Washington State Auditor's Office

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Financial Statements and Federal Single Audit Report

Clark County

For the period January 1, 2015 through December 31, 2015

Published August 15, 2016

Report No. 1017220

Washington State Auditor's Office

August 15, 2016

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,

Troy X. Kelley

TROY KELLEY

STATE AUDITOR

OLYMPIA, WA

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Clark County
January 1, 2015 through December 31, 2015

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 identified 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 identified deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no 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
20.205	Highway Planning and Construction

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was $810,906.

The County did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

See finding 2015-001.

SECTION III – FEDERAL AWARD FINDINGS

See finding 2015-002.

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

Clark County
January 1, 2015 through December 31, 2015

2015-001 Clark County lacks adequate internal controls over its calculation for determining major funds to be presented in its financial statements.

Background

It is the responsibility of the County to design and follow internal controls that provide reasonable assurance regarding the reliability of financial reporting. We identified deficiencies in internal controls that could adversely affect the County's ability to produce reliable financial statements.

Government Auditing Standards, prescribed by the Comptroller General of the United States, require that the auditor communicate a significant deficiency, as defined below in the Applicable Laws and Regulations section, as a finding.

Description of Condition

We identified the following deficiencies in internal controls over the County's preparation of its governmental fund financial statements that represent a significant deficiency:

County staff preparing the fund financial statements reported major funds based on incorrect information. The focus of governmental and proprietary fund financial statements is on major funds. Major funds are presented individually and nonmajor funds are reported in aggregate. Accounting standards provide quantitative thresholds for which funds must be reported as major.

The County prepared a calculation to determine its major funds, but the process to monitor the accuracy of the information was not adequate. The County's process provided for a reconciliation to the financial statements, but this was not completed. While the County indicated they independently reviewed the calculation, this process was not documented and did not detect the errors noted.

Cause of Condition

Training provided to staff when the major fund calculation schedule was transitioned to a new individual did not provide sufficient familiarity with how the major fund model functioned. Subsequent review did not detect the difference between the schedule and the financial statements.

Effect of Condition

During our review of the County's major fund calculation, we found a major fund had been omitted from the governmental fund financial statements. In reviewing the County's major fund calculations, we noted several concerns including funds included that should not have been, one missing fund, negative revenue reported, and other amounts that did not agree to the financial statements provided for audit.

As a result, we had to include additional audit procedures in our audit plan to cover the additional major fund that needed to be reported to comply with audit standards.

Recommendation

We recommend the County establish and follow appropriate controls to ensure major funds are reported accurately.

County's Response

The County uses spreadsheets and manual processes to prepare the major fund calculation. As the State Auditor noted, training provided to a new staff member was not sufficient and the errors were not detected in review.

The County recognizes the value of the State Auditor's recommendation and will establish a detailed written procedure for calculating and reviewing the major fund calculation, prior to the preparation of the 2016 CAFR.

Auditor's Remarks

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

Applicable Laws and Regulations

RCW 43.09.200 Local government accounting – Uniform system of accounting, states:

> The state auditor shall formulate, prescribe, and install a system of accounting and reporting for all local governments, which shall be uniform for every public institution, and every public office, and every public account of the same class.

Budgeting, Accounting and Reporting Systems Manual – Accounting, Accounting Principles and General Procedures, Internal Control, states:

> Internal control is a management process for keeping an entity on course in achieving its business objectives, as adopted by the governing body. This management control system should ensure that resources are guarded against waste, loss and misuse; that reliable data is obtained, maintained, and fairly disclosed in financial statements and other reports; and resource use is consistent with laws, regulations and policies.
>
> Each entity is responsible for establishing and maintaining an effective system of internal control throughout their government.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

> 4.23 – When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 265, as follows:

> .07 – For purposes of generally accepted auditing standards, the following terms have the meanings attributed as follows:
>
> Material weakness – A deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.
>
> Significant deficiency – 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.

Governmental Accounting Standards Board, Statement, No. 34 states in part:

> Focus on Major Funds
>
> 75. The focus of governmental and proprietary fund financial statements is on major funds. Fund statements should present the financial information of each major fund in a separate column. Nonmajor funds should be aggregated and displayed in a single column.
>
> 76. The reporting government's main operating fund (the general fund or its equivalent) should always be reported as a major fund. Other individual governmental and enterprise funds should be reported in separate columns as major funds based on these criteria:
>
> Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total (assets, liabilities, and so forth) for all funds of that category or type (that is, total governmental or total enterprise funds), and
>
> Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
>
> In addition to funds that meet the major fund criteria, any other governmental or enterprise fund that the government's officials believe is particularly important to financial statement users (for example, because of public interest or consistency) may be reported as a major fund.

Clark County
January 1, 2015 through December 31, 2015

2015-002 The County did not have adequate internal controls to ensure compliance with federal grant requirements for allowable costs.

CFDA Number and Title:	20.205 – Highway Planning and Construction
Federal Grantor Name:	Department of Transportation Federal Highway Administration (FHWA)
Federal Award/Contract Number:	NA
Pass-through Entity Name:	Washington State Department of Transportation
Pass-through Award/Contract Number:	DTFH7014-E00040, STPUL-4380(004)/LA-8339, BHS-U066(001)/LA-8006, BHS-U066(001)/LA-8006, BHS-U066(001)/LA-8006, BHS-U066(001)/LA-8006, CM-9906(032)/LA-7684, BHS-A068(004)/LA-800, BHOS-06IE(001)/LA-7972, BRM-4382(001)/LA-8003, BHOS-2006(065)/LA-8271, CM-9906(040)/LA-7994, TAP-4440(004)/LA-8273, STPUS-4430(005)/LA-8709, CM-0099(133)/LA-8404, STPUL-4401(007)/LA-7905, STPUL-0099(129)/LA-8312, TAP-4253(014)/LA-8767, HSIP-000S(406)/LA-8656, CM-9906(046)/LA-8611, CM-9906(046)/LA-8611, HSIP-A062(001)/LA-8663, STPUL-4201(002)/LA-7904, STPUL-4430(003)/LA-6442, STPR-E068(001)/LA-8560
Questioned Costs	$0

Background

During 2015, the County spent a total of $10,074,278 in Highway Planning and Construction funds from the Department of Transportation Federal Highway Administration.

Description of Condition

The County did not have adequate controls to ensure costs charged to the Highway Planning and Construction grant were allowable under program requirements. We found two areas where the County had not reviewed federal guidance to ensure costs were properly charged to the federal program:

- The County charged $381,116 in indirect costs without adequate support. While the County had prepared an indirect cost plan, it did not meet several federal requirements. Specifically, we noted concerns with the plan such as with documentation, missing certification, the use of budgetary figures without a reconciliation to actual costs, and the methodology not being designed to equitably distribute cost as it relates to the base. Also, the indirect cost rate was not applied to the appropriate base when costs were charged to the grant.

- The County also charged $206,609 for vacation, sick leave, and holiday benefits that were forecasted to be taken by employees. The County may only charge these costs to federal programs when they are funded in a trust or when they are paid.

We consider these deficiencies in internal controls to be a significant deficiency.

Cause of Condition

The Clark County Public Works Department's program staff had insufficient knowledge of federal requirements for allowable costs to ensure compliance; and monitoring by management was not adequate to detect an issue.

Effect of Condition

The County is not in compliance with federal requirements for cost allocation plans or with how it charged costs for certain employee fringe benefits. However, the County provided additional information which indicate the costs charged to the federal program were reasonable. As a result, we did not question these costs.

Recommendation

We recommend the County strengthen internal controls to ensure allowable costs charged to its federal program are supported and in compliance with federal requirements including:

- Provide training and other resources to its staff to ensure they are knowledgeable about federal regulations.

- Improve the documentation, methodology, and support for its cost allocation plan and re-evaluate it annually.
- Modify how employee benefits are charged to federal programs to comply with federal requirements.

County's Response

The County is pleased the State Auditor's Office was able to confirm that the costs charged to the Highway grant were reasonable. The County also agrees its processes for determining indirect and leave related costs do not meet all of the requirements of the federal Office of Management and Budget's A-87 circular or the Uniform Administrative Requirements in the Code of Federal Regulations.

The County will obtain training to provide staff a full understanding of allowable costs and cost allocation plans on federal grants. We will develop checklists based on the requirements for each grant to improve and document the monitoring process. The County will also re-evaluate how compensated absences are tracked and charged to grants.

Auditor's Remarks

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

Applicable Laws and Regulations

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

> 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

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 over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

For this federal award, the County was subject to requirements from both the Office of Management and Budget Circulars A-133 and A-87, and the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The following is a summary of the applicable requirements:

Compliance Requirements	**Uniform Guidance 2 CFR 200**	**OMB Circulars**
Requirements related to establishment and maintenance of internal controls systems	Section 200.303	NA
Requirements related to the cost of fringe benefits charged to federal programs	Section 200.431	A-87, Attachment B, Section 8(a)
Requirements related to documentation of indirect costs charged to federal programs	Section 200.56, Section 200.415(b)	A-87, Attachment A, Sections F and H, Attachment E, Section D(2)
Audit findings	Section 200.516	NA

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, 2015 through December 31, 2015

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, 2015, 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 28, 2016. As discussed in Note 25 to the financial statements, during the year ended December 31, 2015, the County implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*.

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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Responses as Finding 2015-001 that we consider to be significant deficiencies.

We also noted certain matters that we will report to the management of the County in a separate letter dated August 1, 2016.

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*.

COUNTY’S RESPONSE TO FINDINGS

The County’s response to the findings identified in our audit is described in the accompanying Schedule of Audit Findings and Responses. The County’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Troy X. Kelley

TROY KELLEY

STATE AUDITOR

OLYMPIA, WA

June 28, 2016

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, 2015 through December 31, 2015

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, 2015. 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, 2015.

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 did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings as Finding 2015-002 that we consider to be significant deficiencies.

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. 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.

Troy X. Kelley

TROY KELLEY

STATE AUDITOR

OLYMPIA, WA

August 1, 2016

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Clark County
January 1, 2015 through December 31, 2015

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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed on page 25.

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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General, County Roads, and Community Services Grants funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 25 to the financial statements, in 2015, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

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 27 through 44, information on postemployment benefits other than pensions on page 110, infrastructure modified approach information on pages 111 through 112 and pension plan information on pages 113 through 116 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 28, 2016 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.

Troy X. Kelley

TROY KELLEY

STATE AUDITOR

OLYMPIA, WA

June 28, 2016

FINANCIAL SECTION

Clark County
January 1, 2015 through December 31, 2015

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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, 2015. 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, 2015 by $1.26 billion (a $181.3 million decrease over December 31, 2014).

- 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 $99.3 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 $15.7 million is reported in the 2015 government-wide financial statements, due to a $78.2 million liability for the implementation of the new pension standard required by Governmental Accounting Standards Board Statement #68 (GASB 68). GASB 68 is discussed in Note 25-C in the required note disclosure included with this report.

- For the year ended December 31, 2015, Clark County reported a $181.3 million decrease in net position (includes prior year adjustments), compared to a $29.4 million increase in 2014. Details of contributing factors to the change are included later within this analysis.

- The General Fund's total fund balance increased, from $28.2 million in 2014 to $37.5 million in 2015, for a total increase of 33%. Transfers out to other funds (for one time subsidies and special projects) decreased $10.0 million during this same period

- Clark County's total long term liabilities are $236.9 million at December 31, 2015 (includes a $78.2 million pension liability reported for implementing GASB 68), up from $169.4 million in 2014. See Note # 12 in the notes to the financial statements for detail information.

- Remaining capacity for non-voted debt was $569.7 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 2015. 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 *Notes to Financial Statements*. 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 2015 (a $181.3 million decrease from 2014).

Net position invested in capital assets decreased $98.2 million, largely due to the transfer of capital assets to the Discovery Clean Water Alliance ($119.7 million) and the Clark Regional Emergency Services Agency ($9.3 million). Both asset transfers were processed in accordance with intergovernmental agreements. Capital assets (including construction in progress) with a value of $67.1 million (mostly road projects) were added in 2015. The remainder of the net change in capital asset value is due to retirements, construction in progress assets completed and depreciation.

