts receivable	335,816	-	-	-	335,816
Unavailable revenue-court	3,910,632	-	-	-	3,910,632
Total deferred inflows of resources	8,431,778	591,348	-	137,341	9,160,467
Fund Balance					
Nonspendable	694,840	86,485	-	431,707	1,213,032
Restricted	-	19,682,575	20,257,689	71,596,801	111,537,065
Committed	-	-	-	3,000,117	3,000,117
Assigned	6,398,588	414,979	87,099	9,228,473	16,129,139
Unassigned	29,352,941	-	-	(56,954)	29,295,987
Total fund balance	36,446,369	20,184,039	20,344,788	84,200,144	161,175,340
Total liabilities, deferred inflows of resources, and fund balance	$ 58,205,154	$ 25,941,940	$ 21,669,215	$ 102,721,259	$ 208,537,568

See accompanying notes to the financial statements

CLARK COUNTY, WASHINGTON
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
December 31, 2016

Total fund balances as shown on the Governmental Funds Balance Sheet:	$ 161,175,340
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. (This amount does not include internal service funds.)	1,197,845,790
Governmental funds do not report interest in a joint venture where the government's participation is intended to assist in the provision of services, as is the case with the County's investment in the Clark Regional Emergency Services Agency. However, the equity interest is reported in the Statement of Net Position.	8,344,994
Other long-term assets and deferred charges are not available to pay for current-period expenditures and are not included in the fund statements. These items are reported in the statement of net position.	9,321,074
The County reports unavailable revenue under a modified accrual basis of accounting in the governmental funds balance sheet. Government-wide statements record revenue when it is earned, therefore unavailable revenue is not reported in the government-wide statements.	9,160,467
Impact fee credits are not reported as liabilities in the fund statements because they are viewed as reductions in future revenues. These credits are reported as liabilities in the government-wide statements.	(6,626,855)
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 position.	22,310,061
Deferred Outflows related to Pension Activity	16,764,979
Deferred Inflows related to Pension Activity	(2,589,958)
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 position.	(920,129)
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 position. The detail of this amount can be found in the *Notes to the Financial Statements*; Note #12. (This amount does not include internal service fund long-term liabilities or claims and judgments included in the governmental funds balance sheet.)	(219,263,054)
Total net position as reflected on the Statement of Net Position:	$ 1,195,522,709

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, 2016

	General Fund	Special Revenue Major Funds: County Roads	Special Revenue Major Funds: Community Services Grants	Other Governmental Funds	Total
Revenues:					
Property taxes	$ 62,770,632	$ 33,262,355	$ -	$ 6,959,915	$ 102,992,902
Sales and use taxes	34,636,038	-	-	12,084,986	46,721,024
Excise and other taxes	442,613	201,921	-	10,892,439	11,536,973
Licenses & permits	3,312,099	384,374	43,230	13,260,402	17,000,105
Intergovernmental	11,992,229	17,203,568	7,549,459	21,582,259	58,327,515
Charges for services	32,050,860	7,046,526	4,272,465	15,575,971	58,945,822
Fines & forfeitures	4,269,001	-	-	66,912	4,335,913
Interest earnings	3,545,775	155,113	251,622	708,809	4,661,319
Donations	1,500	-	-	301,267	302,767
Other revenues	348,447	73,878	48,753	6,801,547	7,272,625
Total revenues	153,369,194	58,327,735	12,165,529	88,234,507	312,096,965
Expenditures:					
Current:					
General government	49,096,014	-	-	4,969,740	54,065,754
Public safety	72,082,268	6,088	-	5,939,841	78,028,197
Judicial	12,070,707	-	-	668,347	12,739,054
Physical environment	3,871,327	-	-	-	3,871,327
Transportation	149,973	32,734,030	-	-	32,884,003
Economic environment	2,686,354	1,595,966	12,313,155	15,332,781	31,928,256
Health and human services	1,377,299	-	3,673	20,515,843	21,896,815
Culture & recreation	617,252	-	361,160	17,811,669	18,790,081
Capital outlay:					
General government	143,102	14,023	-	5,570,382	5,727,507
Public safety	36,462	-	-	-	36,462
Physical environment	27,494	-	-	-	27,494
Transportation	-	28,437,057	-	20,812	28,457,869
Culture & recreation	-	-	-	4,505,198	4,505,198
Debt service:					
Principal	-	-	-	10,342,735	10,342,735
Interest and other charges	-	-	-	4,100,700	4,100,700
Total expenditures	142,158,252	62,787,164	12,677,988	89,778,048	307,401,452
Excess (deficiency) of revenues over (under) expenditures	11,210,942	(4,459,429)	(512,459)	(1,543,541)	4,695,513
Other Financing Sources (Uses):					
Issuance of long term debt	-	1,960,906	-	-	1,960,906
Sale of capital assets	532,833	1,542,423	-	81,672	2,156,928
Insurance recoveries	-	-	-	2,284	2,284
Transfers in	417,607	1,608,559	1,412,793	34,210,816	37,649,775
Transfers out	(13,227,992)	(2,588,524)	(150,959)	(25,561,547)	(41,529,022)
Total other financing sources (uses)	(12,277,552)	2,523,364	1,261,834	8,733,225	240,871
Net change in fund balances	(1,066,610)	(1,936,065)	749,375	7,189,684	4,936,384
Fund balance as of January 1	37,462,597	21,096,234	19,595,413	78,373,659	156,527,903
Prior period adjustment	50,382	1,023,870	-	(1,363,199)	(288,947)
Fund balance as of January 1 - restated	37,512,979	22,120,104	19,595,413	77,010,460	156,238,956
Fund balance as of December 31	$ 36,446,369	$ 20,184,039	$ 20,344,788	$ 84,200,144	$ 161,175,340

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, 2016

Net change in fund balances as shown on Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance:	$	4,936,384
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 these 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 less depreciation and the proceeds is 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.		6,477,174
Governmental Funds receive contributions in the form of capital assets from developers, private donors, and proprietary funds. Because capital assets are not reported in governmental funds, neither are such contributions. Government-wide statements report capital assets in the Statement of Net Position and any contributions are reported in the Statement of Activities. This is the value of those capital contributions during the year.		25,534,462
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.		1,235,508
The issuance of long-term debt and other long term liabilities 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.		7,580,330
Governmental funds report revenue in the current period for revenues unearned and/or 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 inflows of resources during the fiscal year and the change in other long term assets.		(1,235,021)
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.		402,106
Change in net position, as reflected on the Statement of Activities	$	44,930,943

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, 2016

	Original 2015/2016 Budget	Final 2015/2016 Budget	Actual Biennium to Date	Variance with Final Budget Positive/ (Negative)
Revenues:				
Property taxes	$ 123,537,011	$ 124,014,256	$ 124,355,467	$ 341,211
Sales and use taxes	30,900,193	42,415,896	55,366,196	12,950,300
Excise and other taxes	987,030	1,041,653	969,790	(71,863)
Licenses & permits	5,847,828	6,164,777	6,334,431	169,654
Intergovernmental	21,443,850	24,134,881	24,304,169	169,288
Charges for services	65,926,886	66,218,992	65,406,988	(812,004)
Fines & forfeitures	9,330,245	8,976,889	8,929,691	(47,198)
Interest earnings	6,242,650	7,133,563	6,922,697	(210,866)
Donations	-	6,630	4,281	(2,349)
Other revenues	804,146	578,741	686,949	108,208
Total revenues	265,019,839	280,686,278	293,280,659	12,594,381
Expenditures:				
Current:				
General government	91,808,674	94,768,211	93,278,670	1,489,541
Public safety	136,081,833	145,699,634	143,332,897	2,366,737
Judicial	23,790,268	24,362,047	24,436,044	(73,997)
Physical environment	8,038,599	9,357,349	8,022,313	1,335,036
Transportation	569,816	421,523	322,594	98,929
Economic environment	6,276,299	6,267,904	5,258,390	1,009,514
Health and human services	2,309,115	2,632,577	2,654,257	(21,680)
Culture and recreation	620,119	1,389,742	1,152,564	237,178
Capital outlay:				
General government	-	235,000	146,726	88,274
Public safety	-	264,320	93,588	170,732
Physical environment	516,800	-	27,494	(27,494)
Transportation	-	540,000	668,895	(128,895)
Culture and recreation	112,708	635,705	-	635,705
Total expenditures	270,124,231	286,574,012	279,394,432	7,179,580
Excess (deficiency) of revenues over expenditures	(5,104,392)	(5,887,734)	13,886,227	19,773,961
Sale of capital assets	2,648,372	2,201,508	2,398,137	196,629
Transfers in	28,062,108	29,281,020	15,376,176	(13,904,844)
Transfers out	(24,631,637)	(26,665,644)	(22,275,844)	4,389,800
Total other financing sources(uses)	6,078,843	4,816,884	(4,501,531)	(9,318,415)
Net change in fund balance	974,451	(1,070,850)	9,384,696	10,455,546
Fund balance as of January 1	6,397,160	(12,206,386)	27,759,202	39,965,588
Prior Period Adjustment	-	-	(697,529)	(697,529)
Fund balance as of January 1-restated	6,397,160	(12,206,386)	27,061,673	39,268,059
Fund balance as of December 31	$ 7,371,611	$ (13,277,236)	$ 36,446,369	$ 49,723,605

* Interfund transfers vary from the Governmental Statement of Revenues, Expenditures, and Changes in Fund Balance, as that statement nets transfers between the General Fund and the two funds mentioned above, that are reported as part of the General Fund, but have separate budgets.

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, 2016

	Original 2015/2016 Budget	Final 2015/2016 Budget	Actual Biennium to Date	Variance with Final Budget Positive/ (Negative)
Revenues				
Property taxes	$ 65,004,227	$ 65,004,227	$ 65,963,765	$ 959,538
Excise and other taxes	440,000	440,000	484,362	44,362
Licenses and permits	718,000	718,000	708,743	(9,257)
Intergovernmental	42,506,000	42,506,000	36,147,293	(6,358,707)
Charges for services	11,266,609	10,920,083	14,826,322	3,906,239
Interest earnings	202,000	202,000	247,047	45,047
Other revenues	80,000	80,000	131,016	51,016
Total Revenues	120,216,836	119,870,310	118,508,548	(1,361,762)
Expenditures				
Current:				
Public safety	108,630	14,194	12,176	2,018
Transportation	70,295,888	74,843,288	65,398,620	9,444,668
Economic environment	3,006,240	2,946,181	2,891,674	54,507
Capital outlay:				
General government	-	-	14,023	(14,023)
Transportation	76,241,216	80,280,816	70,955,706	9,325,110
Total Expenditures	149,651,974	158,084,479	139,272,199	18,812,280
Excess (deficiency) of revenues over expenditures	(29,435,138)	(38,214,169)	(20,763,651)	17,450,518
Issuance of long term debt	3,575,000	3,575,000	2,786,911	(788,089)
Sale of capital assets	2,300,000	2,600,000	2,517,673	(82,327)
Transfers in	4,623,736	8,750,619	6,892,904	(1,857,715)
Transfers out	(4,094,858)	(4,952,175)	(4,828,478)	123,697
Total other financing sources (uses)	6,403,878	9,973,444	7,369,010	(2,604,434)
Net change in fund balance	(23,031,260)	(28,240,725)	(13,394,641)	14,846,084
Fund balance as of January 1	13,347,277	20,404,212	33,090,161	12,685,949
Prior period adjustments	-	-	488,519	488,519
Fund balance as of January 1 -restated	13,347,277	20,404,212	33,578,680	13,174,468
Fund balance as of December 31	$ (9,683,983)	$ (7,836,513)	$ 20,184,039	$ 28,020,552

See accompanying notes to the financial statements

Clark County Washington
Community Services Grants
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the biennium ended December 31, 2016

	Original 2015/2016 Budget	Final 2015/2016 Budget	Actual Biennium to Date	Variance with Final Budget Positive/ (Negative)
Revenues				
Licenses and permits	$ 90,000	$ 90,000	$ 85,560	$ (4,440)
Intergovernmental	28,032,132	28,032,132	14,734,071	(13,298,061)
Charges for services	16,320,296	16,320,296	7,646,950	(8,673,346)
Interest earnings	2,000	2,000	355,904	353,904
Other revenues	580,000	580,000	130,718	(449,282)
Total Revenues	45,024,428	45,024,428	22,953,203	(22,071,225)
Expenditures				
Current:				
Economic environment	41,368,249	41,869,709	24,623,496	17,246,213
Health and human svc	-	-	3,673	(3,673)
Culture and recreation	747,637	747,637	716,381	31,256
Total Expenditures	42,115,886	42,617,346	25,343,550	17,273,796
Excess (deficiency) of revenues over expenditures	2,908,542	2,407,082	(2,390,347)	(4,797,429)
Transfers in	1,871,784	2,341,185	2,348,685	7,500
Transfers out	(26,008)	(170,465)	(170,465)	-
Total other financing sources (uses)	1,845,776	2,170,720	2,178,220	7,500
Net change in fund balance	4,754,318	4,577,802	(212,127)	(4,789,929)
Fund balance as of January 1	14,395,309	15,853,137	20,556,915	4,703,778
Fund balance as of December 31	$ 19,149,627	$ 20,430,939	$ 20,344,788	$ (86,151)

See accompanying notes to the financial statements

Clark County Washington
Statement of Net Position
Proprietary Funds
December 31, 2016

	Business-Type Activities - Enterprise Fund			Governmental Activities
	Major			
	Clean Water	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets				
Current assets:				
Cash, cash equivalents and pooled investments	$ 5,330,125	$ 5,370,989	$ 10,701,114	$ 18,643,050
Deposit in trust	-	-	-	500,000
Special assessments receivable	187,657	-	187,657	-
Interest and penalties receivable	-	19	19	-
Other receivables	-	-	-	916,409
Due from other funds	6,458	67,235	73,693	2,070,533
Due from other governments	931,171	183,350	1,114,521	1,184,616
Inventory (at cost)	-	-	-	2,043,844
Prepaid expense	-	11,879	11,879	841,174
Total current assets	6,455,411	5,633,472	12,088,883	26,199,626
Noncurrent assets:				
Capital assets not being depreciated				
Land	31,384,202	6,913,181	38,297,383	-
Construction in progress	1,178,975	-	1,178,975	781,617
Infrastructure*	68,641,952	-	68,641,952	-
Capital assets being depreciated				
Buildings	-	1,741,378	1,741,378	102,357
Improvements other than buildings	-	891,412	891,412	1,117,832
Machinery and equipment	41,172	740,876	782,048	34,969,407
Infrastructure	-	944,358	944,358	-
Intangibles	-	-	-	1,139,005
Less accumulated depreciation	(32,593)	(2,513,364)	(2,545,957)	(22,002,926)
Total noncurrent assets	101,213,708	8,717,841	109,931,549	16,107,292
Total assets	107,669,119	14,351,313	122,020,432	42,306,918
Deferred outflows of resources				
Deferred outflows related to pension	202,952	289,181	492,133	957,212
Total deferred outflows of resources	202,952	289,181	492,133	957,212
Liabilities				
Current liabilities:				
Accounts payable	57,503	201,376	258,879	1,795,453
Due to other funds	337,103	230,549	567,652	1,122,484
Due to other governments	28,063	129,589	157,652	554,671
Accrued liabilities	56,066	118,972	175,038	321,910
Deposits payable	64,828	-	64,828	42,457
Revenue collected in advance	116,530	2,500	119,030	-
Compensated absences- current	22,037	25,547	47,584	57,428
Current portion -operating loans payable	17,077	-	17,077	-
Current - other long term liabilities	500,000	-	500,000	2,896,509
Total current liabilities	1,199,207	708,533	1,907,740	6,790,912
Noncurrent liabilities:				
Contracts payable	-	235,295	235,295	-
Compensated absences	121,289	193,175	314,464	538,205
Net pension liability	1,052,855	1,590,076	2,642,931	5,361,819
Accrued claims payable	1,500,000	-	1,500,000	8,096,443
Bonds, notes and loans payable (net of discounts)	325,475	-	325,475	-
Total noncurrent liabilities	2,999,619	2,018,546	5,018,165	13,996,467
Total liabilities	4,198,826	2,727,079	6,925,905	20,787,379
Deferred inflows of resources				
Deferred inflows related to pensions	33,309	47,666	80,975	166,690
Total deferred inflows of resources	33,309	47,666	80,975	166,690
Net Position				
Investment in capital assets	101,213,708	8,717,842	109,931,550	16,107,292
Restricted for workers compensation claims	-	-	-	150,000
Unrestricted	2,426,228	3,147,907	5,574,135	6,052,769
Total net position	$ 103,639,936	$ 11,865,749	$ 115,505,685	$ 22,310,061

* Storm Water facilities were depreciated prior to 2003. In 2003 the County began reporting these facilities using the modified approach. These facilities are currently being reported as capital assets not being depreciated, at a net value which includes depreciation expenses accumulated prior to 2003.