As a result of implementing GASB 68, the County recognized an adjustment to beginning net position of $75.8 million (as of January 1, 2015), and an ending pension liability of $78.2 million at December 31, 2015. Changes in deferred inflows and deferred outflows from 2014 to 2015 are mostly related to pension activity, which is being reported for the first time, as a result of the implementation of GASB 68.

At December 31, 2015 unrestricted net position is in a deficit position of $15.7 million (compared to a non-deficit position of $55.6 million for 2014). The deficit is driven largely by the change in accounting principal articulated by GASB 68. In compliance with GASB 68, Clark County now shows a net pension liability of $78.2 million, as well as deferred outflows and deferred inflows related to pensions, in the government wide statements and proprietary fund statements. Governmental activities account for all of the $99.3 million restricted net position.

The condensed financial information that follows is derived from the government-wide Statement of Net Position and reflects the County's net position in 2015 compared with 2014.

Clark County Net Position

	Governmental Activities		Business-type Activities		Total		
	2015	2014	2015	2014	2015	2014	% Change
Current & other assets	$ 230,634,192	$ 235,918,335	$ 9,085,150	$ 7,275,315	$ 239,719,342	$ 243,193,650	(1.4%)
Capital assets (net of depreciation)	1,181,460,712	1,178,997,472	107,074,681	224,600,866	1,288,535,393	1,403,598,338	(8.2%)
Total assets	1,412,094,904	1,414,915,807	116,159,831	231,876,181	1,528,254,735	1,646,791,988	(7.2%)
Total deferred ouflows of resources	16,118,884	6,046,032	459,819	0	16,578,703	6,046,032	174.2%
Long term liabilities	229,771,410	165,563,303	7,095,376	3,799,328	236,866,786	169,362,631	39.9%
Other liabilities	34,781,397	42,402,394	1,296,936	1,161,142	36,078,333	43,563,536	(17.2%)
Total liabilities	264,552,807	207,965,697	8,392,312	4,960,470	272,945,119	212,926,167	28.2%
Total deferred inflows of resources	12,780,268	0	530,839	0	13,311,107	0	n/a
Net position:							
Net investment in capital assets	1,067,898,537	1,048,562,211	107,074,681	224,600,866	1,174,973,218	1,273,163,077	(7.7%)
Restricted	99,317,682	111,166,879	0	0	99,317,682	111,166,879	(10.7%)
Unrestricted	(16,335,506)	53,267,052	621,818	2,314,845	(15,713,688)	55,581,897	(128.3%)
Total net position	$ 1,150,880,713	$ 1,212,996,142	$ 107,696,499	$ 226,915,711	$ 1,258,577,212	$ 1,439,911,853	-12.6%

Total liabilities increased $60.0 million in 2015. The previously mentioned introduction of net pension liability as a result of GASB 68 to the government wide statement accounted for a $78.2 million increase. Net bond debt decreased $11.3 million and accounts/payable decreased $9.3 million, while deposits payable increased $3.0 million in 2015.

Of the County's total net position, 93.3% is net investment in capital assets, 7.9% is subject to external restrictions by outside parties, and the unrestricted deficit amount represents -1.2% of the total net position.

Governmental activities net position decreased $62.1 million in 2015, from 2014.

Assets decreased $2.8 million in 2015. Capital assets increased $2.5 million as a result of road construction projects, combined with a $14.2 million decrease prior period adjustment in infrastructure assets. Cash and investments decreased $15.9 million from December 31, 2014, with a $11.9 million decrease occurring in the County Roads Fund as a result of some large road construction projects.

Long Term liabilities increased a total of $56.6 million largely driven by the inclusion of pension liabilities form GASB 68. Bonds payable decreased by $11.3 million, as stated above. Other liabilities decreased by $2.3 million. Accounts payable decreased $4.1 million, while deposits payable increased $3.0 million.

Due to the change in accounting for pension liabilities, unrestricted net position for government activities became a deficit of $16.3 million in 2015.

Business-type position - Business-type net position decreased $119.2 million in 2015. This decrease is mostly the result of the transfer of assets ($119.7 million) to the Discovery Clean Water Alliance, as mentioned above. Total liabilities increased $3.4 million, which includes a $3.6 million pension liability associated with GASB 68.

Of the $107.7 million total net position of business type activities, $107.1 million (99.4%) is investment in capital assets, while $0.6 million is unrestricted and available for future spending.

Analysis of Changes in Net Position

The County's total change in net position related to 2015 activities was a decrease of $91.5 million compared to an increase of $29.4 million in 2014. The condensed financial information that follows is derived from the Government-Wide Statement of Activities and reflects how the County's 2015 changes in net position compare with 2014.

Clark County Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Program Revenues						
Charges for services	$ 92,299,596	$ 83,621,294	$ 15,947,435	$ 12,980,870	$ 108,247,031	$ 96,602,164
Operating grants and contributions	32,439,807	34,761,688	1,116,618	1,629,471	33,556,425	36,391,159
Capital grants and contributions	42,343,772	28,860,893	1,611,483	1,556,920	43,955,255	30,417,813
General Revenues						
Taxes	153,414,027	144,010,797	-	-	153,414,027	144,010,797
Gain on sale of assets	2,649,437	2,927,290	-	-	2,649,437	2,927,290
Interest earnings	3,814,687	5,169,463	29,439	36,411	3,844,125	5,205,874
Transfers	72,505	-	(72,505)	-	-	-
Total revenues	327,033,831	299,351,425	18,632,470	16,203,672	345,666,301	315,555,097
Program Expenses:						
General government	56,687,101	52,608,899	-	-	56,687,101	52,608,899
Public safety	77,250,110	77,461,008	-	-	77,250,110	77,461,008
Judicial	13,134,614	12,338,675	-	-	13,134,614	12,338,675
Physical environment	4,036,651	3,165,164	-	-	4,036,651	3,165,164
Transportation	66,001,991	49,764,759	-	-	66,001,991	49,764,759
Economic environment	27,847,791	21,863,357	-	-	27,847,791	21,863,357
Health & human services	24,332,673	27,043,540	-	-	24,332,673	27,043,540
Culture & recreation	19,369,741	24,341,079	-	-	19,369,741	24,341,079
Solid Waste	-	-	2,584,543	2,605,351	2,584,543	2,605,351
Water - restated	-	-	4,567,588	4,374,829	4,567,588	4,374,829
Golf Course	-	-	1,535,177	1,350,939	1,535,177	1,350,939
Sewer	-	-	3,555,498	6,926,644	3,555,498	6,926,644
Interest on long term debt- restated*	5,171,207	6,027,539	11,121	11,485	5,182,328	6,039,024
Total expenses	293,831,879	274,614,020	12,253,927	15,269,248	306,085,806	289,883,268
Excess (deficiency) of revenues over (under) expenses	33,201,952	24,737,405	6,378,543	934,424	39,580,495	25,671,829
Special Items/Extraordinary Items	(9,336,846)	3,750,955	(121,778,647)	-	(131,115,493)	3,750,955
Change in Net Position	23,865,106	28,488,360	(115,400,104)	934,424	(91,534,998)	29,422,784
Net position as of January 1	1,212,996,142	1,173,957,279	226,915,711	225,509,311	1,439,911,853	1,399,466,590
Prior period adjustments	(13,864,135)	10,550,503	(167,025)	471,976	(14,031,160)	11,022,479
Change in accounting principle	(72,116,400)	-	(3,652,083)	-	(75,768,483)	-
Net position as of December 31	$ 1,150,880,713	$ 1,212,996,142	$ 107,696,499	$ 226,915,711	$ 1,258,577,212	$1,439,911,853

Total revenues increased $30.1 million in 2015 from 2014, with governmental activities increasing $27.7 million and business-type activities increasing $2.5 million. Tax revenue increased $9.4 million in 2015, from 2014, and accounted for 44% of total revenues in 2015. Property Tax revenue increased $2.9 million in 2015, while sales/excise and other taxes, combined, increased $6.5 million. Most of the tax increase is due to increased construction activity in 2015. Grants and contributions amount to 22% (21% in 2014) and charges for services 31% (same in 2014) of total revenues. Governmental activities provided $327.0 million in revenues (95%), while business-type activities provided $18.6 million (5%).

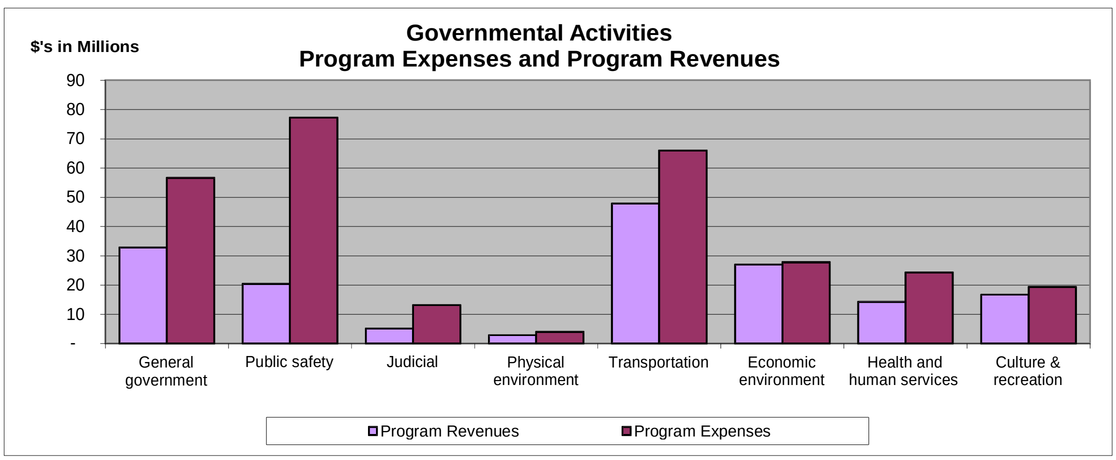
The County's expenses cover a range of services, the largest of which were for public safety, general government and transportation, accounting for 68% of total expenses, combined. Health and human services, economic environment, and culture and recreation, combined, account for 24%, while the expenses of all other functional programs and interest expense, combined, account for 8%. Total expenses for the year were $306.1 million, up $16.2 million from 2014. Governmental activities accounted for 96% of total County expenses. Governmental activity expenses increased $19.2 million in 2015 (over 2014), while business type activity expenses decreased $3.0 million.

Governmental activities – Of the $19.2 million increase in expenditures, the largest share of the increase ($16.2 million) came from transportation. This expenditure increase reflects management's intentions to move forward with necessary capital road projects and improvements, given the available fund balance in the County Roads Fund at the end of 2014.

In 2015 the County reclassified certain activities from Health and Human Services to Economic Environment, based on 2014 reclassifications in the Washington State Budgeting and Reporting System (BARS). This caused some of the increases and decreases in the expenditures in those functions for 2015. Expenses in these two functions, combined, were $52.2 million in 2015, compared to $48.9 million in 2014.

Culture and recreation expenses decreased $5.0 million in 2015, due to a $4.8 million loss on the sale of assets in 2014.

The following graph illustrates 2015 governmental activities program revenues and expenses by function.



Tax revenue increased $9.4 million in 2015 over 2014, in part due to increased construction activity in the County, which increases both property and sales tax revenue. Capital grant revenue increased $13.5 million, with the largest portions endowed to transportation, culture and recreation and economic environment functions.

Business-type activities – Business-type activities revenue (net of interfund transfers) increased $2.4 million to $18.6 million in 2015 when compared to 2014. Most of the increase arises from a 2015 fee increase in Clean Water. Expenses for the year decreased $3.0 million to $12.3 million. Expenses in Sewer show a net decrease of $3.4 million due to the completion of some projects in 2014 and reduced depreciation expense, resulting from the transfer of assets, as described in Note 25-A.

The 2015 change in net position, excluding prior period adjustments and the change in accounting principal, is a decrease of $115.4 million. This reflects the transfer of capital assets to the Discovery Clean Water Alliance in 2015 (discussed above in the analysis of net position). 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, Development Impact Fees Fund, County Roads Fund and Community Services Grants Fund are the only major governmental funds in 2015.

As of December 31, 2015, the County's governmental funds reported combined ending fund balances of $156.5 million (an $8.6 million decrease from 2014). Total governmental assets decreased $6.6 million this year. There is a $17.1 million reduction in cash, deposits and investments, offset, in part, by a $13.1 million increase in 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 2015, which results in no material change over the combination of the two combined categories shown in the 2014 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 $52.8 million in 2015, compared to $50.7 million in 2014 (an increase of $2.1 million). Among the most significant changes are an increase of $2.8 million in payments due to other funds (of which $2.6 million is for Camp Bonneville), an increase in deposits payable of $2.9 million, a $2.1 million increase in advances due to other funds (which is offset in the assets category by an advance due from other funds), and a $3.8 million decrease in accounts payable.

The **General Fund's** total fund balance increased $9.3 million, from $28.2 million in 2014 to $37.5 million in 2015. This was largely due to a decrease in 2015 of subsidy transfers to other funds for special projects, in conjunction with a new direction in budget policy that requires that most special projects be funded by new revenue sources. In 2015, $9.3 million was transferred out to other funds, compared to $19.2 million in 2014. There was a net $4.9 million increase of unassigned fund balance in the General Fund at the end of 2015.

Total assets increased $3.8 million in 2015, over 2014. Advances due from capital projects funds for the purpose of debt payment resulted in a $3.6 million increase in that category. Due to the timing of transactions, amounts due from other funds and other governments, combined, increased $5.0 million, while accounts receivable decreased $2.5 million. Cash and investments and deposits in trust, combined, at the end of the year were $4.9 million less than at the end of 2014. Taxes receivable (which includes interest & penalties receivable in 2015) increased $2.6 million over combined taxes, interest, and penalties receivable at the end of 2014, as a result of the overall increase in tax revenue (due to the upswing in home building and other construction projects within the County during 2015).

General Fund liabilities and deferred inflows of resources, combined, are $22.9 million at December 31, 2015, compared to $28.3 million in 2014 (a decrease of $5.4 million). Accounts payable decreased $3.7 million (due to the timing of vendor invoicing), accrued liabilities decreased $1.0 million, and contractor deposits payable increased $1.5 million. Deferred inflows of unavailable court revenue decreased $2.2 million in 2015, compared to 2014.

The **County Roads** major fund's total assets decreased $12.6 million in 2015. Cash, cash equivalents and pooled investments decreasing by $14.9 million, in correlation with a $16.2 million increase in capital project expenditures in 2015, over 2014. Due to the timing of billings, due from other fund increased $5.2 million by the end of 2015, over the prior period. This amount is due from the Development Impact Fees fund for the portion of 2015 road projects funded by traffic impact fees.

Total liabilities and total deferred inflows of resources had minimal changes from 2014, decreasing less than $1.0 million. The biggest changes are a $2.1 million decrease in accounts payable and a $1.0 million increase in due to other funds.

The **Development Impact Fees** major fund reported a $0.4 million increase in fund balance at the end of 2015. Cash and investments increased $3.3 million, while current liabilities (all in the form of payables) increased $3.4 million, due to the timing of interfund billings.

The **Community Services Grants** major fund reported a $1.0 million decrease in fund balance at the end of 2015. Total assets decreased slightly by $0.8 million while total liabilities increased $0.2 million.

Non-major governmental funds, combined, decreased fund balance by $19.0 million from December 31, 2014 to December 31, 2015. Two changes, one in reporting and one operational change, account for a $17.3 million decrease in the non-major governmental fund balance.

The reclassification of the Development Impact Fees Fund, from a non-major capital projects fund in 2014 to a major fund in 2015, accounts for a decrease of $13.6 million (fund balance at 12/31/14). In addition, four non-major special revenue funds (Special Law Enforcement, Emergency Medical Service, CJA-1% Sales Tax and Law & Justice Sales Tax funds) were closed and have no remaining fund balance at the end of 2015. These funds, combined, accounted for a $3.7 million fund balance at December 31, 2014. The function of these funds was to collect sales and 911 tax and transfer 100% of collected revenues to other funds (except for the Emergency Medical Service Fund, which transferred all revenues to an outside agency). The revenues are now being collected directly into the funds or agency where they were being transferred to, so the loss of fund balance in these funds is not a “gain” of fund balance in other funds.

When comparing non-major governmental funds with balances in 2015 against the same funds in 2014, total assets decreased $2.9 million and total liabilities increased $4.6 million. Cash and investments increased $1.5 million, amounts due from other governments increased $3.8 million (due to the timing of grants and pass-through revenues receivable) and advances due to other funds decreased $1.5 million, as a result of an advance between two non-major governmental funds being paid in full in 2015.

The most significant increases in total liabilities were a $2.1 million increase in advances due to other funds and a $2.1 million increase in amounts due to other funds. The increase in advance due to other funds is a combination of a $3.6 million advance from the General Fund to capital project funds (used for the payoff of callable GO bonds), combined with a payment of a previous $1.5 million advance due between non-major governmental funds (referred to in the above paragraph). The increase in amounts due to other funds is a matter of the timing of interfund reimbursable expenditures at year end.

Fund balance: Approximately 69.0% of the governmental fund balance ($108 million) is non-spendable or restricted by constraints outside county government. An additional 11.8% ($18.4 million) is committed or assigned for specific purposes, such as technology improvements, housing, mental health, public safety programs, and compensated absences. The remaining 19.2% ($30.1 million) is available for spending at the County’s discretion.

<u>Governmental Funds – Revenue, Expenditure, and change in Fund Balance Analysis-</u>
Governmental fund revenues total $302.6 million for 2015, up from $282.3 million in 2014 (up $20.3 million, a 7.2% increase). Tax revenue increased $8.7 million in 2015 and accounted for 50.8% of total governmental revenue collected in 2015. Intergovernmental revenue (predominately grants) increased $7.8 million in 2015 from 2014 and accounted for 19.6% of total governmental revenue in 2015.

Charges for services and licenses and permit revenue, combined, account for 23.8% of total revenues, and increased by $5.4 million in 2015.

Governmental funds expenditures were $315.1 million in 2015, up $35.3 million from 2014. Most of this increase is in the County Roads Fund ($17.1 million) and non-major governmental funds ($15.8 million). Current expenditures account for 77.6% of total expenditures, while capital outlay accounts for 15.6% and debt service accounts for 6.8% of total expenditures. Details regarding the changes in revenues and expenditures from 2014 to 2015 follow.

The **General Fund** is the chief operating fund for the County. General Fund revenues increased $6.6 million from 2014 to 2015, while expenditures increased $1.8 million during the same period.

The largest increase in General Fund revenue in 2015 came from a $5.7 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 $1.0 million increase in property tax revenue. A notable gain of $0.9 million in intergovernmental revenues was also recorded.

In 2015, all general parks operations were moved out of the General Fund and into the non-major special revenue Metropolitan Parks District Fund. This change accounted for a $1.7 million decrease in culture & recreation expenditures in the General Fund in 2015. General governmental and public safety current expenditures, combined, increased $3.6 million in 2015, mostly due to filling staff positions that had remained vacant for several years, due to the poor economy. Public safety capital outlay decreased $1.2 million over 2014 due to radio expenditures being completed in 2014.

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 2015, the net change in fund balance was a decrease of $12.0 million (including prior period adjustments), reflecting management's intentions to move forward with necessary capital road projects and improvements.

Total revenue increased $4.3 million from 2014. By far the largest driver of this increases were grant revenues (intergovernmental), which increased $3.8 million in 2015. Grant revenues are often tied to the timing of capital projects and state and federal funding availability. Property tax revenue increased slightly in 2015, by $0.8 million.

Road Fund operating expenditures increased from 2014 by $0.9 million, while capital outlay for road construction increased significantly: $16.2 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 2015 was a decrease of $1.0 million, compared to a decrease of $0.7 million in 2014.

Revenues increased from $9.8 million to $10.8 million, expenditures increased $0.6 million, while transfers in from other funds decreased $0.6 million. Both intergovernmental revenue and charges for services provided to clients increased by about $0.5 million each in 2015.

Development Impact Fees Fund is a major capital project fund in 2015. The net change in fund balance for 2015 was an increase of $0.4 million.
Revenue increased $2.7 million in 2015, from 2014. New residential and commercial construction growth in 2015 accounts for the increase. During this same period, transfers out to the Road fund to pay for road construction increased $3.0 million in 2015, over 2014.

In 2015, for all **nonmajor governmental funds,** combined, the net change in fund balances is a $5.7 million deficit. In the following discussions in this section, Development Impact Fees Fund revenues and expenditures are excluded from 2014 comparisons, since that fund is classified as a major fund in 2015 and had a nonmajor classification in 2014. The funds closed in 2015 reported revenue and expenditure activity in 2015, so they are included in the comparisons. (Refer to the fund balance analysis section that proceeds this section, for the names of those funds.)

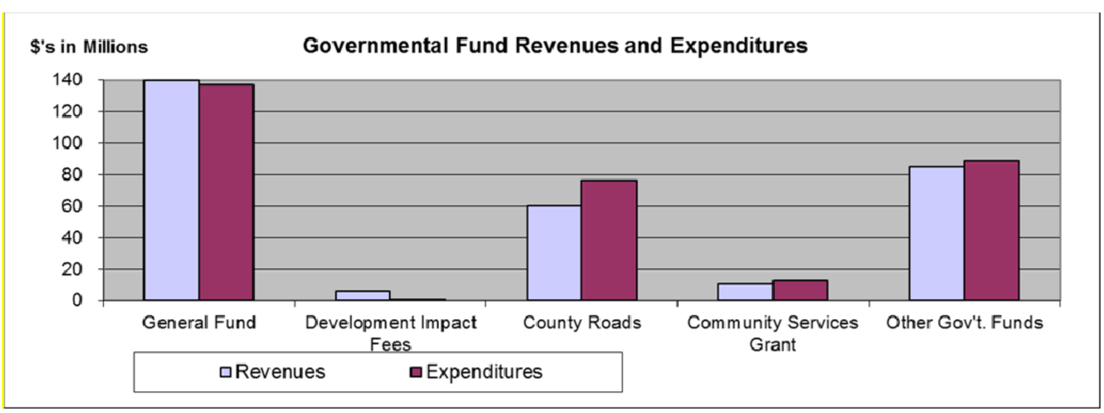
Total non-major governmental funds revenue increased $5.7 million over 2014. Taxes increased $1.2 million and building permits increased $2.2 million as a result of the increased construction activity, due to a better economic environment. Intergovernmental revenue increased $2.5 million. Most of the increases were in the health and human services funds.

Total non-major governmental funds expenditures increased by $15.5 million. The pay-off of GO Bonds, which were callable in 2015, increased debt service expenditures by $7.1 million over 2014. General government expenditures increased by $3.8 million. There was a $3.2 million increase in expenditures in the Campus Development non-major special revenue fund. This fund collects rent revenues from outside parties, as well as from some County funds, in compliance with lease agreements and bond covenants. These funds are then dispersed to other County funds to pay for debt service and building and grounds maintenance and operational costs. In previous years, the County has treated these disbursements as interfund transfers. Beginning in 2015, the County reports the disbursement to cover maintenance and operational costs as expenditures. The Campus Development Fund had an offsetting decrease of $3.6 million in transfers out for 2015.