See accompanying notes to the financial statements

Clark County Washington
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Major			
	Clean Water	Nonmajor Enterprise Funds	Total	Internal Service Activities
OPERATING REVENUES				
Charges for services	$ 7,769,699	$ 7,311,482	$ 15,081,181	$ 39,145,068
Fines and penalties	11,037	-	11,037	-
Miscellaneous	-	-	-	7,374,844
Total operating revenues	7,780,736	7,311,482	15,092,218	46,519,912
OPERATING EXPENSES				
Personal services	1,764,000	2,510,097	4,274,097	9,911,355
Pension expense-Adjustment	(724,764)	(695,542)	(1,420,306)	(51,282)
Contractual services	2,821,598	3,855,177	6,676,775	30,575,755
Other supplies and expenses	48,058	778,737	826,795	8,247,764
Intergovernmental	34,528	12,094	46,622	-
Depreciation	2,749	95,466	98,215	2,306,345
Total operating expenses	3,946,169	6,556,029	10,502,198	50,989,937
Operating Income (loss)	3,834,567	755,453	4,590,020	(4,470,025)
NONOPERATING REVENUES (EXPENSES)				
Interest and investment revenue	50,823	42,064	92,887	140,186
Operating grant revenue	227,160	215,144	442,304	515,255
Miscellaneous revenue	3,702	40,303	44,005	531,476
Gain/(loss) on disposition of capital assets	-	-	-	(5,813)
Interest expense	(10,358)	-	(10,358)	(1,811)
Total non-operating revenues (expenses)	271,327	297,511	568,838	1,179,293
Income (loss) before contributions, special items and transfers	4,105,894	1,052,964	5,158,858	(3,290,732)
Capital contributions	2,820,620	-	2,820,620	516,371
Transfers in	1,199	-	1,199	4,264,197
Transfers out	(39,502)	(92,322)	(131,824)	(254,328)
Change in net position	6,888,211	960,642	7,848,853	1,235,508
Net position as of January 1	96,751,725	10,944,774	107,696,499	21,074,553
Prior period adjustments	-	(39,667)	(39,667)	-
Net position as of January 1 - restated	96,751,725	10,905,107	107,656,832	21,074,553
Net position as of December 31	$ 103,639,936	$ 11,865,749	$ 115,505,685	$ 22,310,061

See accompanying notes to the financial statements

Clark County Washington
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Major			
	Clean Water	Nonmajor Enterprise Funds	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers (inflows)	$ 7,120,700	$ 7,542,778	$ 14,663,478	$ 1,694,402
Receipts from customers (outflows)	-	-	-	(449,291)
Receipts from interfund services provided (inflows)	-	-	-	38,735,341
Receipts from interfund services provided (outflows)	(6,458)	(67,235)	(73,693)	-
Payments to suppliers (outflow)	(3,504,346)	(4,539,099)	(8,043,445)	(39,519,114)
Payments to employees	(1,776,077)	(2,531,609)	(4,307,686)	(8,102,466)
Payments for interfund services used (inflows)	311,800	198,412	510,212	577,764
Payments for interfund services used (outflows)	-	-	-	(758,466)
Miscellaneous receipts/expenses (inflows)	14,739	40,303	55,042	7,906,320
Claims paid (outflows)	(500,000)	-	(500,000)	(132,694)
Claims paid (inflows)	-			511,860
Net cash provided (used) by operating activities	1,660,358	643,550	2,303,908	463,656
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating grants received	227,160	121,256	348,416	515,255
Advance from other funds- outflows	-	-	-	-
Advance from other governments	(16,589)	-	(16,589)	-
Operating Debt interest	(10,358)	-	(10,358)	(1,811)
Transfer to other governments			-	-
Transfers from other funds	1,199	-	1,199	4,264,197
Transfers to other funds	(39,502)	(92,322)	(131,824)	(254,328)
Net cash provided (used) by noncapital financing activities	161,910	28,934	190,844	4,523,313
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	856,555	-	856,555	516,371
Purchases of capital assets	(992,442)	-	(992,442)	(2,949,126)
Proceeds from sales of capital assets	-	-	-	156,235
Net cash (used) by capital and related financing activities	(135,887)	-	(135,887)	(2,276,520)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest earnings	50,823	42,064	92,887	140,185
Net cash provided by investing activities	50,823	42,064	92,887	140,185
Net increase/(decrease) in cash and cash equivalents	1,737,204	714,548	2,451,752	2,850,634
Cash and cash equivalents on January 1	3,592,921	4,656,441	8,249,362	16,292,416
Cash and cash equivalents on December 31*	$ 5,330,125	$ 5,370,989	$ 10,701,114	$ 19,143,050

*Includes all cash, investments, deposits in trust and deposits with agents

See accompanying notes to the financial statements

Clark County Washington
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

	Business-type Activities -- Enterprise Funds			Governmental Activities
	Major			
	Clean Water	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ 3,834,567	$ 755,453	$ 4,590,020	$ (4,470,025)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	2,749	95,466	98,215	2,306,345
Pension expense for non-cash change in pension items	(724,764)	(695,542)	(1,420,306)	(51,282)
Miscellaneous receipts	3,702	40,303	44,005	531,476
(Increase) decrease in deposits				26,201
(Increase) decrease in accounts receivable	219,803	192,082	411,885	1,275,003
(Increase) decrease in due from other funds	(6,458)	(65,812)	(72,270)	645,033
(Increase) decrease in due from other governments	(868,802)	36,712	(832,090)	(1,098,057)
Increase (decrease) in accounts payables	(628,221)	(23,460)	(651,681)	327,030
(Increase) decrease in prepaids	-	(642)	(642)	(33,293)
Increase (decrease) in due to other funds	311,800	198,412	510,212	(180,702)
Increase (decrease) in due to other governments	28,059	129,589	157,648	510,510
Increase (decrease) in other liabilities	(520,213)	(7,262)	(527,475)	580,493
Increase (decrease) in compensated absences	8,136	(11,749)	(3,613)	94,924
Net cash provided (used) by operating activities	$ 1,660,358	$ 643,550	$ 2,303,908	$ 463,656
Noncash investing, capital, and financing activities				
Contribution of capital assets	$ 1,964,065	-	$ 1,964,065	$ -

See accompanying notes to the financial statements

Clark County Washington
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2016

	Investment Trust Funds	Private Purpose Trust Fund	Agency Funds
Assets			
Cash, cash equivalents and pooled investments	$ 430,089,564	$ 67,481	$ 18,247,467
Cash and deposits in trust		-	74,079
Accrued interest receivable	1,368,109	-	-
Other receivables:			
Taxes	-	-	9,354,976
Accounts	-	-	1,361,241
Total other receivables	-	-	10,716,217
Investments at fair value			
US treasury state and local government	1,817,000	-	-
Total investments	1,817,000	-	-
Total assets	433,274,673	67,481	29,037,763
Liabilities			
Due to other governments	-	-	29,037,763
Total liabilities	-	-	29,037,763
Net Position			
Net Position held in trust for pool participants	433,274,672	-	-
Net Position held in trust for other purposes	-	67,481	-
Total net position	$ 433,274,672	$ 67,481	$ -

See accompanying notes to the financial statements

Clark County Washington
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2016

	Investment Trust Funds	Private Purpose Trust Fund
Additions		
Contributions		
Additions by participants	$ 1,391,863,355	$ -
Total contributions	1,391,863,355	-
Investment income		
Net decrease in fair value of investments	(650,617)	93
Interest, dividends, and other	-	463
Net investment income	(650,617)	556
Total additions	1,391,212,738	556
Deductions		
Distributions to participants	1,375,817,420	-
Total deductions	1,375,817,420	-
Change in net position held for individuals, organizations and other governments	15,395,318	556
Net Position		
Net position as of January 1	417,879,354	66,925
		-
Net position as of December 31	$ 433,274,672	$ 67,481

See accompanying notes to the financial statements

CLARK COUNTY WASHINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1- 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 developed and implemented the Budgeting, Accounting, and Reporting System (BARS), designed to promote uniformity among cities and counties in Washington. Following is a summary of significant accounting policies for Clark County.

A. Financial Reporting Entity

The reporting entity "Clark County" consists of Clark County as the primary government, one discretely presented component unit, and four blended component units 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. The data from these entities are combined with the financial data from the primary government.

In addition, the County is involved in one joint venture (***Clark Regional Emergency Services Agency)*** and also discloses information regarding one related organization (***Vancouver Library Capital Facilities Area***). Information on these relationships is included in Note 21, in these *Notes to the Financial Statements*.

Clark County is a Home Rule Charter County, which is governed by a five member council and managed by an appointed county manager. Under this form of government the council performs the legislative function of government and the county manager performs the executive functions. The home rule charter gives voters the powers of initiative and referendum. Under the charter there are four council districts which each elect one council member, with the fifth council member, the council chair, elected county-wide.

Discretely Presented Component Unit;

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 defined by law. In 2003, the CCPFD and the City of Vancouver Public Facilities District (City PFD) entered into an interlocal agreement to transfer ninety-seven percent of the sales tax revenue received by the County PFD to the City's PFD to support the construction of the Vancouver Convention Center. The remainder of the revenue goes to support the construction and maintenance of the County Fairgrounds Expo Center.

As contractually required under the interlocal agreement, each year the City PFD sends CCPFD the excess tax revenue received over a cap amount as set out in the interlocal agreement. Under the interlocal agreement pursuant to the flow of funds under the refunding, the City PFD agrees to pay CCPFD 50% of the "surplus" annual revenues from the convention center project up to $650,000, provided that payment doesn't exceed the amount the CCPFD transferred to the City PFD for the year. At the end of 2016, the CCPFD has a note receivable in the amount of $7,749,542 from the City PFD. The CCPFD is composed of five directors appointed by the

Clark County Councilors. The CCPFD is a discretely presented component unit because the County cannot impose its will on the CCPFD and the CCPFD provides services to other entities. Separately issued financial statements for the CCPFD can be obtained by contacting the Clark County Auditor's Office, P.O. Box 5000, Vancouver, Washington 98666-5000.

Blended Component Units:
Industrial Revenue Bond Corporation of Clark County (IRBC) was established in 1982 with the granting of its charter under RCW 39.84. The IRBC encourages 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 are no bond issues outstanding at December 31, 2016. IRBC is a component unit of the County because: 1) it is a separate legal entity; 2) the Board of County Councilors comprises the Board of the IRBC and has operational responsibility for the IRBC; and 3) the County can impose its will on the IRBC. The operations of the IRBC are reported as a blended special revenue fund.

***Emergency Medical Service District (EMSD*)** was established in 1987 as a quasi-municipal corporation and an independent taxing authority under RCW 36.32.480. In 1995, an Emergency Medical Service (EMS) Interlocal Cooperation Agreement was signed by the County and various cities within the county to enable these jurisdictions to exercise uniform EMSD regulatory oversight and to participate in purchasing ambulance services in the contract service area. The EMSD is a separate legal entity. The EMSD ordinance designates the Board of Clark County Councilors as the governing body of the EMSD. The County has operational and financing responsibility for the EMSD, which is reported as a blended special revenue fund (Emergency Medical Services).

The Interlocal Cooperation Agreement expired on December 31, 2014 and the parties decided not to enter into a new contract. At December 31, 2016 the EMSD reports accounts receivable from Clark Regional Emergency Services Agency (previous administrator of the contract) of $85,084, which reflects proceeds unspent within the contract that ended in 2014.

Fairgrounds Site Management Group (FSMG*)* was established in 2004 as a non-profit organization to oversee the management, operations and maintenance of the county fairgrounds and event center. All operating revenues collected by FSMG are the sole property of the County. The County adopts a budget for the expenditures relating to operations of the fairgrounds, financially supports the operations of the Event Center and the fairgrounds, and the services of the FSMG are provided almost entirely to the County. FSMG is a component unit of the County because: 1) it is a separate legal entity; 2) the five member board is made up of three members appointed by the Clark County Councilors and two members appointed by the Clark County Fair Association, 3) the County can impose its will on FSMG and 4) the County has the financial burden of supporting and funding operations at the fairgrounds and Event Center. Its operations are reported as a blended special revenue fund (Event Center Fund).

Metropolitan Park District (MPD) was approved by the citizens of the County by vote in 2005 under the authority of RCW 35.61. The MPD creates a district whereby a property tax is imposed to provide operating and maintenance funding for park and trail development in the unincorporated urban area of Clark County. The collection of taxes and the operation of the MPD are reported as a blended special revenue fund (Metropolitan Parks District Fund). The MPD is a separate legal entity governed by the Board of County Councilors and the County is operationally responsible for MPD activities and transactions.

B. Government-wide and Fund Financial Statements

Government-wide financial statements consist of the statement of net position and the statement of activities. These statements report information on all of the non-fiduciary activities of the primary government and its component units. 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 services.

The statement of activities demonstrates the degree to which direct expenses of a function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenues not included among program revenues are reported as general revenues.

Fund financial statements are used to report additional and more detailed information about the primary government and its blended component units. 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 current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized when measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers revenues, when material, to be available if they are collected within 60 days of the end of the fiscal period. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. Exceptions to this 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.

Property and certain other taxes, licenses, and interest associated within the current period are all considered to be susceptible to accrual, and so have been recognized as revenues of the current fiscal period. 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 cash is received.

Clark County reports three 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 and reported in another fund. In 2016, three sales tax funds: Special Law Enforcement Fund, Law & Justice Fund, and Criminal Justice Fund we combined with the General Fund.

- The *County Roads Special Revenue Fund* finances the design, construction, and maintenance of county roads. Restricted revenue streams consist primarily of county road property taxes and grants.

- The *Community Services Grants Special Revenue 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. All grant revenues are restricted to these specific services.

The County reports one major proprietary fund:

- 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 non-major fund types:

- *Special revenue funds* account for and report the proceeds of specific revenue sources that are restricted or committed to finance specific activities or functions, as required by law or administrative regulation.

- *Capital project funds* account for and report resources that are restricted, committed or assigned to be used for acquisition or construction of capital projects or other capital assets.

- *Debt service funds* account for and report financial resources that are restricted, committed or assigned to be used for payment of principal and interest on long-term debt.

- *Internal service funds* account for and report services such as equipment rental, elections, central support, self-insurance, building maintenance, retirement benefit reserve, and data processing services provided to other departments and government agencies, on a cost reimbursement basis.

- *Non-major enterprise funds* account for and report solid waste operations associated with the oversight of solid waste in Clark County, operations of the Salmon Creek Treatment plant under a professional service contract with Discovery Clean Water Alliance and activity at the Tri-Mountain Golf Course.

- The *private-purpose trust fund* accounts for and reports resources legally held in trust for a private entity, the Children's 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 and report external pooled and non-pooled investments held by the County Treasurer on behalf of outside entities in the County's investment program. Pooled money is invested and monitored by the County for external participants that 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 and report assets (such as property taxes collected on behalf of other governments) that the County holds for others in an agency capacity. Agency funds include cities, towns, and fire, school, port, cemetery, air pollution, library, and drainage districts, along with miscellaneous clearing fund activities.

In the government-wide statement of activities interfund activity for direct expenses are not eliminated from program expense, while indirect expenses allocated to various functional programs are shown in a separate column. Amounts reported as program revenues include charges to customers or applicants for goods, services or privileges provided and operating and capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. General revenues include all taxes, interest earnings, and the sale of capital assets. Special items and interfund transfers are reported separately from revenues and expenses.

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. Principal operating revenues of the Clean Water Fund, the non-major enterprise funds and the County's internal service funds are charges to customers for sales and services and activity fees. Operating expenses for enterprise and internal service funds include personnel costs, contractual services, other supplies and expenses, utilities, intergovernmental expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

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

D. 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 Councilors 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 department 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 fund level for special revenue, general obligation bond debt service, and capital project funds and on department level for the General Fund. Personnel costs in each fund are controlled by position. Capital projects and material capital acquisitions are approved on a project basis, with the most significant capital items being reflected in the six year Transportation Improvement Plan, which is updated and approved each year by the Board.

Biennial budgets are amended by supplemental appropriation resolutions that are approved by the Board during public meetings. Revisions which increase the total appropriation of any fund are published in the official county newspaper at least two weeks before the public hearing. Revisions approved by the Board during 2016 consisted of awards and modifications of grants, the release of contingency funds to specific programs, and enhanced revenues supporting expanded program requirements. Departments may transfer budget amounts between certain categories of expenditures (such as supplies and services) with authorized approval, without approval of the Board as long as they do not exceed their total department/fund budget.

E. Assets, Liabilities, Deferred Inflows/Outflows and Net Position or Fund Balance

1. Cash and Cash Equivalents (See Note 4 for more details)

It is County policy to invest all temporary cash surpluses. The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments generally with original maturity of three months from the date of acquisition. For purposes of the statement of cash flows, the County considers pooled investments and deposits in trust to be cash equivalents.

2. *Investments (See Note 4 for more details)*

*T*he Clark County Treasurer (Treasurer) is empowered by the State of Washington to act as the fiduciary agent for the County (as Treasurer) and other junior taxing districts (as ex-officio Treasurer). This includes being responsible for the receipting, depositing and prudent investment of public funds as legally prescribed by the laws of the State. State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, banker's acceptances, certain other government agency obligations, and the Washington State Local Government Investment Pool. 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, and similar money market accounts, be transacted on the delivery versus payment basis. The Washington State Local Investment Pool is measured at amortized cost.