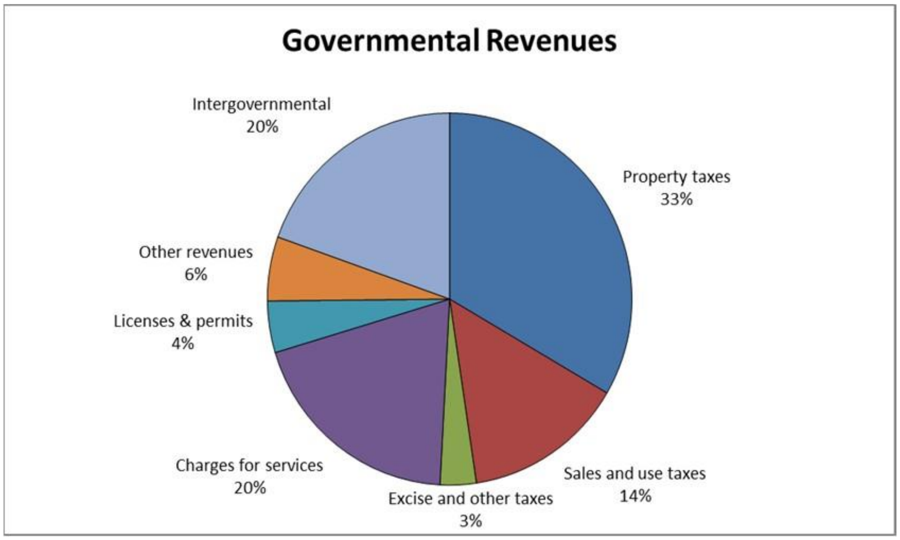
Culture and recreation expenditures increased $2.2 million in the nonmajor governmental funds, as a result of general parks operations moving from the General Fund to the Metropolitan Parks District Fund, as was discussed previously, in the General Fund expenditure analysis.

Economic environment and health and human services, combined, increased $2.3 million. (As discussed earlier 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 $0.6 million, as a result of the increased building and construction activity in the County in 2015. The Substance Abuse non-major special revenue fund expenditures increased by $1.7 million in 2015, 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, 2015 for the four 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, 2015.



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, two of which (Sanitary Sewer and Clean Water) are considered major funds. In 2015, the change in net position for the enterprise funds is a decrease of $119.2 million, due to the transfer of capital assets (the sewer treatment plant and infrastructure) with a net book value of $119.7 million to the Discovery Clean Water Alliance. (see note 25-A: Transfer of Operations – Discovery Clean Water Alliance, in the notes to the financial statements in this report, for more information on this transfer of capital assets).

The following table reflects the "*Enterprise Funds Statement of Net Position*" for the year ending December 31, 2015, compared to the prior year.

Clark County Washington
Enterprise Funds - Statement of Net Position

	Major				Non-Major			
	Sanitary Sewer		Clean Water				Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Assets								
Total current assets	$ 1,376,257	$ 2,709,668	$ 4,062,750	$ 1,177,493	$ 3,703,584	$ 3,498,430	$ 9,142,591	$ 7,385,591
Total noncurrent assets	447,218	120,409,731	98,259,950	95,754,270	8,367,513	8,436,865	107,074,681	224,600,866
Total assets	1,823,475	123,119,399	102,322,700	96,931,763	12,071,097	11,935,295	116,217,272	231,986,457
Total deferred outflows of resources	114,974	-	207,816	-	137,029	-	459,819	-
Total current liabilities	235,039	252,524	1,509,292	1,275,165	175,630	283,429	1,919,961	1,811,118
Total noncurrent liabilities	1,312,737	155,263	4,029,216	3,016,793	1,187,839	87,572	6,529,792	3,259,628
Total liabilities	1,547,776	407,787	5,538,508	4,291,958	1,363,469	371,001	8,449,753	5,070,746
Total deferred inflows of resources	132,936	-	240,283	-	157,620	-	530,839	-
Total net position	$ 257,737	$ 122,711,612	$ 96,751,725	$ 92,639,805	$ 10,687,037	$ 11,564,294	$ 107,696,499	$ 226,915,711

As discussed above, the sewer treatment plant and associated infrastructure were transferred from the County to Discovery Clean Water Alliance in 2015. As a result of this transfer, noncurrent assets for enterprise funds decreased $117.5 million. Current assets increased $1.8 million. Ending cash and investments increased $3.0 million at the end of 2015, over 2014, while amounts due from other governments decreased by $1.2 million.

Total liabilities increased $3.4 million, largely as a result of enterprise funds now reporting pension liabilities ($3.6 million) in accordance with GASB 68. (see Note 25-C: Implementation of GASB 68 and Restatement of Beginning Fund Balances, in the notes to the financial statements in this report, for more information on the new reporting requirements).

The **Sanitary Sewer Fund** accounts for operations and maintenance of the Salmon Creek Treatment plant facilities and sewer lines, which are now owned by the Discovery Clean Water Alliance (Alliance). The County operates the plant in accordance with an operator agreement between the Alliance and the County. Total net position of the sewer fund decreased $122.5 million in 2015, as a result of the capital asset transfer and the change in pension reporting requirements of GASB 68, mentioned above. Liabilities increased $1.1 million as a result of the $0.9 million pension liability and a $0.3 million contract payable, related to cash reserves held in the fund for the Alliance. Of the total net position, there is a $0.2 million deficit unrestricted amount, compared to a $2.3 million unrestricted net position at December 31, 2014. This change is related to the combination of the addition of the net pension liability and a $1.8 million in reserve cash transferred to the Alliance (see Note 25-A in the notes to the financial statements in this report, for more information on this transfer).

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 $96.8 million at the end of 2015, or an increase of $4.1 million over 2014. Cash and investments increased $3.4 million, mostly due to the result of operations for 2015. Liabilities increased $1.2 million, which for the first time reflects a pension liability of $1.6 million in accordance with GASB 68. The Clean Water Fund has a negative unrestricted fund balance (resources available for discretionary spending) of $1.5 million (a decrease from a negative $3.1 million in 2014). This is due to a legal judgement in 2013 of $3.6 million, of which $1.1 million has been paid as of 2015. The remaining amount is to be paid in annual payments of $500,000 each year over the next five 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 **Sanitary Sewer** Fund total operating revenues declined from 2014 to 2015 by $0.3 million. Operating expenses were down $3.4 million compared to 2014. This is largely a result of reduced depreciation expense, resulting from the transfer of capital assets to the Alliance. As a result, the Sewer Fund reports an operating gain of $0.2 million, compared to a $2.9 million operating loss in 2014.

The **Clean Water** Fund total operating revenues for 2015 were $8.2 million ($5.2 million in 2014). This increase in revenue was driven primarily by an evaluation of existing fee structures, resulting in rate increases. Operating expenses were $4.6 million, compared to $4.1 million in 2014. The increase is in contractual services for maintenance of stormwater facilities.

There were minimal changes in 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.

The following table reflects the enterprise funds revenues and expenses for the year ending December 31, 2015, compared to the prior year.

Enterprise Funds - Revenues and Expenses

	Major				Non-Major		Total	
	Sanitary Sewer		Clean Water					
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Total operating revenues	$ 3,767,778	$ 4,056,769	$ 8,298,165	$ 5,242,474	$ 3,856,637	$ 3,648,586	$ 15,922,580	$ 12,947,829
Total operating expenses	3,555,498	6,926,644	4,567,588	4,070,477	4,119,652	3,955,952	12,242,738	14,953,073
Operating income (loss)	212,280	(2,869,875)	3,730,577	1,171,997	(263,015)	(307,366)	3,679,842	(2,005,244)
Total non-operating revenues(expenses)	4,792	18,945	628,011	372,493	526,920	991,310	1,159,723	1,382,748
Income (loss) before contributions and transfers	217,072	(2,850,930)	4,358,588	1,544,490	263,905	683,944	4,839,565	(622,496)
Capital contributions	-	-	1,611,483	1,556,920	-	-	1,611,483	1,556,920
Extraordinary item/special item	(121,778,647)	-	-	-	-	-	(121,778,647)	-
Transfers, net	(2,509)	-	(82,816)	(92,502)	12,820	92,502	(72,505)	-
Change in net position	(121,564,084)	(2,850,930)	5,887,255	3,008,908	276,725	776,446	(115,400,104)	934,424
Net position, January 1	122,711,612	125,562,542	92,639,805	89,158,921	11,564,294	10,787,848	226,915,711	225,509,311
Change in accounting principle GASB 68 implementation	(889,791)	-	(1,608,310)	-	(1,153,982)	-	(3,652,083)	-
Prior period adjustment	-	-	(167,025)	471,976	-	-	(167,025)	471,976
Net Position January 1-restated	121,821,821	125,562,542	90,864,470	89,630,897	10,410,312	10,787,848	223,096,603	225,981,287
Net position, December 31	$ 257,737	$122,711,612	$ 96,751,725	$ 92,639,805	$ 10,687,037	$ 11,564,294	$ 107,696,499	$ 226,915,711

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 2.5% from the original budget and expenditures increased 3.1% from the original budget. Budgeted tax revenue increased $4.8 million primarily based on increased sales taxes. Expenditures increased $8.4 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.

General Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget (GAAP Basis) and Actual
For the year ended December 31, 2015

	Original 2015/2016 Budget	Final 2015/2016 Budget	Actual Year to Date	Variance with Final Budget Positive/ (Negative)
Revenues:				
Taxes	$ 155,424,234	$ 160,229,058	$ 82,842,170	$ (77,386,888)
Licenses & permits	5,847,828	5,915,444	3,022,332	(2,893,112)
Intergovernmental	21,443,850	23,669,781	12,311,940	(11,357,841)
Charges for services	65,926,886	64,930,041	33,356,128	(31,573,913)
Fines & forfeitures	9,330,245	9,163,711	4,660,690	(4,503,021)
Miscellaneous	7,046,796	7,982,584	3,718,205	(4,264,379)
Total revenues	265,019,839	271,890,619	139,911,465	(131,979,154)
Expenditures				
Current:				
General government	92,040,853	95,476,782	44,182,631	51,294,151
Public safety	136,081,833	138,764,473	71,250,630	67,513,843
Judicial	23,790,268	23,740,558	12,365,362	11,375,196
Physical environment	8,555,399	8,793,039	4,150,986	4,642,053
Transportation	331,216	366,216	172,621	193,595
Economic environment	6,276,299	6,156,058	2,571,916	3,584,142
Health and human services	2,309,115	2,335,148	1,276,958	1,058,190
Culture and recreation	626,540	1,389,742	535,312	854,430
Capital outlay:				
General government	-	40,000	12,346	27,654
Public safety	-	264,320	48,438	215,882
Judicial	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	1,175,705	668,895	506,810
Culture and recreation	112,708	-	-	-
Total expenditures	270,124,231	278,502,041	137,236,095	141,265,946
Excess (deficiency) of revenues over expenditures	(5,104,392)	(6,611,422)	2,675,370	9,286,792
Sale of capital assets	2,648,372	-	1,865,304	1,865,304
Transfers in	28,062,108	28,244,911	14,958,569	(13,286,342)
Transfers out	(24,631,637)	(27,160,108)	(9,047,852)	18,112,257
Total other financing sources(uses)	6,078,843	1,084,803	7,776,021	6,691,219
Net change in fund balance	974,451	(5,526,619)	10,451,391	15,978,011
Fund balance as of January 1	6,397,160	(12,206,386)	27,759,202	39,965,588
Prior Period Adjustment	-	-	(747,996)	(747,996)
Fund Balance as of January 1-restated	6,397,160	(12,206,386)	27,011,206	39,217,592
Fund balance as of December 31	$ 7,371,611	$ (17,733,005)	$ 37,462,597	$ 55,195,603

Adjustment to generally accepted accounting principles (GAAP) basis:	
Jail Commissary and Juvenile Trust funds are budgeted separately as special revenue funds within this report. They have no fund balance at 12/31/15	0
ending fund balance from combining stmts	$ 37,462,597

* 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.

Intergovernmental revenue (grants) increased from the original budget by $2.2 million. The largest increase was an addition of $1.0 million of state funding for the Lewis & Clark Railroad. Charges for services decreased slightly less than $1.0 million, in part due to the reallocation of some Parks revenue out of the General Fund.

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 $1.0 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 ($2.6 million). The remainder of the $8.7 million increase is spread throughout various departments in the General Fund.

Transfers out increased by $2.5 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 51% of the final biennial budget. Expenditures at the end of the fiscal year are 48% of the biennial budget. This is the first year of the biennium. Because more than half or the budgeted General Fund revenues have been collected but slightly less than half of budgeted expenditures have been made, it indicates that the County is on track at the end of 2015. For expenditures at the end of 2015, only the Public Safety area exceeds 50% of budget spent at 51%. This is driven by personnel costs within Juvenile and Sheriff Civil Support areas.

As of the end of 2015, the fund balance in the General Fund increased $9.3 million to $37.5 million since the start of the biennium. Transfers in are 52% of budget and transfers out are 34% of budget. This imbalance is in the timing of transfers, and drives fund balance temporarily higher than it would be otherwise.

CAPITAL ASSET, INFRASTRUCTURE, AND DEBT ADMINISTRATION

Capital Assets

Total capital asset value as of December 31, 2015 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, 58.7% is from infrastructure, (net of depreciation) such as roads, bridges, pathways and storm water facilities. Land makes up 26% 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 $34.6 million in 2015 on transportation projects that are reported as capital assets.

- Vehicles, road equipment, and trailers were added to the fleet as either replacements or new equipment, at a cost of $4.3 million. Fleet equipment with an original cost of $1.4 million and a net depreciated value of $160,917 was disposed of.

- Residential and commercial roads and right of way contributed by developers in 2015, at a value of $15.2 million, were added to capital assets. Stormwater land and facilities valued at $1.6 million were contributed by developers in 2015.

- Capital Emergency Equipment and infrastructure, with a net book value of $9.3 million, was contributed to Clark Regional Emergency Services Agency, a joint venture of the County.

- The Salmon Creek Treatment plant and sewer infrastructure, with a net book value of $119.7 million was transferred to Discovery Clean Water Alliance, as part of a transfer of operations interlocal agreement.

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 $67,400, approximately 45% of the annual budget, for bridge maintenance in 2015. 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 cinderblock 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 $750,594 for storm water facility maintenance in 2015, or 88% 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, 2015

	Historical Cost	Accum. Depreciation as of 12/31/03	Net Cost	Average Assessment Value *			Established Condition Level
				2011	2012	2014	
Storm water Subsystems	$ 71,526,664	$ 4,139,541	$ 67,387,123	86	86	97	70
				2012	2013	2014	
Bridge Subsystems	34,716,696	238,591	34,478,105	75	76	73	50
Total	$ 106,243,360	$ 4,378,132	$ 101,865,228				

*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, 2015, Clark County had total bonded debt outstanding of $98.8 million (including deferred premiums/discounts), compared to $111.2 million at December 31, 2014. All bonded debt is held in governmental activities and is backed by the full faith and credit of the County. The County refunded $3.7 million in general obligation debt in 2015. The County maintains a Moody's Aa2 rating 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 2015, the County's financial condition continued to recover from the "Great Recession" of 2007/2008. While the County has made progress in this recovery, many activities continue to be well below 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 31.0% of total 2015 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. The 1% increase has not been taken by the General Fund since 2012 and by the Road Fund since 2011.

Sales and use tax revenues are another significant revenue source for the County (16.3 % of total revenues). Retail sales in Clark County, which are heavily impacted by construction activity, increased by 12.2% in 2015 following an increase of 10.5% in 2014, over 2013. Construction related sales tax increased slightly to 31.0% in 2015 compared to 29.1% in 2014. Government-wide grants and contributions were up by 16.0% in 2015 ($77.5 million) compared to 2014 ($66.8 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 $2.3 million in 2015, following a $0.9 million increase in 2014.

Residential building permits issued by the Department of Community Development (DCD) increased to 1,246 in 2015 from 947 in 2014. Commercial building permits decreased during the year. There were 297 in 2015 compared to 403 in 2014 (26.3% decrease). From the mid-1990's, combined residential and commercial permits generally totaled over 2,000/year until beginning to fall in 2006.

Other factors impacting the economic condition are: The annual inflation rate decreased to 0.7% at the end of 2015 from 0.8% in 2014, primarily due to the energy index dropping over 2.4% during the period. Clark County average unemployment for the year 2015 was 6.0% compared to 7.9% the 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 Postion
December 31, 2015

	Primary Government			Component Unit
ASSETS	Governmental Activities	Business-type Activities	Total Primary Government	Clark County Public Facilities District
Cash, cash equivalents & pooled investments	$ 149,736,353	$ 8,249,362	$ 157,985,715	$ 122,673
Deposits in trust	3,527,606		3,527,606	-
Deposits with agents	500,000		500,000	-
Investments	552,493	-	552,493	-
Net Receivables	45,377,952	881,992	46,259,944	200,701
Internal balances	57,441	(57,441)	-	-
Inventories	2,030,440	-	2,030,440	-
Prepaids	1,959,327	11,237	1,970,564	-
Notes receivable	12,133,743	-	12,133,743	7,390,333
Net OPEB asset	966,276	-	966,276	-
Net pension asset	5,447,567	-	5,447,567	-
Equity interest in joint venture	8,344,994	-	8,344,994	-
Capital assets not being depreciated:		-		-
Land, infrastructure and construction in progress*	362,926,454	105,163,226	468,089,680	-
Capital assets net of accumulated depreciation	818,534,258	1,911,455	820,445,713	-
Total assets	1,412,094,904	116,159,831	1,528,254,735	7,713,707
DEFFERED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	5,222,286	-	5,222,286	-
Amounts related to pensions	10,896,598	459,819	11,356,417	-
Total deferred ouflows of resources	16,118,884	459,819	16,578,703	-
LIABILITIES				
Accounts payable and other current payables	11,314,739	901,160	12,215,899	257,849
Accrued liabilities	7,518,740	205,014	7,723,754	-
Deposits payable	6,354,090	74,228	6,428,318	-
Due to other governments	1,824,578	4	1,824,582	-
Revenue collected in advance	7,769,250	116,530	7,885,780	-
Long term liabilities:				-
Net pension liability	74,649,695	3,581,059	78,230,754	
Other due within one year	14,923,628	565,584	15,489,212	-
Other due in more than one year	140,198,087	2,948,733	143,146,820	-
Total liabilities	264,552,807	8,392,312	272,945,119	257,849
DEFFERED INFLOWS OF RESOURCES				
Amounts related to pensions	12,780,268	530,839	13,311,107	-
Total deferred ouflows of resources	12,780,268	530,839	13,311,107	-
NET POSITION				
Net investment in capital assets	1,067,898,537	107,074,681	1,174,973,218	-
Restricted for:				
Culture and recreation	26,387,873	-	26,387,873	7,455,858
Economic environment	27,404,976	-	27,404,976	-
Public Safety	1,189,335	-	1,189,335	-
Debt service- debt covenants	858,895	-	858,895	-
Transportation	20,598,860	-	20,598,860	-
Health and human services	14,681,833	-	14,681,833	-
Landfill remediation	3,491,780	-	3,491,780	-
General governmental	4,554,130	-	4,554,130	-
Workers compensation claims	150,000	-	150,000	-
Unrestricted	(16,335,506)	621,818	(15,713,688)	-
Total net position	$ 1,150,880,713	$ 107,696,499	$ 1,258,577,212	$ 7,455,858

* 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, 2015

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
			Program Revenues			Net (Expense) Revenue and Changes in Net Position – Primary Government			Component Unit
Primary Government:									
Governmental activities:									
General government	$ 61,491,346	(4,804,245)	$ 23,280,163	$ 9,437,100	$ 91,555	$ (23,878,283)	$ -	$ (23,878,283)	$ -
Public safety	77,101,893	148,217	18,122,766	2,273,123	31,003	(56,823,217)	-	(56,823,217)	-
Judicial	13,134,614	-	4,696,763	441,600	-	(7,996,251)	-	(7,996,251)	-
Physical environment	3,742,627	294,024	2,878,837	24,855	-	(1,132,959)	-	(1,132,959)	-
Transportation	64,161,720	1,840,271	13,863,218	-	34,003,883	(18,134,890)	-	(18,134,890)	-
Economic environment	26,892,023	955,768	15,715,221	11,251,705	9,204	(871,661)	-	(871,661)	-
Health and human services	23,486,638	846,035	6,445,131	7,817,595	13,993	(10,055,954)	-	(10,055,954)	-
Culture and recreation	19,208,377	161,364	7,297,497	1,193,829	8,194,134	(2,684,281)	-	(2,684,281)	-
Interest on long term debt	5,171,207	-	-	-	-	(5,171,207)	-	(5,171,207)	-
Total governmental activities	294,390,445	(558,566)	92,299,596	32,439,807	42,343,772	(126,748,704)	-	(126,748,704)	-
Business-type activities:									
Solid waste	2,402,919	181,624	2,145,373	520,971	-	-	81,801	81,801	-
Golf course	1,535,177	-	1,711,264	-	-		176,087	176,087	
Water	4,359,624	207,964	8,323,020	595,647	1,611,483	-	5,962,562	5,962,562	-
Sewer	3,386,520	168,978	3,767,778	-	-	-	212,280	212,280	-
Interest on long term debt	11,121	-	-	-	-	-	(11,121)	(11,121)	-
Total business-type activities	11,695,361	558,566	15,947,435	1,116,618	1,611,483	-	6,421,609	6,421,609	-
Total primary government	306,085,806	-	108,247,031	33,556,425	43,955,255	(126,748,704)	6,421,609	(120,327,095)	-
Component Unit									
Public Facilities District	1,918,020	-	-	977,697	-				(940,323)
Total Component Unit	1,918,020	-	-	977,697	-				(940,323)
General revenues:									
Property taxes						100,673,794	-	100,673,794	-
Sales taxes						43,067,268	-	43,067,268	1,007,934
Excise and other taxes						9,672,965	-	9,672,965	-
Interest and investment earnings						3,814,686	29,439	3,844,125	397,687
Gain on sale of capital assets						2,649,437	-	2,649,437	-
Special Item:									-
Assets transferred to related party						(9,336,846)	(121,778,647)	(131,115,493)	-
Transfers						72,505	(72,505)	-	-
Total general revenues, special items and transfers						150,613,809	(121,821,713)	28,792,096	1,405,621
Change in net position						23,865,106	(115,400,104)	(91,534,998)	465,298
Net position as of January 1						1,212,996,142	226,915,711	1,439,911,853	6,990,560
Prior period adjustment						(13,864,135)	(167,025)	(14,031,160)	-
Change in accounting principles for implementation of GASB #68						(72,116,400)	(3,652,083)	(75,768,483)	-
Net position as of January 1 - restated						1,127,015,607	223,096,603	1,350,112,210	6,990,560
Net position as of December 31						$ 1,150,880,713	$ 107,696,499	$ 1,258,577,212	$ 7,455,858

See accompanying notes to the financial statements

Clark County Washington
Balance Sheet
Governmental Funds
December 31, 2015

	Capital Project Major Fund	Special Revenue Major Funds				
	General Fund	Development Impact Fees	County Roads	Community Services Grants	Other Governmental Funds	Total
Assets						
Cash, cash equivalents and pooled investments	$ 24,093,602	$ 18,736,394	$ 15,724,267	$ 7,901,451	$ 67,488,223	$ 133,943,937
Deposit in trust	3,527,606	-	-	-	-	3,527,606
Taxes receivable	11,710,392	-	2,030,080	-	2,069,763	15,810,235
Special assessments receivable	-	-	-	-	16,709	16,709
Accounts receivable	9,282,070	-	1,536,214	257,524	628,956	11,704,764
Due from other funds	3,632,762	541,881	5,562,244	59,604	1,485,862	11,282,353
Due from other governments	3,405,848	-	4,001,210	1,308,414	6,852,800	15,568,272
Investments	50,000	-	-	-	502,493	552,493
Prepaid expenditure	743,490	-	30,151	492	377,313	1,151,446
Advance due from other funds	3,645,898	-	-	-	-	3,645,898
Notes/contract receivable	256,289	-	32,360	11,501,664	343,430	12,133,743
Total assets	60,347,957	19,278,275	28,916,526	21,029,149	79,765,549	209,337,456
Liabilities, deferred inflows of resources and fund balance						
Liabilities						
Accounts payable	1,861,000	19,789	2,807,700	1,243,665	2,481,997	8,414,151
Other payables	32,548	-	327,111	13,487	1,059,019	1,432,165
Due to other funds	1,812,621	5,240,856	1,882,614	29,266	3,685,338	12,650,695
Due to other governments	32,430	39,284	26,880	6	1,681,817	1,780,417
Claims and judgements payable	168,386	-	-	-		168,386
Accrued liabilities	4,447,652	-	777,396	147,312	809,309	6,181,669
Deposits payable	4,079,353	-	622,335	-	1,636,146	6,337,834
Revenues collected in advance	61,982	-	602,084	-	192,439	856,505
Advance due to other funds	-	-	-	-	3,645,898	3,645,898
Total liabilities	12,495,972	5,299,929	7,046,120	1,433,736	15,191,963	41,467,720
Deferred Inflows of Resources						
Unavailable revenue-property taxes	5,379,804	-	774,172	-	144,192	6,298,168
Unavailable revenue-special assesssments	-	-	-	-	16,709	16,709
Unavailable accounts receivable	788,877	-	-	-	17,385	806,262
Unavailable revenue-court	4,220,707	-	-	-	-	4,220,707
Total deferred inflows of resources	10,389,388	-	774,172	-	178,286	11,341,846
Fund Balance						
Nonspendable	743,490	-	30,151	492	377,313	1,151,446
Restricted	-	13,978,346	20,663,168	19,513,330	52,731,546	106,886,390
Committed	-	-	-	-	3,438,853	3,438,853
Assigned	6,633,381	-	402,915	81,591	7,847,588	14,965,475
Unassigned	30,085,726	-	-	-	-	30,085,726
Total fund balance	37,462,597	13,978,346	21,096,234	19,595,413	64,395,300	$ 156,527,890
Total liabilities, deferred inflows of resources, and fund balance	$ 60,347,957	$ 19,278,275	$ 28,916,526	$ 21,029,149	$ 79,765,549	