The Treasurer's Office administers and maintains the Clark County Investment Pool for the County and other jurisdictional governments within the county. Participation in the Pool is voluntary. All participants have the option of investing in the Pool, or requesting specific investment amounts and maturity dates for investments outside the Pool. All securities are measured at fair value, this is the implementation of GASB 72.

3. *Receivables (See Note 8)*

Taxes receivable consist of delinquent property taxes, as well as other taxes received in the first 60 days following the fiscal year end, which are accrued as revenue in the statements. Property taxes are levied annually before December 15th and become a lien as of January 1st. Property taxes are recorded on the balance sheet as taxes receivable and deferred inflows of resources at the beginning of the year in the fund statements. Taxes are due in two equal installments on April 30th and October 31st. All uncollected property taxes at year-end are reported as taxes receivable. No allowance for doubtful taxes receivable is recorded because delinquent taxes are considered fully collectible.

Special assessment receivables consist of current and delinquent assessments, and related penalties and interest, which are recorded when levied. Clean water assessments account for nearly 100% of the $188,144 of special assessments due at December 31, 2016. Of the $187,657 clean water special assessment due at December 31, 2016, $104,182 is due for 2016, with the remainder being delinquent.

Accounts receivable consist of amounts due from individuals or organizations for goods and services. Notes/contracts receivable consist of amounts due on open account from individuals or organizations for goods, services, sales of capital assets, and for low-income housing notes. Receivable amounts exclude any amounts estimated to be material and uncollectible at year end. An amount for allowance to doubtful notes/contract receivable has been recorded for those low-income housing notes or contracts receivable that are forgiven upon completion of the contract.

4*. Amounts Due to and from Other Funds and Governments, Interfund Loans and Advances Receivable (See Note 9 for more details)*

Outstanding lending and borrowing arrangements between funds at the end of the year are referred to as "advances due to/from other funds". Other outstanding balances between funds are reported as "due to/from other funds". 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 are not included in the government-wide statement of net position.

Due from other governments can include amounts due from grantors for grants issued for specific programs and capital projects, motor vehicle fuel tax receivable, amounts due for services to other governments (for example, providing court or jail services) and other pass through revenues receivable.

5. *Inventories and Prepaid Items*

Inventories are generally held in internal service funds and consist of expendable supplies, rock, vehicle parts, fuel, signs and other roadway supplies. The cost is recorded as expenditures at the time inventory items are consumed. Inventory is valued using the average cost method, which approximates the market value.

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. The County uses the consumption method by recognizing expenditures in the period service is provided.

6. *Capital Assets (See Note 6 for more details)*

Capital assets include land, buildings, improvements, equipment, infrastructure, and all other tangible and intangible assets that have initial useful lives extending beyond two years. Infrastructure assets 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, and water systems. Capital assets are defined by the County as assets with an initial individual cost of more than $100,000 for infrastructure assets and more than $5,000 for all other asset categories.

The County has recorded the value of all infrastructure (which meets the $100,000 capital threshold requirement referred to in the previous paragraph) acquired from 1980 to present, and has included that value in the financial statements. The County has not reported infrastructure acquired prior to January 1, 1980. The County uses the modified approach for reporting bridge and stormwater infrastructure 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. Governmental infrastructure assets were first reported in 2001, with the implementation of Governmental Accounting Standards Board Statement # 34 (GASB #34). All infrastructure assets were depreciated until 2003, when the County first chose to use the modified approach.

When capital assets are purchased they are capitalized and depreciated (with the exception of construction in progress, land, easements, and infrastructure being reported using the modified approach) in government-wide financial statements and proprietary fund statements. Capital asset costs are recorded as expenditures of the current period in governmental fund financial statements. Capital assets purchased or constructed by the County are valued at cost. Donated capital assets are valued at estimated acquisition value as of the date received.

Improvements to capital assets that materially add to the function or capacity of the asset are capitalized. Improvements are also capitalized if they extend the life of an asset which is being depreciated. Other repairs and normal maintenance are expensed.

Outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation of these assets does not commence until the project is substantially completed.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset. The costs for normal maintenance and repairs are not capitalized.

Buildings, equipment, improvements, software, and certain infrastructure are depreciated using the straight-line method.

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.

Estimated useful lives are as follows:

Buildings	40 – 60 years
Improvements other than buildings	10 - 50 years
Heavy vehicles and equipment	5 - 15 years
Data Processing Equipment	3 - 5 years
Other Equipment	3 - 15 years
Infrastructure	10 - 50 years
Software	5 - 10 years

7. *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 at termination, 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 in governmental funds. All vacation pay and eligible sick leave pay is accrued when incurred in the government-wide and proprietary funds. 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. The General Fund, special revenue funds, and internal service funds typically liquidate the governmental activities liability for compensated absences.

8. Other Accrued Liabilities

These accounts consist mainly of accrued employee wages and benefits, and other post-employment benefits, where applicable. The General Fund typically liquidates the liability for other post-employment benefits.

9. *Long-term Obligations (See Note 11and 12)*

Revenue bonds and other long-term liabilities directly related to and financed from proprietary funds are accounted for in the respective proprietary funds. The County currently has no outstanding revenue bonds. All other County long-term debt is reported in the governmental column of the government-wide statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight line interest method since it is not materially different from the effective interest method. Bonds payable are reported net of the premium or discount. Bond issuance costs are reported as costs of the current period. 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 when received. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance cost is reported as debt service expenditures.

10. *Pensions*

For purposes of measuring the net pension liability, deferred outflows and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. *Deferred outflows/inflows of resources*

The statement of net position will sometimes report a separate section for *deferred outflows of resources*. This element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense or expenditure) until then. The County currently reports two items as deferred outflows of resources. These items are deferred charge on refunding and amounts related to pensions.

The statements of financial position will also sometimes report a separate section for *deferred inflows of resources*. This element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until then. On the Statement of Net Position, the County reports only amounts related to pensions in this category. On the fund balance sheets the County reports unavailable revenue and unavailable accounts receivable in this category. The unavailable revenue arises from property taxes, special assessments and court fees. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

12. *Net Position and Fund Balances*
In the financial statements, assets in excess of liabilities are presented in one of two ways depending on the measurement focus of the fund.

On the Statement of Net Position for government-wide reporting and the proprietary funds, net position is segregated into three categories: net investment in capital asset (or *investment in capital assets*, if there is no debt against the assets); restricted net position; and unrestricted net position.

- *Net investment in capital assets,* represents total capital assets less accumulated depreciation and debt directly related to capital assets, minus unspent bond proceeds. Deferred inflows or outflows of resources attributable to the acquisition, construction or improvement of capital assets or related debt are included in this component of net position.

- *Restricted net position* is the portion of the County's net position which is 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.

- *Unrestricted net position* represents amounts not included in other categories.

On governmental fund balance sheets, assets in excess of liabilities are reported as fund balances and are segregated into separate classifications indicating the extent to which the County is bound to honor constraints on specific purposes for which those funds can be spent.

Fund balance is reported as *Nonspendable* when the resources cannot be spent because they either are in a nonspendable form or are legally or contractually required to be maintained intact. The County's resources in nonspendable form in 2016 are all prepaid expenditures.

Fund balance is reported as *Restricted* when the constraints placed on the use of resources are either: (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, the County's policy is to use restricted resources first and then unrestricted resources, as needed.

Fund balance is reported as *Committed* when the Board of County Councilors (the government's highest level of decision-making authority) adopts a resolution that places specific constraints on how the resources may be used. Once adopted, the commitment remains until it is modified or rescinded by the adoption of a new resolution by the Board of

County Councilors.

Amounts in the *Assigned* fund balance category do not meet the criteria to be classified as committed, and are generally more temporary in nature. In other words, additional action does not need to be taken to remove the assignment. *Assigned* fund balance is reported when the intent to use funds for a specific purpose is formally expressed by the Board of Councilors.

The County's current policy only addresses restricted and unrestricted resources (as stated in Note 1-C, above). Without a written policy, the County considers that committed amounts will be used first (after restricted funds), followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. <u>Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position</u>

The *Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position* explains differences between *fund balance – total governmental funds* and *net position – governmental activities*. One element of reconciliation explains that "long-term liabilities that are not due and payable in the current period are not reported in the funds". The details of this $219,263,054 can be found in note # *12 – Changes in Long Term Liabilities*, in this note disclosure section of the report. (In note #12, the $219,412,457 ending balance for governmental funds minus the $149,403 for claims and judgments that is included in the fund financial statements).

Another element of this reconciliation explains "The County reports unavailable revenue under a modified accrual basis of accounting in the governmental funds balance sheets. Government-wide statements record revenue when it is earned; therefore unavailable revenue is not reported in the government-wide statements." This $9,160,467 is the *total deferred inflows of resources* found on the <u>Balance Sheet – Governmental Funds</u>.

Another element of this reconciliation explains "Other long-term assets and deferred charges are not available to pay for current-period expenditures and are not included in the fund statements. These items are reported in the statement of net position." The details of this $9,321,074 follow:

Net OPEB obligation surplus	$	1,199,059
Deferred charges on refunding		4,639,166
Net Pension Asset		3,482,849
	$	9,321,074

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

One element of the reconciliation between *net change in fund balances – total governmental funds* and *change in net position of governmental activities* explains that "Governmental funds report capital outlay as expenditures… In the statement of activities the cost of these 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 less depreciation and the proceeds is booked as a gain or (loss) on the sale." The details of this $6,477,174 difference are as follows:

Capital Outlay	$	33,085,895
Depreciation		(23,342,127)
Disposition of Assets		(3,266,594)
	$	6,477,174

Another element explains that "Governmental funds report revenue in the current period for revenues unearned and/or deferred in prior periods… Government-wide statements record revenues at the time they are earned." The break-down of the change in deferred inflows of resources, unearned revenues and revenues received in advance for 2016 in the amount of $1,235,021 follows:

Change in OPEB obligation	$	(232,783)
Unearned revenue collected in advance		2,181,379
Change in impact fee credits		(285,890)
Pension obligation related to revenue		(427,685)
	$	1,235,021

Another element explains that long-term debt and other long term liabilities are treated differently in the government-wide statements than in the fund statements. The different treatment between the two statements results in $7,580,330. The detail of this amount follows:

New debt proceeds	$	(1,960,906)
Other post employment benefit revenue		(156,814)
Long term debt retirement		10,342,735
Amortized debt premiums		465,310
Change in compensated absence liability		(693,728)
Change in pollution remediation liability		(520,891)
Other post employment benefit payments		104,624
	$	7,580,330

Another element explains that "Some expenses reported in the statement of activities do not require the use of current financial resources…and…are not reported …in governmental funds." The change in expenditures for these items in the amount of $402,106 follows:

Accrued interest expense	$	106,703
Changes in deferred outflows		(583,120)
Pension expense		878,523
	$	402,106

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Equity

There is one nonmajor special revenue fund and three proprietary type internal service funds with deficit net position at December 31, 2016.

Special revenue fund with a deficit position:

- The Arthur D. Curtis Children's Justice Center nonmajor special revenue fund reports a deficit of $56,952 at December 31, 2016. The Center is primarily funded by the City of Vancouver and the County based on prior year's actual caseloads. Expenses in 2016 outpaced the 2015 caseload contribution in part due to an additional telecom project undertaken. The City of Vancouver and the County will make a special payment in 2017 to make the fund whole.

Internal service funds with deficit position:

- The General Liability Insurance internal service fund has a deficit position of $4,010,945 as a result of recognizing liability for claims and judgements payable of $5.2 million. The County does not have a special reserve in this fund for this liability. The County consistently reviews the cost allocation plan for general liability and will collect additional funding needed to support operations. If additional funding is needed for claims settlement, the County has the ability to complete supplemental budgets and can reallocate additional resources to this fund. For specific judgments, the County can look to the funds and departments where the action related to the judgment originated, for satisfaction of the judgment. For large, unique needs the County has the ability to borrow or tax to meet these obligations and the General Fund reserves may be used for exceptional judgment satisfaction.

- Worker's Compensation Insurance internal service fund has a deficit net position of $2,422,356, down $123,109 from a deficit of $2,545,465 at December 31, 2015. In 2016, the County booked a total liability related to claims payable of $4,295,000 for this fund, a decrease of $110,508 over 2015. The County has other options for funding exceptional works compensation claims, including looking to General Fund reserves or fund balance transfers from the fund in which the injured employee is assigned.

- The Central Support Services internal service fund reports a deficit of $2,776,477. The deficit decreased 5% from December 31, 2015. This fund provides facility maintenance for the County and receives revenues from other County funds for services received. The revenue structure was reviewed prior to the 2017-2018 budget adoption and the fund received some additional funding for the 2017-2018 biennium.

NOTE 4 - DEPOSITS AND INVESTMENTS

A. Deposits

Deposits consist of cash and cash equivalents on deposit with the Treasurer. All receipts received by the Treasurer are deposited into qualified bank depositories as specified by the Washington Public Deposit Protection Commission. All of the deposits are either covered by federal depository insurance or held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission. Most CD's are classified as deposits, not investments.

B. Interest Rate Risk

Interest rate risk occurs when interest rates changes adversely affect the fair value of an investment. In accordance with County investment policy, the Treasurer manages interest rate risk by limiting the weighted average maturity of its investment portfolio to maturities that will fulfill the cash flow needs of Clark County and its junior taxing districts. The securities in the portfolio are managed to ensure sufficient cash is available to meet anticipated cash flow needs, based on historical information. Any cash in excess of necessary liquidity needs is invested with the following maturity limitations:

Type of Security	Maximum Maturity
Any single security (unless matched to a specific cash flow requirement)	5 years
Repurchase and Reverse Agreements	90 days
Commercial Paper	180 days
Banker's Acceptances	185 days
Forward Delivery Agreement	3 years

The maximum weighted average maturity of the Clark County Investment Pool cannot exceed one and one half years. As of December 31, 2016, the actual weighted average maturity of the County's Investment Pool was 0.827 years.

C. Credit Risk

Credit risk occurs when an issuer or other counter party to an investment will not fulfill its obligations. To limit risk, State law does not allow general governments to invest in corporate equities. State law and County policy further limits such risk by placing the following credit standards on securities:

Type of Security	Credit Standards[1]
Banker's Acceptances	A1/P1
Commercial Paper	A1/P1 and "A" or equivalent
Repurchase Agreements and Reverse Repurchase Agreements	"A" if maturity is less than one week, or "AA" if maturity is greater than one week
Securities Lending Agreements	Long term rating of "A" or equivalent
Deposit Notes	A1/P1 and "AA" or equivalent
WA State Municipal Bonds	"A" or equivalent

The ratings of debt securities, U.S. Treasuries (AAA)* and the following Government Sponsored Enterprises (GSE's) as of December 31, 2016 are:

Debt Security	S&P Rating
Fannie Mae (Federal National Mortgage Association)	AA+
Freddie Mac (Federal Home Loan Mortgage Corporation)	AA+
Federal Home Loan Bank	AA+
Federal Farm Credit Bank	AA+

* Split rating Moody's "Aaa", S&P "AA+" for US Treasuries and GSE's.

D. Concentration Risk

Concentration risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Treasurer's policy requires that the portfolio be structured to diversify investments to reduce the risk of loss by over-concentration of assets in a specific maturity, a specific issuer, or a specific type of security. U.S. Treasuries and Federal Agencies that have fixed rates are not limited because they carry little credit risk. The specific limits of each eligible security are described below:

1) No more than 5% of the portfolio value will be invested in the securities of any single issuer with the following exceptions:
    a. US government obligations are not limited.
    b. US agency obligations are limited to 35% per issuer.
    c. Repurchase agreement counterparties are limited to 20% per overnight or 10% if greater than one day.
    d. Non-negotiable certificates of deposit are limited to 10% per issuer.
2) Limited to no more than 25% in either Commercial Paper or Banker's Acceptances.
3) Limited to no more than 10% in Federal Agency Variable Rate Notes.
4) Limited to no more than 100% in the Washington State Local Government Investment Pool.
5) Limited to no more that 20% in Washington state municipal bonds.
6) Limited to no more that 25% in deposit notes.
7) Limited to no more than 25% in securities lending agreements.
8) Limited to no more than 10% of the portfolio value in reverse repurchase agreements
9) Repurchase agreements are limited to no more than 100% overnight or 30% if maturity is greater than 30 days.
10) The amount of exposure from non-negotiable certificates of deposits (in or outside of the CDARS program) and/or flexible certificates of deposits is limited to no more than 40% of the total portfolio.

Those issuers that exceed 5% of the total investment portfolio's market value as of 12/31/16 are disclosed below:

Issuer	% of Investment Portfolio
US Treasury - Notes	32.1%
Federal Home Loan Mortgage Corporation	16.1%
Federal Home Loan Bank	15.6%
Federal Farm Credit Bank	12.8%
Washington State LGIP	12.5%

E. Clark County Investment Pool

The Treasurer administers and maintains the Clark County Investment Pool (Pool) for County and other jurisdictional governments within the County. As of December 31, 2016, the Pool had an average maturity of approximately 302 days.

Aside from its investments in the Washington LGIP, the Treasurer's Office measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1*: Quoted prices for identical investments in active markets;
- *Level 2*: Observable inputs other than quoted market prices; and,
- *Level 3*: Unobservable inputs.

The fair value is reviewed and updated twice per month using Interactive Data Corporation (IDC) pricing. IDC pricing is also utilized by the Treasurer's investment advisor, Government Portfolio Advisors, and custodian, Wells Fargo. On December 31, 2016, the Clark County Investment Pool had the following recurring fair value measurements.

Investment	**Level 1**	**Level 2**	**Level 3**
US Sponsored Entities		$ 333,639,343	
US Treasury	$ 201,749,400		
Commercial Paper		$ 9,992,100	
Total	**$ 201,749,400**	**$ 343,631,443**	**$ 0**

The investments in the Washington LGIP are reported at amortized cost because the State Pool has elected to measure in this manner. The only restriction on withdrawals from the State Investment Pool is when a deposit is received by ACH. In this case, a five-day waiting period exists.

The Pool is not SEC-registered. Authority to manage the Pool is derived from the Revised Code of Washington (RCW) 36.29.022.

Regulatory oversight is provided by the County Finance Committee which, by statute, consists of the Treasurer, the Auditor, and the Chair of the Board of County Councilors. 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 Treasurer's Office currently uses an investment advisor. During 2016, the Treasurer contracted with Government Portfolio Advisors, LLC to review the investment portfolio and assist with the portfolio strategy on a quarterly basis. The Treasurer's Office has an Intergovernmental Investment Pool Committee that is made up of all of the Pool participants from the junior taxing districts within Clark County. This committee meets on a quarterly basis, and assists in sharing information to Pool members regarding the Pool's strategy. The Treasurer's Investment Strategy Committee is made up of the Treasurer, Deputy Treasurer, Finance Manager, Senior Management Analyst and Investment Officer within the Treasurer's Office. The committee meets 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 monitors the fair market value of the Pool and the Net Asset Value.

Participation in the Pool is voluntary. All participants have the option of investing in the Pool, or requesting specific investment amounts and maturity dates for investments outside the Pool. The 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 (NAV) of each share in the Pool relative to each fund's month-end investment balance. A share is defined as what $1.00 invested is worth based on the market value of the portfolio's holdings. The NAV per share in the Pool is computed by dividing the total value of the securities and other assets of the Pool, less any liabilities, by the total outstanding shares of the Pool. Participants for whom the Clark County Treasurer serves as Treasurer or ex-officio Treasurer may redeem Pool shares for normal expenditure purposes on a daily basis and will receive one dollar per share for shares redeemed. Participants who are their own Treasurer will be required to give one day's written notice of withdrawals from the Pool.

As of December 31, 2016, the Clark County Investment Pool had an unrealized loss of $943,955. This loss would only be realized if every investment in the Pool needed to be immediately liquidated.

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 value of the shares. Separate financial statements are not prepared for the Clark County Investment Pool. Gross investment yields ranged from 0.61% to 0.81% and averaged 0.73% for the year. Following is a table with information on the major (greater than 5% of the Pool's market value) investment types used by the Pool, as of 12/31/16.

Investment	**Weighted Average Maturity**	**Market Value**	**Amortized Cost**	**Book Value**	**Yield Ranges**
US Sponsored Entities	335 days	$ 333,639,343		$ 334,384,571	0.50% - 1.10%
US Treasury - Notes	377 days	$ 199,932,400		$ 200,167,969	0.64% - 1.21%
Washington State LGIP	turns daily		$ 77,688,145	$ 77,688,145	0.50%
Total		**$ 533,571,743**	**$ 77,688,145**	**$ 612,240,685**	

F. Outside Investments and Deposits (Non-Pooled)

Certain fund managers or entities direct the Treasurer to invest funds into specific investment maturities outside of the Clark County Investment Pool. On December 31, 2016, the following specific investments were held outside the Pool:

Investment	**Book Value**	**Market Value**	**Amortized Cost**
US Treasury - SLGS	$ 1,817,000	$ 1,817,000	
Washington State LGIP	$ 844,781		$ 844,781
Certificate of Deposit	$ 50,000	$ 50,000	
	$ 2,711,781	$ 1,867,000	$ 844,781

NOTE 5 - PROPERTY TAXES

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities such as the State of Washington, cities and towns within the county, and school, fire,cemetery, library and port districts. Property taxes are recorded as receivables and deferred inflows of resources when levied. Property taxes are levied and become an enforceable lien against properties as of January 1. Levy and tax payments 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 between three and eleven percent, depending on the duration of delinquency. No allowance for uncollectible taxes is established since delinquent taxes are considered fully collectible.

Regular property tax levies are subject to rate and amount limitations, as described below, and to uniformity requirements of Article VII, Section 1 of the State Constitution, which specifies that a taxing district must levy the same rate on similarly classified property throughout the district. Aggregate property taxes vary within the County because of its different and overlapping taxing districts.

The Washington State Constitution and Washington State law, RCW 84.55.010, limit the levy rate as follows: The Washington State constitution limits the total regular property taxes to one percent of true and fair value or $10 per $1,000 of value. If the taxes of all districts exceed this amount, each district, except Port Districts and Public Utility Districts, is proportionately reduced until the total is at or below the one percent limit. The regular property tax increase limitation (chapter 84.55 RCW) limits the total dollar amounts of regular property taxes levied by an individual taxing district to the amount of taxes levied in the previous year multiplied by a limit factor, plus adjustments for new construction, state assessed utility value, and annexations at the previous year's rate. The limit factor is the lesser of 101 percent or 100 percent plus inflation.

In addition, statutory dollar rate limits are specified for regular property tax levy rates for most types of taxing districts under RCW 84.52.043. The County may levy up to $1.80 per $1,000 of assessed valuation for general governmental services. The County's regular levy for 2016 was $1.275 per $1,000 on assessed valuation of $46.64 billion for a total regular levy of $59.5 million. In addition, the County has a levy for Conservation Futures that was $0.050 per $1,000 of assessed valuation of $46.64 billion, for a total levy of $2.4 million in 2016.

The County is also authorized to levy $2.25 per $1,000 of assessed valuation in unincorporated areas for road construction and maintenance. This levy is subject to the same limitations as the levy for general government services. The County's road levy for 2016 was $1.713 per $1,000 on an assessed valuation of $22.0 billion for a total road levy of $37.8 million. In 2016, the County had an additional $0.213 per $1,000 for metropolitan parks for a total additional levy of $3.0 million.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated/amortized				
Land	$ 298,206,285	$ 18,090,896	$ 1,898,859	$ 314,398,322
Infrastructure	34,716,696	111,559	-	34,828,255
Intangible assets - easements	93,632	217	-	93,849
Construction in progress	29,909,840	10,738,111	14,438,318	26,209,633
Total capital assets, not being depreciated/amortized	362,926,453	28,940,783	16,337,177	375,530,059
Capital assets, being depreciated/amortized:				
Buildings	148,043,167	360,649	307,696	148,096,120
Improvements other than buildings	100,910,252	1,332,844	72,309	102,170,787
Machinery and equipment	49,785,300	3,285,004	1,674,350	51,395,954
Intangible assets - software	19,897,504	1,488,233	-	21,385,737
Infrastructure	721,972,351	43,287,167	3,891,458	761,368,060
Total capital assets being depreciated/ amortized	1,040,608,574	49,753,897	5,945,813	1,084,416,658
Less accumulated depreciation/amortization for:				
Buildings	68,172,737	2,335,678	67,842	70,440,573
Improvements other than buildings	41,481,951	3,032,186	65,078	44,449,059
Machinery and equipment	31,046,013	2,978,454	1,440,454	32,584,013
Intangible assets - software	13,393,653	1,060,510	-	14,454,163
Infrastructure	67,979,960	16,241,644	155,777	84,065,827
Total accumulated depreciation/amortization	222,074,314	25,648,472	1,729,151	245,993,635
Total capital assets, being depreciated/amortized, net	818,534,260	24,105,425	4,216,662	838,423,023
Governmental activities capital assets, net	$ 1,181,460,713	$ 53,046,208	$ 20,553,839	$ 1,213,953,082

Depreciation/amortization expense was charged to functions as follows:	
General governmental services	$ 2,446,428
Judicial	91,611
Public safety	587,214
Physical environment	63,410
Transportation	16,353,257
Economic environment	14,347
Health and human services	1,123,491
Culture and recreation	2,662,369
	23,342,127
Depreciation/amortization on capital assets held by the County's internal service funds is charged to various functions based upon their usage.	2,306,345
Total governmental activities depreciation/amortization expense	$ 25,648,472

	Beginning Balance	Increases	Decreases*	Ending Balance
Business-type Activities				
Capital assets, not being depreciated/amortized				
Land	$ 37,529,703	$ 767,680	$ -	$ 38,297,383
Infrastructure*	67,387,123	1,254,829	-	68,641,952
Construction in progress	246,400	932,575	-	1,178,975
Total capital assets, not being depreciated/amortized	105,163,226	2,955,084	-	108,118,310
Capital assets, being depreciated/amortized:				
Buildings	1,741,378	-	-	1,741,378
Improvements other than buildings	891,412	-	-	891,412
Machinery and equipment	782,048	-	-	782,048
Infrastructure	944,358	-	-	944,358
Total capital assets being depreciated/amortized	4,359,196	-	-	4,359,196
Less accumulated depreciation/amortization for:				
Buildings	1,264,534	23,843	-	1,288,377
Improvements other than buildings-restatement	445,674	17,631	-	463,305
Machinery and equipment	584,720	35,494	-	620,214
Infrastructure	152,813	21,248	-	174,061
Total accumulated depreciation/amortization	2,447,741	98,216	-	2,545,957
Total capital assets, being depreciated/ amortized, net	1,911,455	(98,216)	-	1,813,239
Business-type activities capital assets, net	$ 107,074,681	$ 2,856,868	$ -	$ 109,931,549

Depreciation/amortization expense was charged to functions as follows:

Golf Course	$ 35,178
Sanitary Sewer	28,650
Solid Waste	31,638
Clean Water	2,749
Total business-type activities depreciation/amortization expense	$ 98,215

* Storm Water facilities were depreciated prior to 2003. In 2003 the County began reporting these facilities using the modified approach. These facilities are currently being reported as capital assets not being depreciated, at a net value which includes depreciation expenses accumulated prior to 2003.

NOTE 7 – COMMITMENTS

The Community Development department within the County is replacing its permitting technology with new software. The current software was more than 15 years old and no longer meets the department's permitting business needs. It is estimated that the project, which is currently underway, will cost about $3.3 million to complete as of December 31, 2016.

NOTE 8 – RECEIVABLE BALANCES

Accounts receivable as of December 31, 2016 for the County's individual major funds, non-major funds and internal service funds are shown in the following table.

	Taxes/Special Assessments Receivable	Accounts Receivable	Due from other Governments	Total
Governmental Activities				
General Fund	$ 11,079,476	$ 4,662,505	$ 4,970,130	$ 20,712,111
Country Roads	1,882,383	219,080	996,965	3,098,428
Community Service Grants	-	-	1,573,049	1,573,049
Nonmajor Governmental	2,171,161	454,982	6,271,310	8,897,453
Internal Service	-	916,409	1,184,616	2,101,025
Total Governmental Activities	**$ 15,133,020**	**$ 6,252,976**	**$ 14,996,070**	**$ 36,382,066**
Business-Type Activities				
Clean Water	187,657	-	931,171	1,118,828
Nonmajor Enterprise	-	19	183,350	183,369
Total Business-Type Activities	**$ 187,657**	**$ 19**	**$ 1,114,521**	**$ 1,302,197**
Total Gross Receivables	**$ 15,320,677**	**$ 6,252,995**	**$ 16,110,591**	**$ 37,684,263**

NOTE 9 - INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS

Interfund transactions (receivables and payables) usually involve the exchange of goods and services between funds in a normal business relationship. These accounts are generally paid in full the month following the billing date. The composition of interfund accounts receivables at December 31, 2016 is shown in the following table.

	Due From These Funds							
Due To These Funds	**General Fund**	**Road Fund**	**Comm. Svc. Grants**	**Non-Major Govern-mental**	**Clean Water**	**Non-Major Enterprise**	**Internal Service**	**Total**
General Fund	-	650,233	8,148	3,288,484	144,416	20,221	711,514	$ 4,823,016
Road Fund	30,816	-	-	849,749	175,859	4,816	266,603	$ 1,327,843
Community Svc. Grants	385,683	38	-	77,917	-	-	-	$ 463,638
Non-Major Governmental	910,630	6,048	49	640,623	138	175,609	89,988	$ 1,823,085
Clean Water	-	-	-	1,411	-	5,047	-	$ 6,458
Non-Major Enterprise	35	-	-	60,018	7,182	-	-	67,235
Internal Service	731,642	844,228	14,231	391,689	9,508	24,856	54,379	$ 2,070,533
Total	**$ 2,058,806**	**$ 1,500,547**	**$ 22,428**	**$ 5,309,891**	**$ 337,103**	**$ 230,549**	**$ 1,122,484**	**$ 10,581,808**

The table above also includes short-term interfund loans from the General Fund (funded by the permanent reserve) to several non-major funds, in order to provide liquidity. Permanent reserve within the General Fund is operating similar to a line credit (up to $5.0 million). Outstanding balances are charged interest at a floating rate based on the County's line of credit rate. As of December 31, 2016 there is an outstanding balance of $2.5 million due from the Camp Bonneville Fund.

At December 31, 2016 the Camp Bonneville Fund owed the Road fund $0.8 million for project costs for the cleanup of the Camp Bonneville site.

The following capital project funds received advances in 2015, totaling $3.7 million, from the General Fund, for the purpose of debt retirement. During 2016 these funds made payments and as of December 31, 2016, had the following balances outstanding:

- Parks Conservation Futures Fund remaining $1.4 million
- Parks Dedicated ¼% REET Fund remaining $1.0 million
- Economic Development Dedicated REET Fund remaining $0.4 million

These advances, along with $3.7 million in debt proceeds in 2015, were used to refund a portion of the 2005A issue general obligation bonds. The advances from the General Fund are five-year loans, bearing interest at 1.5%, with principal and interest paid every six months in level payments.

Interfund transfers represent subsidies, reimbursement for capital project costs and contributions with no corresponding debt or promise to repay. The purpose of General Fund transfers is to subsidize operating activities within other funds, to fund capital project activities, and for debt service. Interfund transfers from other funds are generally for debt service or for capital projects being managed by the Roads Fund, Metropolitan Parks District Fund or nonmajor capital funds. Interfund transfers between individual major funds, nonmajor governmental, nonmajor enterprise, and internal service funds during the year ended December 31, 2016 are as follows:

	Transfers Out from these funds							
Transfers In to the funds shown below	General Fund	County Roads	Comm. Services Grants	Non-Major Governmental Funds	Clean Water	Non-Major Enterprise Funds	Internal Service	Total
General Fund	-	-	-	352,471	-	-	65,136	$ 417,607
County Roads	51,775	-	-	1,556,784	-	-	-	$ 1,608,559
Com. Svc. Grants	1,405,293	-	-	7,500	-	-	-	$ 1,412,793
Non-Major Govt	9,932,145	2,543,124	144,457	21,313,193	33,799	85,935	158,166	$ 34,210,819
Clean Water	-	-	-	1,199	-	-	-	$ 1,199
Internal Service	1,838,779	45,400	6,502	2,330,400	5,703	6,387	31,026	$ 4,264,197
Total	**$ 13,227,992**	**$ 2,588,524**	**$ 150,959**	**$ 25,561,547**	**$ 39,502**	**$ 92,322**	**$ 254,328**	**$ 41,915,174**

The General Fund transferred $2.0 million for debt service in 2016. Of the remaining $11.2 million sent to other funds, most were for routine annual subsidies for operations.

In 2016, three sales tax funds: Special Law Enforcement fund, Law & Justice fund, and Criminal Justice fund were combined with the General fund. The County Road Fund received $1.4 million from the Development Impact Fee nonmajor fund for road projects. The Road Fund transferred out approximately $1.9 million for debt service.

<u>Non-Major governmental fund transfers:</u>
Non-major governmental funds transferred $10.5 million to the non-major Debt Service Fund for debt service payments in 2016. The mental health sales tax fund transferred $4.2 million to the Mental Health and Substance Abuse non-major special revenue funds.

Of the $34.2 million transfers received in the non-major governmental funds, $14.5 million was received in the General Obligation Bond Debt Service Fund. As stated above, $4.2 million total was received in the Mental Health and Substance Abuse Funds, the REET Parks Fund received $2.1 million from the REET II Fund and the Technology Reserve Fund received $3.2 million from the General Fund.