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, 2015

Total fund balances as shown on the Governmental Funds Balance Sheet:	$ 156,527,890
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.)	1,165,834,154
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.	11,636,129
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.	11,341,846
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.	(6,912,745)
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.	21,074,553
Deferred Outflows related to Pension Activity	10,304,079
Deferred Inflows related to Pension Activity	(12,095,509)
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.	(1,026,818)
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.)	(214,147,860)
Total net position as reflected on the Statement of Net Position:	$ 1,150,880,713

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, 2015

	General Fund	Capital Project Major Fund: Development Impact Fees	Special Revenue Major Funds: County Roads	Special Revenue Major Funds: Community Services Grants	Other Governmental Funds	Total
Revenues:						
Property taxes	$ 61,584,835	$ -	$ 32,701,410	$ -	$ 6,859,204	$ 101,145,449
Sales and use taxes	20,730,158	-	-	-	22,337,110	43,067,268
Excise and other taxes	527,177	-	282,441	-	8,863,347	9,672,965
Licenses & permits	3,022,332	-	324,369	42,330	10,201,736	13,590,767
Intergovernmental	12,311,940	-	18,943,725	7,184,612	20,842,057	59,282,334
Charges for services	33,356,128	6,411,833	7,779,796	3,374,485	8,087,392	59,009,634
Fines & forfeitures	4,660,690	-	-	-	89,054	4,749,744
Interest earnings	3,376,922	32,007	91,934	104,282	172,307	3,777,452
Donations	2,781	-	-	-	289,647	292,428
Other revenues	338,502	-	57,138	81,965	7,574,045	8,051,650
Total revenues	139,911,465	6,443,840	60,180,813	10,787,674	85,315,899	302,639,691
Expenditures:						
Current:						
General government	44,182,631		-	-	4,900,018	49,082,649
Public safety	71,250,630		6,088	-	6,421,707	77,678,425
Judicial	12,365,362		-	-	627,157	12,992,519
Physical environment	4,150,986		-	-	637,435	4,788,421
Transportation	172,621		32,664,590	-	-	32,837,211
Economic environment	2,571,916		1,295,708	12,310,341	11,658,557	27,836,522
Health and human services	1,276,958		-	-	21,287,467	22,564,425
Culture & recreation	535,312		-	355,221	15,681,314	16,571,847
Capital outlay:						
General government	12,346	-	-	-	774,535	786,881
Public safety	48,438	-	-	-	37,572	86,010
Physical environment	-	-	-	-	11,440	11,440
Transportation	668,895	39,284	42,518,649	-	-	43,226,828
Economic environment	-	-	-	-	1,744,007	1,744,007
Culture & recreation	-	230,637	-	-	3,145,776	3,376,413
Debt service:						
Principal	-	-	-	-	16,895,700	16,895,700
Interest and other charges	-	-	-	-	4,630,423	4,630,423
Total expenditures	137,236,095	269,921	76,485,035	12,665,562	88,453,108	315,109,721
Excess (deficiency) of revenues over (under) expenditures	2,675,370	6,173,919	(16,304,222)	(1,877,888)	(3,137,209)	(12,470,030)
Other Financing Sources (Uses):						
Issuance of long term debt	-	-	826,005	-	-	826,005
Sale of capital assets	1,865,304	-	975,250	-	38,534	2,879,088
Refunding long term debt issued	-	-	-	-	3,748,800	3,748,800
Transfers in	14,769,424	-	5,284,345	935,892	34,882,912	55,872,573
Transfers out	(9,276,588)	(5,747,775)	(2,239,954)	(19,506)	(41,223,551)	(58,507,374)
Total other financing sources (uses)	7,358,140	(5,747,775)	4,845,646	916,386	(2,553,305)	4,819,092
Net change in fund balances	10,033,510	426,144	(11,458,576)	(961,502)	(5,690,514)	(7,650,938)
Fund balance as of January 1	28,177,083	13,552,202	33,090,161	20,556,915	69,796,946	165,173,307
Prior period adjustment	(747,996)	-	(535,351)	-	288,868	(994,479)
Fund balance as of January 1 - restated	27,429,087	13,552,202	32,554,810	20,556,915	70,085,814	164,178,828
Fund balance as of December 31	$ 37,462,597	$ 13,978,346	$ 21,096,234	$ 19,595,413	$ 64,395,300	$ 156,527,890

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, 2015

Net change in fund balances as shown on Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance:	$ (7,650,938)
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.	9,254,001
The Government-Wide statement reports a special item for the net book value of capital assets transferred to Clark Regional Emergency Services Agency (CRESA). More information on CRESA and this transfer can be found in notes #22 and #25-B in these financial statements.	(9,336,846)
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.	15,115,671
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.	1,510,827
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.	13,036,799
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.	(1,558,775)
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.	3,580,832
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.	(86,465)
Change in net position, as reflected on the Statement of Activities	$ 23,865,106

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 year ended December 31, 2015

	Original 2015/2016 Budget	Final 2015/2016 Budget	Actual Year to Date	Variance with Final Budget Positive/ (Negative)
Revenues:				
Taxes	$ 155,424,234	$ 160,229,058	$ 82,842,170	$ (77,386,888)
Licenses & permits	5,847,828	5,915,444	3,022,332	(2,893,112)
Intergovernmental	21,443,850	23,669,781	12,311,940	(11,357,841)
Charges for services	65,926,886	64,930,041	33,356,128	(31,573,913)
Fines & forfeitures	9,330,245	9,163,711	4,660,690	(4,503,021)
Miscellaneous	7,046,796	7,982,584	3,718,205	(4,264,379)
Total revenues	265,019,839	271,890,619	139,911,465	(131,979,154)
Expenditures				
Current:				
General government	92,040,853	95,476,782	44,182,631	51,294,151
Public safety	136,081,833	138,764,473	71,250,630	67,513,843
Judicial	23,790,268	23,740,558	12,365,362	11,375,196
Physical environment	8,555,399	8,793,039	4,150,986	4,642,053
Transportation	331,216	366,216	172,621	193,595
Economic environment	6,276,299	6,156,058	2,571,916	3,584,142
Health and human services	2,309,115	2,335,148	1,276,958	1,058,190
Culture and recreation	626,540	1,389,742	535,312	854,430
Capital outlay:				
General government	-	40,000	12,346	27,654
Public safety	-	264,320	48,438	215,882
Judicial	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	1,175,705	668,895	506,810
Culture and recreation	112,708	-	-	-
Total expenditures	270,124,231	278,502,041	137,236,095	141,265,946
Excess (deficiency) of revenues over expenditures	(5,104,392)	(6,611,422)	2,675,370	9,286,792
Sale of capital assets	2,648,372	-	1,865,304	1,865,304
Transfers in	28,062,108	28,244,911	14,958,569	(13,286,342)
Transfers out	(24,631,637)	(27,160,108)	(9,047,852)	18,112,257
Total other financing sources(uses)	6,078,843	1,084,803	7,776,021	6,691,219
Net change in fund balance	974,451	(5,526,619)	10,451,391	15,978,011
Fund balance as of January 1	6,397,160	(12,206,386)	27,759,202	39,965,588
Prior Period Adjustment	-	-	(747,996)	(747,996)
Fund Balance as of January 1-restated	6,397,160	(12,206,386)	27,011,206	39,217,592
Fund balance as of December 31	$ 7,371,611	$ (17,733,005)	$ 37,462,597	$ 55,195,603

Adjustment to generally accepted accounting principles (GAAP) basis:	
Jail Commissary and Juvenile Trust funds are budgeted separately as special revenue funds within this report. They have no fund balance at 12/31/15	0
ending fund balance from combining stmts	$ 37,462,597

* 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 year ended December 31, 2015

	Original 2015/2016 Budget	Final 2015/2016 Budget	Actual Year to Date	Variance with Final Budget Positive/ (Negative)
Revenues				
General property taxes	$ 65,004,227	$ 65,004,227	$ 32,701,410	$ (32,302,817)
Excise and other taxes	440,000	440,000	282,441	(157,559)
Total taxes	65,444,227	65,444,227	32,983,851	(32,460,376)
Business licenses and permits	470,000	470,000	191,929	(278,071)
Non-business licenses and permits	248,000	248,000	132,440	(115,560)
Total licenses & permits	718,000	718,000	324,369	(393,631)
Federal grants -- direct	-	-	2,572,400	2,572,400
Federal entitlements	5,000	5,000	6,159	1,159
Federal grants -- indirect	13,985,000	13,985,000	7,501,943	(6,483,057)
State grants	15,866,000	15,866,000	2,380,378	(13,485,622)
State entitlements	12,650,000	12,650,000	6,482,845	(6,167,155)
Total intergovernmental	42,506,000	42,506,000	18,943,725	(23,562,275)
General government fees	-	-	5,415	5,415
Physical environment	170,000	170,000	95,600	(74,400)
Transportation	2,270,368	2,272,368	4,731,279	2,458,911
Economic environment	8,824,241	8,986,819	2,947,502	(6,039,317)
Interfund revenues	2,000	-	-	-
Total charges for services	11,266,609	11,429,187	7,779,796	(3,649,391)
Interest earnings	202,000	202,000	91,934	(110,066)
Rents and royalties	70,000	70,000	27,284	(42,716)
Other revenues	10,000	10,000	29,854	19,854
Total miscellaneous	282,000	282,000	149,072	(132,928)
Total revenues	120,216,836	120,379,414	60,180,813	(60,198,601)
Expenditures				
Public Safety				
Personal services	103,736	103,736	-	103,736
Other services and charges	4,894	14,194	6,088	8,106
Total public safety	108,630	117,930	6,088	111,842

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 year ended December 31, 2015