NOTE 10 – LEASES

A. Operating Leases Payable

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, 2016 amount to approximately $1.2 million. The future minimum lease payments for these leases follow.

December 31	Amount
2017	$ 1,248,300
2018	1,248,300
2019	1,239,800
2020	1,235,100
2021	1,229,100
Total	$ 6,200,600

B. Operating Leases Receivable

The County currently leases some of its property to various tenants under long-term, renewable, and non-cancelable contracts. The following is an analysis of the County's investment in property under long-term, non-cancelable operating leases as of December 31, 2016:

	Governmental Activities
Land	$ 1,322,100
Buildings	44,484,402
Less accumulated depreciation	(16,521,149)
	$ 29,285,353

The following is a schedule of minimum future lease receipts on non-cancelable operating leases based on contract amounts and terms as of December 31, 2016.

December 31	Amount
2017	$ 2,353,200
2018	2,355,100
2019	2,405,100
2020	2,405,800
2021	2,405,800
Total	$ 11,925,000

C. Capital Leases

The County entered into a lease agreement in 2008 as lessee for financing energy, plumbing and lighting savings improvements in various county buildings, with an interest rate 4.19%. The leased assets and related obligations are accounted for in the Statement of Net Position. The net capital lease amount shown below reflects the assets to be financed through the capital lease. This lease agreement qualifies as a capital lease for accounting purposes, and 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.

	Capital Assets Governmental Activities		Capital Lease Payable Governmental Activities	
Building Improvements	$	7,738,718	$	6,092,000
Less Accumulated Depreciation		(3,250,261)		
	$	4,488,457	$	6,092,000
Minimum Capital Lease Payments:				
2017			$	544,676
2018				568,761
2019				591,035
2020				617,051
2021				644,499
2022-2026				3,678,963
2027-2028				1,176,839
Total Minimum Lease Payments			$	7,821,824
Less Interest				(1,729,822)
Present Value of Minimum Lease Payments			$	6,092,002

NOTE 11 – LONG-TERM DEBT

A. 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 governmental activities. The beginning balance of unmatured debt in 2016 was $92,788,535. During the year, general obligation bonds were paid down by $8,232,917 through principal amounts maturing.

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:

Description	Amount Outstanding
$36,285,000 2006 Limited Tax General Obligation Refunding bonds due in annual installments of $2,385,000 to $3,275,000 through 2026, interest rate is 5.0%. This issue is being serviced by the Real Estate Excise Tax Fund, Campus Development Fund, and the General Fund. This issue refunded portions of the 1999A and 2001 LTGO issues.	$27,915,000
$45,595,000 2012 Limited Tax General Obligation Refunding bonds due in annual installments of $1,115,000 to $3,815,000 through 2034, interest from 2.75% to 5.250%. This issue is being serviced by the Real Estate Excise Tax Fund, Campus Development Fund, Exhibition Hall Dedicated Revenue Fund, Conservation Future Fund, and the General Fund. This issue refunded portions of the 2003A and 2004A LTGO issues.	$40,555,000

$10,000,000 2013 Limited Tax General Obligation bond due in annual installments of $1,401,554 to $1,508,690 through 2020, interest of 1.850%. This issue is being serviced by the General Fund. This issue satisfied a legal settlement awarded against the County.	$5,871,591
$5,350,000 2014A Limited Tax General Obligation Refunding bonds due in annual installments of $360,000 to $485,000 through 2027, interest from 0.85% to 3.850%. This issue is being serviced by the Tri-Mountain Golf Special Revenue Fund. This issue refunded a portion of the 2005A LTGO issue.	$4,540,000
$5,010,000 2014B Limited Tax General Obligation Refunding bonds due in annual installments of $180,000 to $350,000 through 2035, interest from 0.85% to 4.4%. This issue is being serviced by the Real Estate Excise Tax Fund and the Campus Development Fund. This issue refunded a portion of the 2005B LTGO issue.	$4,730,000
$3,748,800 2015 Limited Tax General Obligation Refunding bonds due in annual installments of $944,026 to $1,876,364 through 2017, interest 0.83%. This issue is being serviced by the Conservation Futures Fund, Real Estate Excise Tax Fund and Fairgrounds Fire Facility Board Fund. This issue refunded a portion of the 2005A LTGO issue.	$944,027
TOTAL	**$84,555,618**

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

	Governmental Activities	
Year Ending December 31	**Principal**	**Interest**
2017	$ 7,576,629	$ 3,534,765
2018	7,014,137	3,281,989
2019	6,791,162	3,001,113
2020	7,068,690	2,743,973
2021	5,850,000	2,455,553
2022-2026	34,855,000	7,746,973
2027-2031	10,335,000	1,970,345
2032-2035	5,065,000	411,407
Totals	**$ 84,555,618**	**$ 25,146,118**

B. Advances Due to Other Governments

The County has 10 low-interest (.5%) loans from the State of Washington Department of Commerce Public Works Trust Fund that will be repaid within 20 years in annual installments on each loan ranging from $47,368 to $553,180. The funds from these loans were used for Clark County road projects. These loans are being paid by the County Road Fund.

The County also has a loan (2.9175%) from the State Department of Ecology that will be repaid within 20 years at $26,947 each year. The funds from this loan were used for a Habitat

Protection and Runoff Control Project on Upper Whipple Creek. The major enterprise Clean Water Fund makes the payments for this loan.

Advances Due to Other Governments for debt service requirements to maturity are as follows:

	Governmental Activities		Business-Type Activities	
Year Ending December 31	**Principal**	**Interest**	**Principal**	**Interest**
2017	$ 1,926,465	$ 97,472	$ 17,077	$ 9,871
2018	1,926,465	90,310	17,578	9,369
2019	1,926,465	80,677	18,095	8,852
2020	1,926,465	71,045	18,627	8,320
2021	1,926,465	61,413	19,174	7,773
2022-2026	6,858,836	179,152	104,662	30,074
2027-2031	3,497,235	44,161	120,972	13,763
2032-2036	-	-	26,367	578
Totals	**$ 19,988,396**	**$ 624,230**	**$ 342,552**	**$ 88,600**

C. Prior Year Defeasance of Debt

In prior years, the County defeased certain general obligation bonds by placing the proceeds of the new bonds and/or cash 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 are not included in the County's financial statements. At December 31, 2016, The County had no bonds defeased that resulted in placing the proceeds of the new bond in an irrevocable trust.

D. Arbitrage Rebate Liability

The Tax Recovery Act of 1986 established regulations for rebate of arbitrage earning to the federal government on certain local government bonds. Issuing governments must calculate and remit annually any rebate due at least every five years. The County has a cumulative negative rebate amount for its bonds. No liability was recorded at December 31, 2016.

NOTE 12 – CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2016, the following changes occurred in long-term liabilities:

CHANGE IN LONG-TERM LIABILITIES FOR YEAR ENDED 12/31/16

	Beginning Balance	New Issues	Retirements	Ending Balance	Due Within One Year
Governmental activities					
Governmental Funds-					
Bonds payable					
General obligation bonds	$ 92,788,535	$ -	$ 8,232,917	$ 84,555,618	$ 7,576,629
Unamortized amounts:					
For issuance premiums	7,039,761	-	465,310	6,574,451	465,310
Total bonds payable	99,828,296	-	8,698,227	91,130,069	8,041,939
Capital lease	6,353,046	-	261,044	6,092,002	295,006
Advances due to other governments	19,876,264	1,960,906	1,848,774	19,988,396	1,926,465
Pollution remediation liability	5,104,697	520,891	-	5,625,588	713,728
Other post employee benefits	1,224,203	156,814	104,624	1,276,393	-
Pension liability	70,119,356	12,695,525	-	82,814,881	-
Claims and judgments*	168,386	1,018	20,000	149,403	20,000
Compensated absences	11,641,998	16,035,019	15,341,293	12,335,724	1,046,640
Total Governmental Funds	214,316,246	31,370,173	26,273,962	219,412,457	12,043,778
Internal Service Funds					
Claims and judgments	10,424,116	13,070,049	12,501,213	10,992,952	2,896,509
Pension liability	4,530,339	831,480	-	5,361,819	-
Compensated absences	500,709	922,804	827,880	595,633	57,428
Total Internal Service Funds	15,455,164	14,824,333	13,329,093	16,950,404	2,953,937
Total Governmental Activities	$ 229,771,410	$ 46,194,506	$ 39,603,055	$ 236,362,861	$ 14,997,715

Business-type activities	Beginning Balance	New Issues	Retirements	Ending Balance	Due Within One Year
Advance due to other governments	$ 359,141	$ -	$ 16,589	$ 342,552	$ 17,077
Contracts payable	289,515	-	54,220	235,295	-
Claims and judgments	2,500,000	42,000	542,000	2,000,000	500,000
Pension liability	3,581,059	-	938,128	2,642,931	-
Compensated absences	365,661	460,330	463,943	362,048	47,584
Total Business-type Activities	$ 7,095,376	$ 502,330	$ 2,014,880	$ 5,582,826	$ 564,661

* Claims and judgments are included in the Governmental Fund Financial Statements, as well as government-wide statements

Post-employment benefits, termination payouts for compensated absences and excessive claims and judgment settlements within governmental activities are generally liquidated by the General Fund. Any landfill remediation liability will be liquidated by the Solid Waste Closure non-major special revenue fund. The Washington State Retirement System is initially responsible for all pension liabilities. In the case that Clark County would become responsible to pay for pension liabilities, it is anticipated that the liabilities would be paid from the funds in which personnel reside.

The County is limited to a non-voted debt capacity of 1½% and a voted debt capacity of 2½% of assessed valuation. At December 31, 2016 the remaining non-voted capacity was $630,374,414 and the remaining voted and non-voted capacity was $1,096,752,123.

NOTE 13 – FUND BALANCES, GOVERNMENTAL FUNDS

Note 1-E-12 addresses definitions of fund balance classifications and the County's policy on the order of resource uses for Governmental Funds. Following is a table which shows detail information by fund balance classification for the Governmental Fund Balance Sheet.

GOVERNMENTAL FUND BALANCES

	General Fund	County Roads	Community Services Grants	Other Governmental Funds
Nonspendable				
Prepaids	694,840	86,485	-	431,707
Total nonspendable	**694,840**	**86,485**	**-**	**431,707**
Restricted For:				
General Government:				
Crime victim compensation	-	-	-	62,139
Anti profiteering program	-	-	-	35,136
Legislative/administrative support	-	-	-	1,184,067
Facilities maintenance	-	-	-	2,113,735
Public safety:				
Domestic violence programs	-	-	59,424	-
Drug enforcement	-	-	-	795,327
Emergency communications	-	-	-	1,084,221
Law enforcement	-	-	-	74,221
Physical environment:				
Pollution remediation	-	-	-	7,837,674
Transportation:				
Road projects & operations	-	19,682,575	-	4,908,883
Economic environment:				
Affordable housing	-	-	16,861,230	-
Legislative/administrative support	-	-	2,771,427	-
Weatherization & energy efficiency	-	-	278,969	-
Community action programs	-	-	132,400	-
Tourism promotion	-	-	-	116,384
Veteran's assistance	-	-	-	195,048
Industrial development financing	-	-	-	20,469
Developmental disability programs	-	-	-	834,365
Economic Development	-	-	-	5,714,051
Health and human services:				
Mental health programs	-	-	-	11,831,822
Substance abuse programs	-	-	-	1,794,365
Public and environmental health programs	-	-	-	2,440,249
Cultural/recreational:				
Youth services	-	-	154,239	-
Law Library	-	-	-	360,903
Parks capital and operations	-	-	-	14,114,891
Parks acquisition & development	-	-	-	12,622,917
Camp Bonneville clean up & development	-	-	-	1,815,607
Debt service	-	-	-	1,640,327
Total restricted	**-**	**19,682,575**	**20,257,689**	**71,596,801**

GOVERNMENTAL FUND BALANCES - continued

	General Fund	County Roads	Community Services Grants	Other Governmental Funds
Committed For:				
Construction inspection/permitting	-	-	-	3,000,117
Total committed	**-**	**-**	**-**	**3,000,117**
Assigned to:				
General Govt:				
Technology projects	4,200,000	-	-	-
Crime victim compensation	-	-	-	1,652
Facilities maintenance	-	-	-	20,946
Public safety				
Law enforcement	-	-	-	204,656
Economic environment:				
Point of Sale and permitting system	-	-	-	7,973,967
Developmental disability programs	-	-	-	11,723
Local revitalization financing	-	-	-	108,964
Veteran's services	-	-	-	2,838
Health and human services:				
Substance abuse programs	-	-	-	486
Public and environmental health programs	-	-	-	42,371
Culture/recreation:				
Parks capital and operations	-	-	-	112,178
Fair and event center operations	-	-	-	369,467
Compensated absences	2,198,588	414,979	87,099	379,225
Total assigned	**6,398,588**	**414,979**	**87,099**	**9,228,473**
Unassigned:	**29,352,941**	**-**	**-**	**(56,954)**
Total	**36,446,369**	**20,184,039**	**20,344,788**	**84,200,144**

NOTE 14 – PENSION PLANS

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, Accounting and Financial Reporting for Pensions for the year 2016:

Aggregate Pension Amounts - All Plans	
Pension Liabilities	$ 90,819,631
Pension assets	3,482,849
Deferred outflows of resources	18,214,324
Deferred inflows of resources	2,837,623
Pension expense/expenditures	8,776,299

State Sponsored Pension Plans

Substantially all County full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes and amends laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), 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 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)
PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions
The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2016 follow:

PERS Plan 1		
Actual Contribution Rates:	**Employer**	**Employee***
Jan. through Dec. 2016	11.18%	6.00%

* For employees participating in JBM, the contribution rate was 12.26%

The County's actual contributions to the plan were $4,610,283 for the year ended December 31, 2016.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

<u>Contributions</u>
The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	**Employer 2/3**	**Employee 2***
Jan. through Dec. 2016	11.18%	6.12%
Employee PERS Plan 3		varies

* For employees participating in JBM, the contribution rate was 15.30%

The County's actual contributions to the plan were $5,482,778 for the year ended December 31, 2016.

Public Safety Employees' Retirement System (PSERS)
PSERS Plan 2 was created by the 2004 Legislature and became effective July 1, 2006. To be eligible for membership, 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 membership includes:

- PERS 2 or 3 employees hired by a covered employer before July 1, 2006, who met at least one of the PSERS eligibility criteria and elected membership during the period of July 1, 2006 to September 30 2006; and
- Employees hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria.

PSERS covered employers include:

- Certain State of Washington agencies (Department of Corrections, Department of Natural Resources, Gambling commission, Liquor Control Board, Parks and Recreation Commission, and Washington State Patrol),
- Washington State Counties,
- Washington State Cities (except for Seattle, Spokane, and Tacoma),
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

PSERS Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the average final compensation (AFC) for each year of service. The AFC is based on the member's 60 consecutive highest creditable months of service. Benefits are actuarially reduced for each year that the member's age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years). There is no cap on years of service credit. Members are eligible for retirement at the age of 65 with five years of service; or at the age of 60 with at least ten years of PSERS service credit; or at age 53 with 20 years of service. Retirement before age 60 is considered an early retirement. PSERS members who retire 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 three percent per year reduction for each year between the age at retirement and age 60 applies. PSERS Plan 2 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PSERS Plan 2 members are vested after completing five years of eligible service.

Contributions

The **PSERS Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The Plan 2 employer rates include components to address the PERS Plan 1 unfunded actuarial accrued liability and administrative expense currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates.

The PSERS Plan 2 required contribution rates (expressed as a percentage of current-year covered payroll) for 2016 were as follows:

PSERS Plan 2		
Actual Contribution Rates:	**Employer**	**Employee**
Jan. through Dec. 2016	11.54%	6.59%

The County's actual contributions to the plan were $413,433 for the year ended December 31, 2016.

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)
LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans.

LEOFF Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service – 2.0% of FAS
- 10-19 years of service – 1.5% of FAS
- 5-9 years of service – 1% of FAS

The FAS 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 ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

<u>Contributions</u>
Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2016. Employers paid only the administrative expense of 0.18 percent of covered payroll.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

<u>Contributions</u>
The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the

level adopted by the LEOFF Plan 2 Retirement Board. The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2016 were as follows:

LEOFF Plan 2		
Actual Contribution Rates:	**Employer**	**Employee**
State and local governments	5.23%	8.41%
Ports and Universities	8.59%	8.41%

The County's actual contributions to the plan were 619,896 for the year ended December 31, 2016.

The Legislature, by means of a special funding arrangement, appropriates 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 recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2016, the state contributed $60,375,158 to LEOFF Plan 2. Intergovernmental contribution revenue recognized by the County at December 31, 2016 was $427,685.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2016 with a valuation date of June 30, 2015. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2014 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2016. Plan liabilities were rolled forward from June 30, 2015, to June 30, 2016, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3% total economic inflation; 3.75% salary inflation
- **Salary increases**: In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.5%

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were minor changes in methods and assumptions since the last valuation.

- For all systems except LEOFF Plan 2, the assumed valuation interest rate was lowered from 7.8% to 7.7%. Assumed administrative factors were updated

- Valuation software was corrected on how the nonduty disability benefits for LEOFF Plan 2 active members is calculated

- New LEOFF Plan 2 benefit definitions were added within the OSA valuation software model legislation signed into law during the 2015 legislative session.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.5 percent.

To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7 percent except LEOFF 2, which has assumed 7.5 percent). Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a 50-year time horizon.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.70%
Tangible Assets	5%	4.40%
Real Estate	15%	5.80%
Global Equity	37%	6.60%
Private Equity	23%	9.60%
	100%	

Sensitivity of NPL

The table below presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

	1% Decrease -	Current Disc. Rate -	1% Increase -
PERS 1	$ 51,979,079	$ 43,103,991	$ 35,466,433
PERS 2/3	86,279,652	46,861,067	(24,393,890)
PSERS	3,710,689	854,573	(1,179,848)
LEOFF 1	(587,330)	(988,704)	(1,331,788)
LEOFF 2	6,994,273	(2,494,146)	(9,645,658)

Pension Plan Fiduciary Net Position

Detailed information about the State’s pension plans’ fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The County's reported total liability of $90,819,631, for its proportionate share of the net pension liabilities as of June 30, 2016, follows:

	Liability (or Asset)
PERS 1	$ 43,103,991
PERS 2/3	46,861,067
PSERS	854,573
LEOFF 1	(988,703)
LEOFF 2	(2,494,146)

The amount of the liability/(asset) reported above for LEOFF Plan 2 reflects a reduction for State pension support provided to the County. The amount recognized by the County as its proportionate share of the net pension liability/(asset), the related State support, and the total portion of the net pension liability/(asset) that was associated with the County were as follows:

	Liability (or Asset)
LEOFF 2 - Employer's proportionate share	$ (2,494,146)
LEOFF 2 - State's proportionate share of the net pension liability/(asset) associated with the employer	(1,625,998)
Total	(4,120,144)

At June 30, the County’s proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/2014	Proportionate Share 6/30/2015	Change in Proportion
PERS 1	0.82755%	0.80261%	-0.02494%
PERS 2/3	0.96792%	0.93072%	-0.03720%
PSERS	1.96106%	2.01085%	0.04979%
LEOFF 1	0.09709%	0.09596%	-0.00113%
LEOFF 2	0.41617%	0.42882%	0.01265%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Non-employer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2015. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2015, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2016, the state of Washington contributed 39.46 percent of LEOFF 2 employer contributions pursuant to RCW 41.27.726 and all other employers contributed the remaining 60.54 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2016, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2015, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2016, the County recognized pension expense as follows:

	Pension Expense
PERS 1	$ 913,422
PERS 2/3	6,580,634
PSERS	611,731
LEOFF 1	(116,589)
LEOFF 2	787,101
Total	$ 8,776,299

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	$ 1,085,291	
Contributions subsequent to the measurement date	2,302,430	
Total	$ 3,387,721	$ -

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,495,319	$ (1,546,961)
Net difference between projected and actual investment earnings on pension plan investments	5,734,442	
Changes of assumptions	484,347	
Changes in proportion and differences between contributions	1,018,989	(1,173,674)

and proportionate share of contributions		
Contributions subsequent to the measurement date	2,736,309	
Total	$ 12,469,406	$ (2,720,635)

PSERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 291,091	
Net difference between projected and actual investment earnings on pension plan investments	176,251	
Changes of assumptions	3,318	
Changes in proportion and differences between contributions and proportionate share of contributions	9,506	
Contributions subsequent to the measurement date	211,830	
Total	$ 691,996	$ -

LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	$ 100,500	
Total	$ 100,500	$ -

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 341,765	
Net difference between projected and actual investment earnings on pension plan investments	896,247	
Changes of assumptions	9,404	
Changes in proportion and differences between contributions and proportionate share of contributions		(117,009)
Contributions subsequent to the measurement date	317,285	
Total	$ 1,564,701	$ (117,009)

Deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

		PERS 1
Year ending 12/31		
2017	$	(267,221)
2018		(267,221)
2019		996,722
2020		623,011
2021		-
Thereafter		-

		PERS 2/3
Year ending 12/31		
2017	$	90,176
2018		90,176
2019		4,187,685

2020		2,644,425
2021		-
Thereafter		-

		PSERS
Year ending 12/31		
2017	$	59,253
2018		59,253
2019		167,839
2020		131,905
2021		60,500
Thereafter		1,416

		LEOFF 1
Year ending 12/31		
2017	$	(20,769)
2018		(20,769)
2019		87,040
2020		54,998
2021		-
Thereafter		-

		LEOFF 2
Year ending 12/31		
2017	$	(36,776)
2018		(36,776)
2019		715,958
2020		485,266
2021		2,736
Thereafter		-

NOTE 15 – DEFERRED COMPENSATION PLAN

The County maintains an Internal Revenue Code (IRC) Section 457 plan for all permanent employees. Section 457 requires that the assets and income of the plans 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 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 investing functions for this plan, therefore, this plan is not shown in the County's financial statements.

As of December 31, 2016, the County had 1043 employees participating in the 457 plan, having accumulated deposits with a fair value of $80,501,862. The County contracts with a sole provider in order to reduce the cost of participation to employees, provide better fund options, and improve service with more financial planning meetings.

NOTE 16 – OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS

In addition to providing pension benefits, the County has elected to provide health care benefits under two single-employer defined benefit plans to the retirees of the County; one for *Law Enforcement Officers' & Fire Fighters' Retirement* (LEOFF 1) (see note 16.B*.)* and the second OPEB plan for all other retirees (PERS and LEOFF 2) (see note 16 A.). There are no stand-alone financial reports produced for the OPEB plans.

The County did not establish an irrevocable trust (or equivalent arrangement) to account for either plan. Instead, the activities of the plans are reported in the County's benefits service account. The following describes each plan separately.

A. Retired PERS AND LEOFF 2 Employees

Plan Description

The County has elected to provide certain public employee groups with a single-employer defined benefit retiree healthcare plan. The healthcare plan provides post-retirement medical and vision coverage for eligible retirees, their spouses, domestic partners, and dependents on a self-pay basis. The County establishes the benefit provisions and the premium rates are set by the health insurance carrier, plus a 2% administration fee. Eligible participants may select from one of the County's two healthcare plans: a self-insured plan administered by Regence Blue Cross or the Kaiser HMO plan. The benefits provided to retirees under age 65 is generally less than the coverage provided to employees. Coverage under these plans is provided to retirees, spouses, and domestic partners. Dependent children are covered until age 26. Each health insurance carrier offers a health plan for retirees who are eligible for Medicare.

The premium rates for eligible retirees and their dependents (other than Kaiser's Senior Advantage) are based on the experience of all plan members, including both active employees and retirees. The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the County's implicit employer contribution. The premium rates for the Kaiser Senior Advantage are based on a "community rated" Medicare supplemental healthcare program and are assumed to generate no implicit employer contribution.

Annual OPEB Cost and Net OPEB Obligation

The County's annual other post-employment benefit cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance within the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the fiscal year ending December 31, 2016, the amount actually contributed to the plans, and changes in the County's net OPEB obligation:

Beginning of Fiscal Year	$ 1,224,203
Interest on Existing Net OPEB Obligation	36,726
Annual Required Contribution	182,546
Adjustment to Contribution for Existing Obligation	(62,458)
Annual OPEB Cost	156,814
Estimated Contributions	(104,624)
Net OPEB obligation, end of year	$ 1,276,393

The County's annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Fiscal Year Ending December 31	Annual OPEB Cost	Contribution	Percentage of Annual OPEB cost Contributed	NET OPEB Obligation
2014	$ 178,846	$ 84,713	47.37%	$ 1,144,568
2015	153,179	73,544	48.01%	1,224,203
2016	156,814	104,624	66.72%	1,276,393

Funding Policy

The County has authority to establish and amend contribution requirements. The required contribution is based on the projected pay-as-you-go financing requirements. Since the County's healthcare plan is experience rated, annual required contributions fluctuate. For the fiscal year ending December 31, 2016, the County's combined plan contributions were $104,624.

Funding Status and Funding Progress

As of December 31, 2015, the most recent actuarial valuation date, the actuarial accrued liability and the unfunded actuarial accrued liability for benefits was $1,764,451. The covered payroll (annual payroll of active employees covered by the plan) was $104,095,616 and the ratio of the UAAL to the covered payroll was 1.7 percent. The actuarial value of assets was zero.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about the future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. Actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The December 31, 2015 actuarial valuation for the retiree healthcare plan was based on the level percent of pay method. The actuarial assumption for the valuation included an investment return of 3.0%. The healthcare plan actuarial valuation assumed medical premiums for Regence increase at initial rates of 3% and 6%, for general service and public safety employees respectfully. The assumed rate of increase for general service employees increases by 0.5% per year, stabilizing at a 4.5% annual increase. The assumed rate of increase for public safety employees decreases by 0.5% per year, stabilizing at a 4.5% annual increase. Healthcare cost inflation rates are the only assumed inflation rates considered. The unfunded actuarially accrued liability and the gains or losses for the plan are amortized as a level dollar amount over an open 30-year period.

B. Retired LEOFF I Employees

Plan Description

The County provides all 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. The County has used the alternative measurement method permitted by GASB Statement 45.

There are 50 participants eligible to receive these benefits. There are currently three members actively employed at the County who are not yet receiving LEOFF I medical 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 and dental premiums and out-of-pocket medical costs for life.

Funding Policy

The County has authority to establish and amend contribution requirements. The required contribution is based on the projected pay-as-you-go financing requirements. Since the County's healthcare plan is experience rated, annual required contributions fluctuate. For the year ending December 31, 2016, the County's combined plan contributions were $417,358.

Annual OPEB Cost and Net OPEB Obligation

The County's annual other post-employment benefit cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount determined in accordance within the parameters of GASB 45 using the alternative method. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities (or funding excess) over a period of seventeen years. The following table shows the components of the County's annual OPEB cost for the fiscal year ending December 31, 2016, the amount actually contributed to the plans, and changes in the County's net OPEB obligation:

Annual Required Contribution	$	156,723
Interest on Net OPEB obligation		(28,988)
Adjustments to the annual required contribution		56,840
Annual OPEB cost (expense)		184,575
Contributions made		(417,358)
Decrease in the net OPEB obligation		(232,783)
Net OPEB obligation, beginning of year		(966,276)
Net OPEB obligation, end of year	$	(1,199,059)

The County's annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Fiscal Year Ending December 31		Annual OPEB Cost		OPEB Contributions	Percentage of Annual NET OPEB Contributed		Obligation
2014	$	215,288	$	369,079	171%	$	(762,940)
2015	$	204,193	$	407,529	200%	$	(966,276)
2016	$	184,575	$	417,358	200%	$	(1,199,059)

Funding Status and Funding Progress

At December 31, 2016, the most recent valuation date, the actuarial accrued liability for benefits was $2,664,286, all of which was unfunded. The actuarial value of assets was zero. The covered payroll (annual payroll of active employees covered by the plan) was $236,732, and the ratio of the unfunded actuarial accrued liability to the covered payroll is 1,125 percent.

Valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about the future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Methods and Assumptions

Due to the size of the plan (less than 100 participants) the County elected to use the alternative method for valuation. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used are designed to reduce the effects of short-term volatility in accrued liabilities and the value of assets, consistent with the long-term perspective of the calculations.

NOTE 17 – IMPACT FEES

Clark County has adopted impact fee ordinances in past years to ensure that adequate facilities are available to serve new growth and development. An impact fee is levied as a condition of issuance of a building permit or development approval. Customers may be entitled to a non-refundable credit against the applicable traffic impact fee component for the fair value of appropriate dedications of land improvements or construction of system improvements provided by the development. In the event that the amount of the credit is calculated to be greater than the amount of the impact fee due, the customer may apply the excess credit toward traffic impact fees imposed on other developments within the same service area.

Additional traffic impact fee credits of $115,792 were granted in 2016. The amount of credits applied toward traffic impact fees in 2016 was $401,705. The amount of credits that may be applied against future traffic impact fees is $6,564,374, at December 31, 2016.

In 2014 Clark County assumed park impact fee credits from the City of Vancouver that pertain to County park districts, with an ending balance of $62,481 at December 31, 2016. Clark County does not issue park impact fee credits, so this amount will be reduced as credits are applied, until all existing credits are used.

The County does not report impact fee credits as liabilities in the fund financial statements because they are considered long-term liabilities (which are not reported in governmental funds) and viewed as reductions of future revenues, which are not yet earned. However, impact fee credits of $6,626,855 are reported in the government-wide Statement of Net Position as revenues collected in advance.

NOTE 18 –RISK MANAGEMENT

Clark County is exposed to risks of loss related to theft, damage and destruction of assets, tort claims, injuries to employees, acts of terrorism, and natural disasters. The County is self-insured for general liability claims, property coverage, workers compensation, unemployment and certain employees' health care coverage. The County estimates liability for incurred losses for reported and unreported claims for general liability and property, workers compensation, and employee health care.

The County provides insurance coverage deemed as adequate and appropriate. In the case of County self-insurance activity, non-incremental claims adjustment expenses are not included as part of the accrued claims liabilities in the financial statements.

General Liability and Property

Clark County was a member of the Washington Counties Risk Pool (Pool) beginning July 10, 2002. Clark County's membership in the Pool was terminated on April 28, 2014 following a coverage dispute wherein Clark County was denied defense and indemnity insurance coverage by the Pool and its commercial reinsures and excess insurers. After being denied coverage, Clark County executed a covenant judgment settlement and assignment with the plaintiffs of the case in question. This settlement agreement, the underlying coverage dispute and the circumstances of Clark County's removal from the Pool have been since settled. Clark County was reimbursed its legal expenses and refunded the unearned premium portion.

Beginning April 29, 2014, Clark County became fully self-insured, transitioning from a $500,000 deductible to a $1,000,000 Self Insured Retention, with excess coverage attaching at that point. Future claims will be handled based on the date of loss. As the three year statute of limitations runs, Pool claims will diminish as new claims will be covered by self-insurance.

Currently, claims are administered internally by Clark County.

Under its self-insurance program, the County is responsible for the first $1.0 million in indemnity and defense costs, before the Excess layer(s) apply. This is called “Self Insured Retention” (SIR). The first layer above the SIR is a $10.0 million Public Entity Liability policy. The next layer is $15.0 million in following-form excess coverage. All policies are underwritten by highly rated carriers. The total $25.0 million in coverage is also the aggregate annual limit.

The County has property coverages for all-risks, including earthquake and flood. There is also a LEED endorsement covering the County’s LEED buildings that will bring the damaged property back to certified status. There is a $50,000 deductible for losses except Earthquake and Flood.
As of December 31, 2016, Clark County has an accrued claims liability of $5.4 million in the General Liability internal service fund, based on an actuarial study by Bickmore. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The following schedule reconciles the current year and prior year claim liability.

		2016		2015
Beginning claims liability	$	4,747,000	$	4,488,400
Claims incurred during the year and changes in estimates				
for claims of prior periods (incl. IBNR)		1,854,469		811,504
Payments made on claims		(1,392,896)		(552,904)
Ending claims liability	$	5,208,573	$	4,747,000

The General Liability fund currently has a fund balance deficit of $4.0 million. If additional resources are required to satisfy current claims, the County may consider a reassessment of premiums. Information on the fund balance deficit is found in Note 3 of these note disclosures.

Unemployment
The County is self-insured for unemployment insurance claims. As of December 31, 2016 there is $1.7 million set aside for unemployment claims. There were no significant claims outstanding against the unemployment insurance fund assets at year-end, with an estimated liability of $140,379. There were no settlements for unemployment that exceeded the insurance coverage in the last three fiscal years. The following schedule reconciles the current year and prior year claim liability.

		2016		2015
Beginning claims liability	$	119,608	$	130,572
Claims incurred during the year and changes in estimates				
for claims of prior periods (incl. IBNR)		266,600		116,562
Payments made on claims		(245,829)		(127,526)
Ending claims liability	$	140,379	$	119,608

Workers compensation
Clark County is Self-Insured for worker's compensation under the laws of the State of Washington. The County maintains a dedicated self-insurance internal service fund, as well an excess liability policy of $1.0 million with a $750,000 deductible with Midwest Employers Casualty Company. The fund currently has a deficit balance of $2.4 million.