	Original 2015/2016 Budget	Final 2015/2016 Budget	Actual Year to Date	Variance with Final Budget Positive/ (Negative)
Transportation				
Personal services	26,294,849	27,763,987	12,834,903	14,929,084
Supplies	7,126,210	7,323,568	4,941,679	2,381,889
Other services and charges	36,874,829	37,625,700	14,888,008	22,737,692
Capital outlays	76,241,216	76,356,316	42,518,649	33,837,667
Total transportation	146,537,104	149,069,571	75,183,239	73,886,332
Economic Environment				
Personal services	2,349,042	2,113,180	1,069,844	1,043,336
Supplies	47,294	39,094	17,693	21,401
Other services and charges	609,904	618,907	208,171	410,736
Total economic environment	3,006,240	2,771,181	1,295,708	1,475,473
Total expenditures	149,651,974	151,958,682	76,485,035	75,473,647
Excess (deficiency) of revenues over expenditures	(29,435,138)	(31,579,268)	(16,304,222)	15,275,046
Issuance of long-term debt	3,575,000	3,575,000	826,005	(2,748,995)
Sale of capital assets	2,300,000	2,300,000	975,250	(1,324,750)
Transfers in	4,623,736	8,516,036	5,284,345	(3,231,691)
Transfers out	4,094,858	4,775,004	(2,239,954)	(7,014,958)
Total other financing sources (uses)	14,593,594	19,166,040	4,845,646	(14,320,394)
Net change in fund balance	(14,841,544)	(12,413,228)	(11,458,576)	954,652
Fund balance as of January 1	13,347,277	20,404,212	33,090,161	12,685,949
Prior period adjustments	-	-	(535,351)	(535,351)
Fund balance as of January 1 -restated	13,347,277	20,404,212	32,554,810	12,150,598
Fund balance as of December 31	$ (1,494,267)	$ 7,990,984	$ 21,096,234	$ 13,105,250

See accompanying notes to the financial statements

CLARK COUNTY, WASHINGTON
Community Services Grants
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For the year ended December 31, 2015

	Original 2015/2016 Budget	Final 2015/2016 Budget	Actual Year to Date	Variance with Final Budget Positive/(Negative)
Revenues				
Non-business licenses and permits	$ 90,000	$ 90,000	$ 42,330	$ (47,670)
Total licenses & permits	90,000	90,000	42,330	(47,670)
Federal grants -- direct	10,900,000	10,900,000	1,307,160	(9,592,840)
Federal grants -- indirect	9,163,104	9,163,104	3,405,595	(5,757,509)
State grants	7,969,028	7,969,028	2,471,858	(5,497,170)
Total intergovernmental	28,032,132	28,032,132	7,184,612	(20,847,520)
General government fees	14,320,296	14,320,296	3,063,091	(11,257,205)
Economic environment	2,000,000	2,000,000	311,394	(1,688,606)
Total charges for services	16,320,296	16,320,296	3,374,485	(12,945,811)
Rent and royalties	-	-	81,465	81,465
Interest earnings	2,000	2,000	104,282	102,282
Other revenues	580,000	580,000	500	(579,500)
Total miscellaneous	582,000	582,000	186,247	(395,753)
Total revenues	45,024,428	45,024,428	10,787,674	(34,236,754)
Expenditures				
Economic environment				
Personal services	4,624,389	5,033,397	2,122,330	2,911,067
Supplies	103,706	99,506	32,889	66,617
Other services and charges	36,640,154	36,567,405	10,155,122	26,412,283
Total economic environment	41,368,249	41,700,308	12,310,341	29,389,967
Culture and recreation				
Personal services	443,327	443,327	239,361	203,966
Supplies	52,000	52,000	32,144	19,856
Other services and charges	252,310	252,310	83,716	168,594
Total culture and recreation	747,637	747,637	355,221	392,416
Total expenditures	42,115,886	42,447,945	12,665,562	29,782,383
Excess (deficiency) of revenues over expenditures	2,908,542	2,576,483	(1,877,888)	(4,454,371)
Other Financing Sources (Uses)				
Transfers in	1,871,784	1,871,784	935,892	(935,892)
Transfers out	(26,008)	(149,505)	(19,506)	129,999
Total other financing sources (uses)	1,845,776	1,722,279	916,386	(805,893)
Net change in fund balance	4,754,318	4,298,762	(961,502)	(5,260,264)
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	$ 20,151,899	$ 19,595,413	$ (556,486)

See accompanying notes to the financial statements

Clark County Washington
Statement of Net Position
Proprietary Funds
For the Year Ended December 31, 2015

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Major				
	Sanitary Sewer	Clean Water	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets					
Current assets:					
Cash, cash equivalents and pooled investments	$ 1,355,977	$ 3,592,921	$ 3,300,464	$ 8,249,362	$ 15,792,416
Deposit in trust	-	-	-	-	500,000
Special assessments receivable	-	403,377	-	403,377	-
Interest & penalties receivable	19	-	-	19	-
Other receivables	9,024	4,083	183,058	196,165	2,191,413
Due from other funds	-	-	-	-	2,728,969
Due from other governments	-	62,369	220,062	282,431	86,559
Inventory (at cost)	-	-	-	-	2,030,440
Prepaid expense	11,237	-	-	11,237	807,881
Total current assets	1,376,257	4,062,750	3,703,584	9,142,591	24,137,678
Noncurrent assets:					
Capital assets not being depreciated					
Land	322,423	30,616,522	6,590,758	37,529,703	-
Construction in progress	-	246,400	-	246,400	499,188
Infrastructure*		67,387,123		67,387,123	
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 & equipment	197,453	34,702	549,893	782,048	33,630,772
Infrastructure	-		944,358	944,358	
Intangibles	-	-	-	-	1,139,005
Less accumulated depreciation	(72,658)	(24,797)	(2,350,286)	(2,447,741)	(20,862,596)
Total noncurrent assets	447,218	98,259,950	8,367,513	107,074,681	15,626,558
Total assets	1,823,475	102,322,700	12,071,097	116,217,272	39,764,236
Deferred outflows of resources					
Deferred outflows related to pension	114,974	207,816	137,029	459,819	592,519
Total deferred outflows of resources	114,974	207,816	137,029	459,819	592,519
Liabilities					
Current liabilities:					
Accounts payable	103,821	676,263	81,153	861,237	1,414,312
Other payables	39,863	60	-	39,923	54,111
Due to other funds	13,533	25,304	18,604	57,441	1,303,186
Due to other governments	-	4	-	4	44,161
Accrued liabilities	76,776	76,279	51,959	205,014	310,253
Deposits payable	-	74,228	-	74,228	16,256
Revenue Collected in Advance	-	116,530	-	116,530	-
Compensated absences- current	1,046	24,035	23,914	48,995	66,115
Current portion -operating loans payable	-	16,589	-	16,589	-
Current - other long term liabilities	-	500,000	-	500,000	2,706,839
Total current liabilities	235,039	1,509,292	175,630	1,919,961	5,915,233
Noncurrent liabilities:					
Contracts Payable	289,515	-	-	289,515	-
Compensated absences	151,577	111,155	53,934	316,666	434,594
Net pension liability	871,645	1,575,509	1,133,905	3,581,059	4,530,339
Accrued claims payable	-	2,000,000	-	2,000,000	7,717,277
Bonds, notes and loans payable (net of discounts)	-	342,552	-	342,552	-
Total noncurrent liabilities	1,312,737	4,029,216	1,187,839	6,529,792	12,682,210
Total liabilities	1,547,776	5,538,508	1,363,469	8,449,753	18,597,443
Deferred inflows of resources					
Deferred inflows related to pensions	132,936	240,283	157,620	530,839	684,759
Total deferred inflows of resources	132,936	240,283	157,620	530,839	684,759
Net Position					
Investment in capital assets	447,218	98,259,950	8,367,513	107,074,681	15,626,558
Restricted for Workers Compensation Claims	-	-	-	-	150,000
Unrestricted	(189,481)	(1,508,225)	2,319,524	621,818	5,297,995
Total net position	$ 257,737	$ 96,751,725	$ 10,687,037	$ 107,696,499	$ 21,074,553

* 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, 2015

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Major				
	Sanitary Sewer	Clean Water	Nonmajor Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES					
Charges for services	$ 3,767,778	$ 8,289,530	$ 3,856,637	$ 15,913,945	$ 44,858,103
Miscellaneous	-	8,635	-	8,635	-
Total operating revenues	3,767,778	8,298,165	3,856,637	15,922,580	44,858,103
OPERATING EXPENSES					
Personal services	1,367,777	1,826,981	1,099,738	4,294,496	8,566,080
Contractual services	1,423,034	2,646,728	2,803,763	6,873,525	29,811,095
Other supplies and expenses	490,906	23,561	125,872	640,339	7,129,314
Intergovernmental	400	67,497	21,848	89,745	231
Depreciation	273,381	2,821	68,431	344,633	2,201,800
Total operating expenses	3,555,498	4,567,588	4,119,652	12,242,738	47,708,520
Operating income (loss)	212,280	3,730,577	(263,015)	3,679,842	(2,850,417)
NONOPERATING REVENUES (EXPENSES)					
Interest and investment revenue	4,792	18,630	6,017	29,439	37,234
Operating grant revenue	-	595,647	520,971	1,116,618	74,146
Miscellaneous revenue	-	24,855	-	24,855	1,065,619
Gain/(loss) on disposition of capital assets	-	-	-	-	(11,950)
Interest expense	-	(11,121)	(68)	(11,189)	(506)
Total non-operating revenues (expenses)	4,792	628,011	526,920	1,159,723	1,164,543
Income (loss) before contributions, special items and transfers	217,072	4,358,588	263,905	4,839,565	(1,685,874)
Capital contributions	-	1,611,483	-	1,611,483	19,000
Capital Contribution from Governmental Activities	-	-	-	-	470,395
Special item: Transfer of Treatment Plant and contributions to Discovery Clean Water Alliance	(121,778,647)	-	-	(121,778,647)	-
Transfers in	-	-	16,698	16,698	2,803,470
Transfers out	(2,509)	(82,816)	(3,878)	(89,203)	(96,164)
Change in net position	(121,564,084)	5,887,255	276,725	(115,400,104)	1,510,827
Net position as of January 1	122,711,612	92,639,805	11,564,294	226,915,711	22,892,411
Change in accounting principle - GASB # 68 implementation	(889,791)	(1,608,310)	(1,153,982)	(3,652,083)	(4,623,241)
Prior period adjustments	-	(167,025)	-	(167,025)	1,294,556
Net position as of January 1- restated	121,821,821	90,864,470	10,410,312	223,096,603	19,563,726
Net position as of December 31	$ 257,737	$ 96,751,725	$ 10,687,037	$ 107,696,499	$ 21,074,553

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				
	Sanitary Sewer	Clean Water	Nonmajor Enterprise Funds	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers (inflows)	$ 3,773,403	$ 8,812,388	$ 4,476,551	$ 17,062,343	$ 3,866,101
Receipts from customers (outflows)	-	-	-	-	(2,836)
Receipts from interfund services provided (inflows)	5,168	257	39,374	44,799	39,885,188
Receipts from interfund services provided (outflows)	-	-	-	-	(140,624)
Payments to suppliers (outflow)	(1,677,874)	(2,059,947)	(2,720,858)	(6,458,680)	(33,278,908)
Payments to employees	(1,373,942)	(1,856,123)	(1,141,915)	(4,371,980)	(7,334,680)
Payments for interfund services used (inflows)	-	-	6,174	6,174	182,963
Payments for interfund services used (outflows)	(262,593)	(557,692)	(326,358)	(1,146,642)	(2,545,443)
Miscellaneous receipts/expenses (inflows)	-	33,489	-	33,489	1,065,619
Claims paid (outflows)	-	(500,000)	-	(500,000)	-
Net cash provided (used) by operating activities	464,162	3,872,372	332,968	4,669,502	1,697,380
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Net cash provided (used) by operating activities					
Operating grants received	-	595,647	520,971	1,116,618	74,146
Advance from other funds- outflows	-	(38,875)	-	(38,875)	-
Advance from other governments	-	(16,116)	-	(16,116)	-
Operating Debt interest	-	(11,121)	(68)	(11,189)	(506)
Transfer to other governments	(1,800,000)			(1,800,000)	-
Operating transfers from other funds	-	-	16,698	16,698	2,803,247
Operating transfers to other funds	(2,509)	(82,816)	(3,878)	(89,203)	(96,164)
Net cash provided (used) by noncapital financing ac	(1,802,509)	446,719	533,723	(822,067)	2,780,723
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions	-	-	-	-	470,395
Purchases of capital assets	-	(897,018)	-	(897,018)	(3,939,346)
Proceeds from sales of capital assets	-	-	-	-	150,192
Net cash (used) by capital and related financing activities	-	(897,018)	-	(897,018)	(3,318,759)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest earnings	4,792	18,630	6,017	29,439	37,234
Net cash provided by investing activities	4,792	18,630	6,017	29,439	37,234
Net increase/(decrease) in cash and cash equivalents	(1,333,555)	3,440,703	872,708	2,979,857	1,196,578
Cash and cash equivalents on January 1	2,689,532	152,218	2,427,756	5,269,506	15,095,838
Cash and cash equivalents on December 31*	$ 1,355,977	$ 3,592,921	$ 3,300,464	$ 8,249,362	$ 16,292,416