The County currently has an accrued claims liability of $4.3 million in the Workers Compensation internal service fund. The claims and judgment liability amount for worker’s compensation is reported based on an accumulation of the County's deductible due for all outstanding claims, where it is probable that a loss has occurred and the amount of loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Non-incremental claims adjustment expenses have not been included in the calculation for claims and judgements. The following schedule reconciles the current year and prior year claim liability:

		2016		2015
Beginning claims liability	$	4,405,508	$	3,135,508
Claims incurred during the year and changes in estimates				
for claims of prior periods (incl. IBNR)		1,476,344		2,552,620
Payments made on claims		(1,586,852)		(1,282,620)
Ending claims liability	$	4,295,000	$	4,405,508

Settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

Employee Health Care

Beginning April 2014, the County established an internal service fund for the purpose of self-insuring employee medical and dental costs. The County pays claims and related expenses for employees choosing this plan and contracts with a third party administrator to process claims. The plan carries reinsurance coverage with a $175,000 individual stop loss, and an aggregate stop loss of 1.25% of claims. The following schedule reconciles the current year and prior year claim liability:

		2016		2015
Beginning claims liability	$	2,243,567	$	1,036,000
Claims incurred during the year and changes in estimates				
for claims of prior periods (incl. IBNR)		13,851,140		12,549,680
Payments made on claims		(12,956,573)		(13,757,247)
Ending claims liability	$	1,349,000	$	2,243,567

The County began accounting for an actuarially estimated incurred but not reported (IBNR) liability in 2015. As of December 31, 2016 the IBNR was estimated to be $1.3 million. In 2016 the County also built reserves in this internal service fund based on an eight week funding policy, with the reserve amount estimated to be $2.2 million. As of December 31, 2016, total fund balance for the self-insurance fund is $3.6 million.

NOTE 19 – RESTRICTED NET POSITION

Clark County's government-wide statement of net position reports a restricted net position of $107.0 million, of which $74.2 million is restricted by enabling legislation and state laws, $30.8 million by grantors, $1.6 million by bond covenants and debt service, and $0.3 million by other restrictions.

NOTE 20 - CONTINGENCIES AND LITIGATIONS

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 was dismissed from a lawsuit concerning activities of two Clark County Sheriff's Office deputies. There is a potential that the plaintiffs may attempt to file a new claim against the county. Clark County will oppose any new claim and any liability is not estimable at this time.

A claim has been made against Clark County for discrimination and a hostile work environment, among other things, by an employee terminated from the Clark County Sheriff's Office. Clark County believes the likelihood of paying damages is not probable and no estimate of liability can be made at this time.

The County has been named as a defendant in various other 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.

NOTE 21- JOINT VENTURES AND RELATED PARTIES

Clark Regional Emergency Services Agency

The County is entered into a joint venture with the City of Vancouver and other local governments in the establishment and operation of the Clark Regional Emergency Services Agency (CRESA). CRESA was created by agreement under the Inter-local Cooperation Act (RCW 39.34). The purpose of CRESA 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 31% interest in the equity and operations of CRESA. Control of this joint venture is shared equitably by the controlling organizations. The County's share of ownership is reported in the governmental activities column of the Statement of Net Position, as equity interest in a joint venture. This equity interest 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 Position. The County's share of the 2015 (latest data available) increase in net position is $3,580,832, which was reported in the County's 2015 Statement of Activities, and our equity interest is $8,344,944 at the end of 2015. Separate financial statements for the joint venture can be obtained from CRESA, 710 W. 13th Street, Vancouver, Washington 98660.

Clark County is involved in a related party transaction with CRESA. Clark County collects telephone access fees (911 taxes) that are transferred to CRESA. These access fees fund emergency operations and equipment.

Vancouver Library Capital Facilities Area (VLCFA)

The Vancouver Library Capital Facilities Area (VLCFA) was established with a special election of the voters in November 2005 and is a legal entity. Under the Revised Code of Washington (RCW) Section 27.15.030, the governing body of the library capital facility area is required to be three members of the local county legislative body. RCW 27.15.040 states that the purpose of the facility area is to construct, acquire, maintain and remodel library capital facilities, and that the governing body of the library capital facilities area may contract with a county, city, town , or library district to design, administer the construction of, operate or maintain a library capital facility. Under an interlocal agreement between Fort Vancouver Regional Library District (Library District) and VLCFA, the Library District is the agent for the VLCFA for negotiating the acquisitions, arranging, financing, contracting for construction and equipping of projects, operating and maintaining the projects after they are built. Upon retirement of any bonds, ownership of the projects will transfer to the Library District.

VLCFA is a related organization to Clark County because County elected officials constitute the voting majority of the board, but the County is not financially accountable for this entity and there is no potential financial benefit or burden to the county.

NOTE 22 - POLLUTION REMEDIATION

Leichner Landfill

In December, 2012, the County acquired landfill property formerly known as the Leichner Landfill (the Property). The Property was previously owned and operated by Leichner Brothers Landfill Reclamation Corporation (LBLRC) and was closed in December 1991. Between 1988 and 1996, LBLRC, Clark County (County), the City of Vancouver (City), Washington Utilities and Transportation Commission, and Washington State Department of Ecology (DOE) entered into a series of agreements regarding closure and post-closure maintenance and monitoring of the landfill. The Property is currently in the post remediation monitoring stage.

In 1988 the County entered into a Solid Waste Reduction and Disposal Agreement with LBLRC to direct the flow of solid waste and establish the Leichner Landfill Financial Assurance Reserve Fund (FARF). FARF, known as the Solid Waste Closure Fund, was established by the County for the sole purpose of accumulating disposal fees collected by LBLRC from 1988 until closure in 1991. In addition to fees collected, the County contributed other resources. These funds were designated to pay for environmental compliance, closure, and self-insurance of the solid waste landfill.

The Revised Environmental Compliance Budget submitted to DOE for 2016 indicates that the remediation project is fully funded through 2021, the end of the 30-year post-closure monitoring period. This budget is the basis for the estimates for the year ending December 31, 2016. The remaining estimated liability is approximately $5.6 million. This is measured at current value. If FARF is depleted before the end of required maintenance and monitoring, the County is required through agreement to utilize rate capacity at the County contracted transfer stations under RCW 36.58 to continue to fund the project.

This estimated potential liability was prepared using the Expected Cash Flow Technique, which measures the liability as the sum of probability weighted amounts in a range of possible estimated amounts. This is an estimate only and potential for change exists resulting from price increases or reductions, technology, or changes in applicable laws or regulations. The estimates and assumptions will be re-evaluated on an annual basis.

Camp Bonneville

Camp Bonneville is a 3,840 acre piece of property owned by Clark County that was formerly used by the US Army as a military reservation and training camp. The property is undergoing remediation for munitions clean-up. An agreement with the Department of Ecology stipulates that the County is only responsible for remediation of the site to the extent that the Army provides funding for such work. The Army is financially responsible for the cleanup of this property and there is no known liability to the County.

NOTE 23 - PRIOR PERIOD ADJUSTMENTS

The County recorded the following prior period adjustments in 2016:

Governmental Funds			
Major funds			
General Fund	$	156,142	Mental Health Sales Tax Fund was required to pay for expenses to General Fund in 2015.
General Fund		(105,760)	Impact fees due to other Governments from prior periods.
County Roads Fund		1,023,870	Accrual from 2013 was not reversed in 2014.
Non-Major Special Revenue Funds			
Emergency Medical Services Fund	$	85,084	This fund reported no fund balance in 2015. This is the beginning fund balance as of January 1, 2016.
Mental Health Sales Tax Fund		(156,142)	Mental Health Sales Tax Fund was required to pay for expenses to General Fund in 2015.
County Building Fund		(1,292,140)	Impact fees due to other Governments from prior periods.
Total Governmental Funds	***$***	***(288,946)***	
Enterprise Funds			
Sanitary Sewer Major Enterprise Fund	$	54,220	Correction of Contracts Payable on financial statements for prior period.
Solid Waste Enterprise Fund		(93,887)	Solid Waste over reported revenue in 2015.
Total Enterprise Funds	***$***	***(39,667)***	
Total Prior Period Adjustments	**$**	**(328,613)**	

NOTE 24- OTHER DISCLOSURES

A. Implementation of GASB 72, 76, and 79

The County implemented GASB 72, *Fair Value measurement and Application.* This statement provides guidance for determining a fair value measurement for financial reporting purposes and required the application of fair value to certain investments, in order to promote comparability of government financial statements. The standard also changes the recorded value of contributed capital assets from fair value to acquisition value.

The County implemented GASB 76, *The Hierarchy of Generally Accepted Accounting principles for State and Local Governments.* This Statement identifies the hierarchy of generally accepted accounting principles for governmental financial reporting and establishes the framework for selecting those principles.

The County implemented GASB 79, *Certain External Investment Pools and Pool Participants.* This statement provides criteria for an external investment pool to qualify for making an election to measure all of its investments at amortized cost for financial reporting purposes, and requires pool participants to report using the same criteria. This standard adds note disclosure requirements for the County with regard to pool investments.

NOTE 25 – SUBSEQUENT EVENTS

Van Mall North Annexation

The City of Vancouver identified the Van Mall North area for annexation in 2007. The annexation was halted in 2008 due to the economic environment, but as of early 2017 is moving forward. The process is now in the community engagement and outreach phase, and is expected to be effective in the summer of 2017. This annexation will result in an estimated reduction of $1.2 million in sales tax revenue to the County. The reduction was anticipated and incorporated into the County's 2017-2018 budget. No staff reductions or transfers are expected.

2006 General Obligation Bonds

The Clark County Treasurer's Office is in the process of refunding the 2006 General Obligation Bonds totaling $24.5 million. The transaction is expected to be complete in May 2017. Net present value savings are expected to range from 6-8%. The savings will be realized primarily in the REET Fund.

Required Supplementary Information
Other Post Employment Benefit Schedule of Funding Progress
Year Ended December 31, 2016

Clark County Retired Employees (PERS and LEOFF II) Healthcare Plan

Actuarial Valuation Date (Note 1)	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded Actuarial Accrued Liabilities (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2011	$ -	$ 2,598,936	$ 2,598,936	0.00%	$ 92,849,468	2.8%
12/31/2013	-	1,948,128	1,948,128	0.00%	96,587,342	2.0%
12/31/2015	-	1,764,451	1,764,451	0.00%	104,095,616	1.7%

Clark County LEOFF 1 Retiree Healthcare Plan

Actuarial Valuation Date (Note 1)	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded Actuarial Accrued Liabilities (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2014	$ -	$ 3,361,412	$ 3,361,412	0.00%	$ 221,813	1515.4%
12/31/2015	-	3,097,415	3,097,415	0.00%	116,963	2648.2%
12/31/2016	-	2,664,286	2,664,286	0.00%	236,732	1125.4%

Note 1 = Actuary valuation conducted every two years.
Note 2 = Alternative method used for valuation.

Required Supplementary Information

Modified Approach for Reporting Clark County’s Infrastructure Capital Assets

Condition Rating of the County's Infrastructure Subsystems Reported Using Modified Approach

	Percentage of Infrastructure Assessed At or Above Established Assessment Levels *		
	2013	***2014***	***2015***
Bridges	94.6%	72.9%	72.8%
	2012	***2013***	***2014***
Stormwater Subsystem	96.9%	92.6%	98.1%

	Percentage of Infrastructure Assessed at Poor Condition *		
	2012	***2013***	***2014***
Bridges	0.0%	0.0%	0.0%
	2012	***2013***	***2014***
Stormwater Subsystem	3.1%	6.5%	1.9%

* Although the County has only recorded capital asset infrastructure constructed after 1980 , all county stormwater facilities and bridges are assessed and included in these percentages, regardless of when they were constructed.

Comparison of Needed-to-Actual Maintenance/Preservation

	2012	2013	2014	2015	2016
Stormwater Subsystem					
Budgeted (needed)	$ 358,428	$ 350,000	$ 350,000	$ 857,300	$ 857,300
Actual	$ 438,960	$ 331,273	$ 315,843	$ 750,594	$ 962,299
% Spent	1.2%	94.6%	90.2%	87.6%	1.1%
Amount Unspent / (Overspent)	$ (80,532)	$ 18,727 *	$ 34,157	$ 106,706	$ (104,999)
Bridges **					
Budgeted (needed)	$ 279,953	$ 94,712	$ 87,202	$ 149,351	$ 149,351
Actual	$ 34,685	$ 48,177	$ 44,603	$ 67,400	$ 37,699
% Spent	12.4%	50.9%	51.1%	45.1%	25.2%
Amount Unspent / (Overspent)	$ 245,268	$ 46,535	$ 42,599	$ 81,951	$ 111,652

* Budget control is maintained within each fund. Operationally, the budget and the actual amount spent are monitored on a biennial basis. One area within a fund (i.e., maintenance) can be over budget, as long as other areas within the fund (i.e., services, supplies, capital) are under budget to the same extent or more.

** Beginning in 2011, bridge maintenance is done only on an as needed basis.

Notes to Required Supplementary Information – Modified Approach

In accordance with GASB Statement #34, the County is required to report infrastructure capital assets (such as roads, bridges, railways, pathways, and stormwater systems). The County has elected to use the "Modified Approach", as defined by GASB Statement #34, for reporting its stormwater subsystems and bridges, thereby forgoing depreciation of these assets (see <u>Management's Discussion and Analysis:</u> *Modified Approach for Reporting Infrastructure Assets,* within this document, regarding the requirements for using this method of reporting).

A complete assessment of bridges is done every two years, at a minimum, whereas stormwater subsystem assessments are done every three years, at a minimum. Detailed documentation of disclosed assessment levels is kept on file. Following are tables showing the measurement scales and basis for condition of measurement used to assess and report conditions for each of these infrastructure systems being reported using the modified approach and the condition level at which the County intends to preserve the assets.

Stormwater Subsystems
Measurement Scale and Basis for Condition Measurement

Rating*	
80-100	Good Condition - serves intended function and scores well in all areas
61-80	Fair Condition - serves intended function, but scores less well and has other issues
0-60	***Poor condition*** - may or may not fulfill its design function, has other serious issues, and requires maintenance or rebuild

The County has established an acceptable condition level of 70 for stormwater subsystems.

Bridges
Measurement Scale and Basis for Condition Measurement

Rating*	
100	Newly constructed bridge - no maintenance needed
81-99	Bridge is in good shape, unless structurally deficient or functionally obsolete
51-80	Bridge is in fair shape - may be eligible for replacement if structurally deficient or functionally obsolete
25-50	Bridge is in fair shape - may be eligible for federal replacement funding if structurally deficient or functionally obsolete
0-24	***Poor condition:*** Bridge is in poor shape - needs to be replaced soon

The County has established an acceptable condition level of 50 for bridges.

Definitions: A **<u>stucturally deficient</u>** bridge is one whose condition or design has impacted its ability to adequately carry its intended load.

A **functionally obsolete** bridge is one in which the deck geometry, load capacity, clearance, or approach roadway alignment have reduced (to below accepted design standards) its ability to adequately meet traffic needs.

GASB Statement #34 requires that condition assessments are performed at least every three years and that the table showing the condition rating include data for the three most recent complete assessments.

The table of needed to actual maintenance/preservation includes a five year comparison.

Required Supplementary Information
State Sponsored Pension Plans

Schedule of Proportionate Share of the Net Pension Liability
PERS 1
As of June 30
Last 3 Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	Employer's covered employee payroll	Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.80261%	$ 43,103,991	$ 1,255,093	3434%	57.03%
2015	0.82755%	43,288,560	1,435,682	3015%	59.10%
2014	0.79725%	40,162,045	1,751,891	2292%	61.19%

Schedule of Proportionate Share of the Net Pension Liability
PERS 2/3
As of June 30
Last 3 Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	Employer's covered employee payroll	Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.93072%	$ 46,861,067	$ 84,578,312	55.40%	85.82%
2015	0.96792%	34,584,262	85,898,212	40.26%	89.20%
2014	0.92305%	18,658,254	79,743,453	23.40%	93.29%

Schedule of Proportionate Share of the Net Pension Liability
PSERS
As of June 30
Last 3 Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	Employer's covered employee payroll	Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	2.01085%	$ 854,573	$ 6,270,109	13.63%	90.41%
2015	1.96106%	357,932	5,741,723	6.23%	95.08%
2014	1.85845%	(269,121)	4,982,203	-5.40%	105.01%

Schedule of Proportionate Share of the Net Pension Liability
LEOFF 1
As of June 30
Last 3 Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	State's proportinate share of the net pension liability (asset) associated with the employer	TOTAL	Employer's covered employee payroll	Employer's proportionate share of the net pension liability as a % of covered employee payroll	Plan fiduciary net position as a % of the total pension liability
2016	0.09596%	$ (988,704)	$ (6,687,567)	$ (7,676,271)	N/A	N/A	123.74%
2015	0.09709%	(1,170,161)	(7,914,940)	(9,085,101)	N/A	N/A	127.36%
2014	0.09649%	(1,170,198)	(7,915,190)	(9,085,388)	N/A	N/A	126.91%

Required Supplementary Information
State Sponsored Pension Plans

Schedule of Proportionate Share of the Net Pension Liability
LEOFF 2
As of June 30
Last 3 Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	State's proportionate share of the net pension liability (asset) associated with the employer	TOTAL	Employer's covered employee payroll	Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2,016	-	$ (2,494,146)	$ (1,625,998)	$ (4,120,144)	$ 12,810,631	-	1
2,015	-	(4,277,406)	(3,256,881)	(7,534,287)	12,081,960	(1)	1
2,014	-	(5,423,320)	(3,558,240)	(8,981,560)	11,370,207	(1)	1

Required Supplementary Information
State Sponsored Pension Plans

Schedule of Employer Contributions
PERS 1
As of December 31
Last 3 Fiscal Years

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered employer payroll	Contributions as a percentage of covered employee payroll
2016	$ 4,310,644	$ (4,310,644)	$ -	$ 1,041,735	413.79%
2015	4,076,964	(4,076,964)	-	1,255,093	324.83%
2014	3,709,596	(3,709,596)	-	1,582,586	234.40%

Schedule of Employer Contributions
PERS 2/3
As of December 31
Last 3 Fiscal Years

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered employer payroll	Contributions as a percentage of covered employee payroll
2016	$ 5,482,778	$ (5,482,778)	$ -	$ 88,140,959	6.22%
2015	4,718,692	(4,718,692)	-	84,578,312	5.58%
2014	4,141,055	(4,141,055)	-	81,284,145	5.09%

Schedule of Employer Contributions
PSERS
As of December 31
Last 3 Fiscal Years

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered employer payroll	Contributions as a percentage of covered employee payroll
2016	$ 413,433	$ (413,433)	$ -	$ 6,271,867	6.59%
2015	405,483	(405,483)	-	6,270,109	6.47%
2014	347,326	(347,326)	-	5,385,537	6.45%

Schedule of Employer Contributions
LEOFF 1
As of December 31
Last 3 Fiscal Years

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered employer payroll	Contributions as a percentage of covered employee payroll
2016	$ N/A	$ -	$ -	$ 114,731	N/A
2015	N/A	-	-	129,690	N/A
2014	N/A	-	-	111,318	N/A

Schedule of Employer Contributions
LEOFF 2
As of December 31
Last 3 Fiscal Years

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered employer payroll	Contributions as a percentage of covered employee payroll
2016	$ 619,896	$ (619,896)	$ -	$ 12,264,670	5.05%
2015	646,784	(646,784)	$ -	12,810,592	5.05%
2014	595,934	(595,934)	-	11,394,996	5.23%

Notes to Required Supplemental Information - Pension

As of December 31
Last Three Fiscal Years

Note 1: Information Provided
GASB 68 was implemented for the year ended December 31, 2015, therefore there is no data available for years prior to 2014.

Note 2: Significant Factors
There were no changes of benefit terms, significant changes in the employees covered under the benefit terms or in the use of different assumptions.

CLARK COUNTY, WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Passed Through to Subrecipients	Note
Total Child Nutrition Cluster								
Department of Agriculture (via WA State Superintendent of Public Instruction)	Summer Food Service Program for Children	10.559	201600417	5,187		5,187		
			Total Child Nutrition Cluster:	5,187	-	5,187		
Department of Agriculture	Farm to School Grant Program	10.575	CN-F2S-SS-16-WA-02		34,950	34,950		
Forest Service Schools and Roads Cluster								
Department of Agriculture	Schools and Roads - Grants to State	10.665	N/A		1,976	1,976		
			Total Forest Schools and Roads Cluster:	-	1,976	1,976		
Department of Defense	Community Investment	12.600	W9128F-06-2-0160		8,175,061	8,175,061		
CDBG - Entitlement Grant Cluster								
Department of Housing and Urban Development (HUD)	Community Development Block Grants/Entitlement Grants	14.218	B-13/14/15/16-UC-530006		1,489,055	1,489,055	1,235,107	
		14.218	Program Income		298,287	298,287		3
			Total CDBG- Entitlement Grants Cluster:	-	1,787,342	1,787,342		
Department of HUD (via WA State Department of Commerce)	Emergency Solutions Grant Program	14.231	14-46107-003	345,345		345,345	331,400	
Department of Housing and Urban Development	Home Investment Partnerships Program	14.239	M-14/15/16-UC-53-0204		242,905	242,905	967,437	
		14.239	Program Income		820,497	820,497		3
Department of HUD (via City of Portland)	Housing Opportunities for Persons with AIDS	14.241	30004682	108,148		108,148		
Department of Interior	Fish & Wildlife Management Assistance	15.608	N/A		8,098	8,098		
Department of Justice (via WA State Dept of Social and Health Services)	Juvenile Justice and Delinquency Prevention_Allocation to States	16.540	I-501-00415(1)	2,715		2,715		
Department of Justice (via WA State Dept of Social and Health Services)	Juvenile Justice and Delinquency Prevention_Allocation to States	16.540	I-501-00316	1,381		1,381		
Department of Justice (via WA State Dept of Social and Health Services)	Juvenile Justice and Delinquency Prevention_Allocation to States	16.540	I-300-00115	88,139		88,139		
Department of Justice	Missing Children's Assistance	16.543	N/A		9,000	9,000		
Department of Justice (via Dept of Commerce)	Crime Victim Assistance	16.575	S17-31102-505	23,144		23,144		
Department of Justice (via WA State Patrol)	NCHIP-National Criminal History Improvement Program	16.554	K12326	7,187		7,187		
Department of Justice (via WA State Department of Commerce)	Violence Against Women Formula Grants	16.588	F15-31103-070	33,282		33,282		
		16.588	F15-31103-104	57,991		57,991		
Department of Justice	State Criminal Alien Assistance Program	16.606	2016-AP-BX-0740		17,369	17,369		
Department of Justice	Bulletproof Vest Partnership Program	16.607	2016BOBX16081948		53	53		
Department of Justice	Edward Byrne Memorial Justice	16.738	2016-DJ-BX-0123		53,196	53,196	53,196	
Department of Justice	Equitable Sharing Program	16.922	N/A		44,851	44,851		

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.
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CLARK COUNTY, WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Passed Through to Subrecipients	Note
Department of Labor (via SW Washington Workforce Development Council)	Reentry Employment Opportunities	17.270	SF 424A	623		623		
Highway Planning and Construction Cluster								
Department of Transportation)	TSMO Corridor Imprvmts Ph 2 Andresen/M.P.)	20.205	CM-9906(032)/LA-7684	40,805		40,805		
Department of Transportation (via WA State	Big Tree Creek Bridge	20.205	BHS-A068(004)/LA-8005	64,196		64,196		
Department of Transportation)	Brush Prairie Bridge	20.205	BHOS-06IE(001)/LA-7972	335,121		335,121		
Department of Transportation (via WA State	Fifth Plain Creek	20.205	BRM-4382(001)/LA-8003	87,110		87,110		
Department of Transportation)	Van Atta Bridge	20.205	BHOS-2006(065)/LA-8271	28,091		28,091		
Department of Transportation (via WA State	Orchards Traffic Signal Optimization	20.205	CM-9906(040)/LA-7994	2,325,570		2,325,570		
Department of Transportation)	Salmon Creek Ave Path	20.205	TAP-4440(004)/LA-8273	3,030		3,030		
Department of Transportation (via WA State	NE 119th St (NE 50th - NE 72nd Ave)	20.205	STPUS-4430(005)/LA-8709	152,538		152,538		
Department of Transportation)	Hwy 99 TRIM	20.205	CM-0099(133)/LA-8404	99,380		99,380		
Department of Transportation (via WA State	NE 94th Avenue	20.205	STPUL-4401(007)/LA-7905	2,219,471		2,219,471		
Department of Transportation)	Highway 99 Corridor Improvements	20.205	STPUL-0099(129)/LA-8312	59,969		59,969		
Department of Transportation (via WA State	NE Hwy 99 Pedestrian-Bicycle Improvemts	20.205	TAP-4253(014)/LA-8767	264,720		264,720		
Department of Transportation)	Washougal River Rd & Lockwood Crk Rd	20.205	HSIP-000S(406)/LA-8656	119,163		119,163		
Department of Transportation (via WA State	Signal Timing, Evaluation Verication & Enhnc	20.205	CM-9906(046)/LA-8611	85,412		85,412		
Department of Transportation)	Hayes Rd N & S Safety Improvements	20.205	HSIP-A062(001)/LA-8663	50,639		50,639		
Department of Transportation)	WRIGHT-Wrk/Refine IntlGnt Hiwy Tran	20.205	CM-4440(005)	12,530		12,530		
Department of Transportation (via WA State DOT)	Carty Road Reconstruction	20.205	STPR-E068(001)/LA-8560	1,270,000		1,270,000		
	Total Highway Planning and Construction Cluster:			7,217,745	-	7,217,745		
Highway Safety Cluster								
Dept of Transportation (via WA Traffic Safety Commission)	State and Community Highway Safety	20.600	N/A	500		500		
Dept of Transportation (via WA Traffic Safety Commission)	State and Community Highway Safety	20.600	N/A	337		337		
Dept of Transportation (via WA Association of Sheriffs & Police Chiefs)	State and Community Highway Safety	20.600	N/A	8,400		8,400		
Dept of Transportation (via WA Traffic Safety Commission)	National Priority Safety Programs	20.616	N/A	600		600		
			Total Highway Safety Cluster:	9,837	-	9,837		
Department of Energy (via WA State	Weatherization Assistance for Low-	81.042	F15-43103-406	102,084		102,084	124,483	
Department of Commerce)	Income Persons	81.042	F16-43103-406	91,942		91,942		
Department of Energy (via WA State Department of Commerce)	Bonneville Power Administration Low-Income Weatherization	81.F13-43104-406	F15-43104-406	110,530		110,530	62,621	
Department of Health and Human Services (via WA State Department of Health)	Public Health Emergency Preparedness	93.069	C17105	441,027		441,027		
Department of Health and Human Services (via WA State Department of Health)	Sodium Reduction in Communities	93.082	C17105	81,763		81,763		
Department of Health and Human Services (via WA State Dept of Social and Health Services)	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	C17105	43,580		43,580		
Department of Health and Human Services	Substance Abuse and Mental Health	93.243	1H79T1025478		238,053	238,053	191,970	
(via WA State Department of Social and	Services_ Projects of Regional and	93.243	1H79T1025434		261,966	261,966	188,138	
Health Services)	and National Significance	93.243	2013-DC-BX-0067		28,552	28,552	15,039	

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

CLARK COUNTY, WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Passed Through to Subrecipients	Note
Department of Health and Human Services (via WA State Department of Health)	Immunization Cooperative Agreements	93.268	C17105	74,210		74,210		
Department of Health and Human Services (via WA State Department of Health)	Adult Viral Hepatitis Prevention & Control	93.270	C17105	20,825		20,825		
Department of Health and Human Services (via WA State Dept of Social and Health Services)	Substance Abuse and Mental Health Services-Access to Recovery	93.275	1563-39100	621,108		621,108		
Department of Health and Human Services	Drug-Free Communities Support Program Grants	93.276	1H79SP020617		114,471	114,471		
Department of Health and Human Services (via WA State Department of Health)	NON-ACA/PPHF—Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations	93.424	2016-041309	22,546		22,546		
TANF Cluster								
Department of Health and Human Services (via WA State Dept of Social and Health Services)	Temporary Assistance for Needy Families	93.558	1563-39084	10,725		10,725		
			Total TANF Cluster:	10,725	-	10,725		
Department of Health and Human Services (via	Child Support Enforcement	93.563	2110-81160	1,777,060		1,777,060		
WA State Dept of Social and Health Services)	Child Support Enforcement	93.563	0763-15060	60,242		60,242		
Department of Health and Human Services (via WA State Department of Commerce)	Low-Income Home-Energy Assistance	93.568	F15-32606-058	355,700		355,700	349,786	
Department of Health and Human Services (via WA State Department of Commerce)	Low-Income Home-Energy Assistance	93.568	F16-32606-058	1,836,786		1,836,786	1,769,003	
Department of Health and Human Services (via WA State Department of Commerce)	Low-Income Home-Energy Assistance	93.568	F16-43101-106	314,423		314,423	205,666	
Department of Health and Human Services (via	Community Services Block Grant	93.569	F15-32100-006	121,190		121,190	54,600	
WA State Department of Commerce)	Community Services Block Grant	93.569	F16-32101-006	218,023		218,023	146,922	
Department of Health and Human Services (via WA Health Care Authority)	ACA-State Innovation Models: Funding for Model Design and Model Testing Assistance	93.624	1G1CMS331406-01-00	95,429		95,429	89,739	
Department of Health and Human Services (via Foundation for Healthy Generations)	Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance-financed in part by the Prevention and Public Health Fund (PPHF)	93.733	C17105	5,666		5,666		
Department of Health and Human Services (via Foundation for Healthy Generations)	State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.757	2015-Clark County Public Health-HLC	55,482		55,482		
Medicaid Cluster								
Department of Health and Human Services (via	Medical Assistance Program	93.778	K756	21,269		21,269		
WA State Dept of Social and Health Services)	Medical Assistance Program	93.778	K1398	175,836		175,836		
			Total Medicaid Cluster:	197,105	-	197,105		

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.
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CLARK COUNTY, WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Passed Through to Subrecipients	Note
Department of Health and Human Services (via WA State Department of Health)	Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC).	93.815	C1705	160,418		160,418		
Department of Health and Human Services (via WA State Department of Health)	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817	C1705	1,553		1,553		
Department of Health and Human Services (via WA State Department of Health)	National Bioterrorism Hospital Preparedness Program	93.889	C17105	135,955		135,955		
Department of Health and Human Services (via Multnomah County, OR)	HIV Emergency Relief Project Grants	93.914	4400002552	261,728		261,728		
Department of Health and Human Services (via WA State Dept of Social and Health Services)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	1163-27296/1563-42467	286,460		286,460	141,268	
Department of Health and Human Services (via WA State Department of Health)	Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	C17105	40,000		40,000		
Department of Health and Human Services (via WA State Department of Health)	Maternal and Child Health Services Block Grant to the States	93.994	C17105	300,862		300,862		
Executive Office of the President	High Intensity Drug Trafficking Areas Program	95.001	G15NW0009A		86,516	86,516		
Executive Office of the President	High Intensity Drug Trafficking Areas Program	95.001	G16NW0009A		10,433	10,433		
Executive Office of the President via WA State Patrol	High Intensity Drug Trafficking Areas Program	95.001	9003000094	61,851		61,851	3,472	
Executive Office of the President via WA State Patrol	High Intensity Drug Trafficking Areas Program	95.001	9004000063	9,632		9,632	9,632	
Department of Homeland Security (via WA State Parks & Recreation Commission)	Boating Safety Financial Assistance	97.012	3316FAS160153	24,891		24,891		
Department of Homeland Security (via WA State Military Dept	Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	D16-733	183,057		183,057		
		Total Federal Awards Expended:		**16,024,577**	**11,935,289**	**27,959,866**	**5,939,479**	

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

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CLARK COUNTY, WASHINGTON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 1 – BASIS OF ACCOUNTING

The Schedule of Financial Assistance is prepared on the same basis of accounting as the county's financial statements. The county uses the accrual basis. Revenues are recognized to the extent expenditures have been incurred.

NOTE 2 – PROGRAM COSTS

The amount shown as current year expenditures represents only the federal or state portion of the program costs. Entire program costs, including the county's portion, may be more than shown.

NOTE 3 – REVOLVING LOAN – PROGRAM INCOME

The county has a revolving loan program for low-income housing. Under this federal program, repayments to the county are considered program revenues (income) and loans of such funds to eligible recipients are considered expenditures. The amount of loan funds disbursed to program participants for the year was $1,118,784 and is presented in this schedule. The amount of principal and interest received in loan repayments for the year was $1,277,940.

NOTE 4 – INDIRECT COST RATE

The county has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

Clark County
January 1, 2016 through December 31, 2016

This schedule presents the corrective action planned by the auditee for findings reported in this report in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The information in this schedule is the representation of the Clark County.

Finding ref number: 2016-001	**Finding caption:** The County did not have adequate internal controls to ensure compliance with federal grant requirements for housing quality standards.
Name, address, and telephone of auditee contact person: Harold Rains, Department Finance Manager Community Services P.O. Box 5000 Vancouver, WA 98666-5000 (360) 397-2000	
Corrective action the auditee plans to take in response to the finding: *The County acknowledges the State Auditor's finding, and has addressed the core finding by implementing internal controls that ensure compliance with the federal grant requirements for housing quality standards, and has fully resolved the specific internal control deficiencies listed in the finding. All properties developed with HOME Investment Partnerships Program funds are currently in compliance with grant requirements for housing quality standards. Specifically: The Program Manager and Program Coordinator reconcile the listing of properties that require housing quality inspections with the IDIS PR02 report to ensure the listing of properties is complete. This reconciliation has been added to the Action Plan approval and review process, and will be completed every year by April 1st.* *During the audit, a question came regarding inspection requirements for new construction and the State Auditor suggested seeking clarification from HUD as to the requirements of Section 92.504 (d)(1)(ii)(A) related to inspections for new construction. Based on the guidance received from HUD, all properties receive a project completion inspection when a newly constructed property is completed, and a Housing Quality Standard inspection within the first 12 months after the project completion. Verification that the inspections have been scheduled is made following the same process stated above.*	

All HOME Program Staff, including the inspector, now receive HUD HOME Program notices providing guidance on program operations and grant compliance directly.
Anticipated date to complete the corrective action: 6/30/2017

ABOUT THE STATE AUDITOR'S OFFICE

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We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as fraud, state whistleblower and citizen hotline investigations.

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