*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				
	Sanitary Sewer	**Clean Water**	**Nonmajor Enterprise Funds**	**Totals**	**Internal Service Funds**
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	$ 212,280	$ 3,730,577	$ (263,015)	$ 3,679,842	$ (2,850,417)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	273,381	2,821	68,431	344,633	2,201,800
Pension expense for non-cash change in pension items	(184)	(334)	514	(4)	(662)
Miscellaneous receipts	-	24,854	-	24,854	1,065,619
(Increase) decrease in deposits					16,256
(Increase) decrease in accounts receivable	5,625	(52,318)	21,681	(25,012)	(1,274,726)
(Increase) decrease in due from other funds	5,168	257	40,296	45,721	(344,173)
(Increase) decrease in due from other governments	-	575,176	598,233	1,173,409	(5,991)
Increase (decrease) in accounts payables	(17,515)	277,632	(104,920)	155,197	(1,572,958)
(Increase) decrease in prepaids	(10,937)	32,332	8,265	29,660	(127,045)
Increase (decrease) in due to other funds	2,325	(22,459)	6,174	(13,960)	686,192
Increase (decrease) in due to other governments	-	1	-	1	41,496
Increase (decrease) in other liabilities	(3,293)	(497,782)	(18,329)	(519,404)	2,622,023
Increase (decrease) in compensated absences	(2,688)	(31,360)	(24,362)	(58,410)	(54,590)
Prior period adjustment for expenses		(167,025)		(167,025)	1,294,556
Net cash provided (used) by operating activities	$ 464,162	$ 3,872,372	$ 332,968	$ 4,669,502	$ 1,697,380
Noncash investing, capital, and financing activities					
Contribution of capital assets	-	$ 1,611,483	-	$ 1,611,483	$ 19,000
Transfer of assets to other governments	$ (119,689,132)	-	-	$ (119,689,132)	-

See accompanying notes to the financial statements

Clark County Washington
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2015

	Investment Trust Funds	Private Purpose Trust Fund	Agency Funds
Assets			
Cash, cash equivalents and pooled investments	$ 414,059,165	$ 66,925	$ 30,397,756
Cash and deposits in trust	-	-	20,857
Accrued interest receivable	1,039,189	-	-
Other receivables:			
Taxes	-	-	10,688,960
Accounts	-	-	1,092,315
Total other receivables	-	-	11,781,275
Investments at fair value			
US treasury state and local government	2,781,000	-	-
Total investments	2,781,000	-	-
Total assets	417,879,354	66,925	42,199,888
Liabilities			
Warrants payable	-	-	14,255,644
Accounts payable and other liabilities	-	-	170,158
Due to other governments	-	-	27,517,649
Accrued liabilities	-	-	235,531
Deposits payable	-	-	20,906
Total liabilities	-	-	42,199,888
Net Position			
Net Position held in trust for pool participants	417,879,354	-	-
Net Position held in trust for other purposes	-	66,925	-
Total net position	$ 417,879,354	$ 66,925	$ -

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, 2015

	Investment Trust Funds	Private Purpose Trust Fund
Additions		
Contributions		
Additions by participants	$ 1,398,177,691	$ -
Total contributions	1,398,177,691	-
Investment income		
Net decrease in fair value of investments	(1,062,117)	(164)
Interest, dividends, and other	-	329
Net investment income	(1,062,117)	165
Total additions	1,397,115,574	165
Deductions		
Distributions to participants	1,329,790,379	-
Total deductions	1,329,790,379	-
Change in net position held for individuals, organizations and other governments	67,325,195	165
Net Position		
Net position as of January 1	350,910,737	66,760
restated for fund reclassifications to internal	(356,578)	-
Net assets as of January 1, restated	350,554,159	66,760
Net position as of December 31	$ 417,879,354	$ 66,925

See accompanying notes to the financial statements

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 22, 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. In 2015, the form of government changed (by a November 2014 vote of the citizens) from a Statute County, which was governed by a board of three commissioners. The three sitting commissioners became council members on January 1, 2015. In the November 2015 general election, the citizens of Clark County elected the fourth council member and the council chair, whose terms of office began in January 2016.

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 2015, the CCPFD has a note receivable in the amount of $7,390,333 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, 2015. 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 EMS 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. The EMSD program was closed in 2015 and has no fund balance remaining at December 31, 2015.

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 four 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.
- 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 *Development Impact Fees Capital Projects Fund* accounts for the accumulation and disposition of impact fees assessed on new development. All impact fees are restricted for the acquisition and development of parks and road infrastructure. In 2015 this fund has significant ($5.2 million) liabilities, in the form of amounts due to the Road Fund at the end of the year (the amounts due were paid to the Road Fund in January 2016). This is the first year this fund meets the requirements to be reported as a major fund.

The County reports two major proprietary funds:

- The *Sanitary Sewer Fund* accounts for the operations of the Salmon Creek Treatment Plant. The County is under a professional service contract with Discovery Clean Water Alliance for providing these services.

- 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 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 Sanitary Sewer and Clean Water Funds, 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. <u>Budgetary Information</u>

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, with two exceptions. Both the Juvenile Fund and the Jail Commissary Fund were budgeted as Special Revenue Funds. However, GAAP requires the activity within these funds to be reported with the General Fund, as they do not have significant streams of restricted resources. These funds were closed during 2015 and these activities will be budgeted within the General Fund in the future.

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 2015 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. <u>Assets, Liabilities, Deferred Inflows/Outflows and Net Position or Fund Balance</u>

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

It is County policy to invest all temporary cash surpluses. This amount is classified on the balance sheet as cash and cash equivalents along with pooled investments of the various funds.

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), which includes the receipt, deposit 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 state treasurer's 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. Investments are stated at fair value.

The Treasurer 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 reported using the security's fair market value.

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 96% of the $420,086 of special assessments due at December 31, 2015. Of the $403,377 clean water special assessment due at December 31,2015, $238,718 is delinquent from 2009 and prior, $44,699 is due for the years 2010- 2014, and $119,960 is due for 2015.

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, 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 fair 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.

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 are either in a nonspendable form or are legally or contractually required to be maintained intact. The County's resources in nonspendable form in 2015 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. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

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 $214,147,860 can be found in note # *12 – Changes in Long Term Liabilities*, in this note disclosure section of the report. (In note #12, the $214,316,246 ending balance for governmental funds minus the $168,386 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 $11,341,846 is the *total deferred inflows of resources* found on the Balance Sheet – Governmental Funds.

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 $11,636,129 follow:

Net OPEB obligation surplus	$	966,276
Deferred charges on refunding		5,222,286
Net Pension Asset		5,447,567
	$	11,636,129

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

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 $9,254,001 difference are as follows:

Capital Outlay	$ 36,851,885
Depreciation	(23,195,879)
Accumulate Depreciation transfer from Internal Service Fund	(223)
Disposition of Assets	(4,401,782)
	$ 9,254,001

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 2015 in the amount of ($1,558,775) follows:

Change in OPEB obligation	$ 203,336
Unearned revenue collected in advance	(1,832,309)
Change in impact fee credits	(333,125)
Pension obligation related to revenue	403,323
	$ (1,558,775)

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 $13,036,799. The detail of this amount follows:

New debt proceeds	$ (4,574,805)
Other post employment benefit revenue	(153,179)
Long term debt retirement	16,895,700
amortized debt premiums	172,298
change in compensated absence liability	(164,150)
change in pollution remediation liability	787,391
Other post employment benefit payments	73,544
	$ 13,036,799

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 ($86,465) follows:

Accrued interest expense	$ 110,663
Changes in deferred outflows	(823,746)
Pension expense	626,618
	$ (86,465)

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Equity

There are three proprietary type internal service funds with deficit net position at December 31, 2015. The implementation of Governmental Accounting Standards Board Statement No. 68 (GASB 68), Accounting and Financial Reporting for Pensions, contributed to the deficit amount in these funds (see note 25-C for information on the implementation of GASB 68).

- *Central Support Services Internal Service Fund* reports a deficit of $2,927,935. The deficit increased from $1,079,229 at 12/31/2014. This fund provides facility maintenance for the County and receives revenues from other County funds for services received. The County has assigned a $900,000 subsidy to be transferred in from the General Fund in 2016, and the revenue structure will be reviewed prior to the 2017-2018 budget adoption. The initial implementation of GASB 68 in 2015 added a net pension liability of $1,835,478 in this fund.

- *General Liability Insurance Internal Service Fund* has a deficit net position of $3,344,200, as a result of recognizing an actuarial determined liability for claims and judgments payable of $4.7 million. The County does not have a special reserve in this fund for this liability. The County is reviewing the internal cost allocation plan and will collect the annual funding needed for operations per the current actuary review. 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. The initial implementation of GASB 68 in 2015 added a $253,329 pension liability in this fund.

- *Workers' Compensation Insurance Internal Service Fund* has a deficit net position of $2,545,465, up from a $1,299,563 deficit at 12/31/2014. In 2015, the County booked a $4.4 million liability for claims and judgments, which creates the deficit balance. The County has other options for funding exceptional workers compensation claims, including looking to General Fund reserves or fund balance transfers from the fund in which the injured employee is assigned. The initial implementation of GASB 68 in 2015 added a $253,329 pension liability in this fund.

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 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. In 2009, the Washington Public Deposit Protection Commission adopted Resolution 2009-1 requiring public depositaries to collateralize their uninsured public deposits at 100 percent. The Office of the Washington State Treasurer (OST) also adopted new rules to allow Reciprocal Deposit Programs (such as CDARS) to provide governments options to invest larger sums in CDs but in a way that is fully insured by the FDIC.

B. Investments

Investments may be made in the form of commercial paper, banker's acceptances, U.S. Treasury bills and notes, and certain other government agency obligations. 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. All investments are stated at fair value.

C. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Treasurer manages exposure to declines in fair values from interest rates 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 in a manner that ensures sufficient cash is available to meet anticipated cash flow needs, based on historical information. Any cash in excess of that necessary to meet anticipated 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

Further, the maximum weighted average maturity of the External Investment Pool cannot exceed one and one half years.

D. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To limit risk, State law does not allow general governments to invest in corporate equities. The 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 Agreement	"A" if maturity is less than on 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 equivalen
WA State Municipal Bonds	"A" or equivalent

The ratings of investments as of December 31, 2015 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+

Money Market Like Fund - 2(a)7	S&P Rating
Washington State Investment Pool	Not Rated

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

E. 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

1 All of these credit standards are as of the time of purchase.

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 100% in the Washington State Local Government Investment Pool or 65% in Municipal Investment Accounts
5) Limited to no more than 15% in Mutual Funds Qualified & Registered with Washington State
6) Limited to no more that 20% in Washington state municipal bonds
7) Limited to no more that 25% in deposit notes
8) Limited to no more than 25% in securities lending agreements
9) Limited to no more than 10% of the portfolio value in reverse repurchase agreements
10) Repurchase agreements are limited to no more than 100% overnight or 30% if maturity is greater than 30 days
11) 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

The Treasurer has several investments in government sponsored and other private enterprises that are not explicitly backed by the federal government. However, the U.S. government has moved to more explicitly support the soundness of the obligations of Freddie Mac and Fannie Mae, starting in July, 2008, via the Housing and Economic Recovery Act 2008, and the September 7, 2008, Federal Housing Finance Agency (FHFA conservatorship of both government sponsored enterprises (GSEs). Those securities that exceed 5% of the total investment portfolio market value are disclosed below:

Issuer	% of Investment Portfolio
Federal Home Loan Bank	13.48%
Federal Home Loan Mortgage Corp	19.46%
Federal Farm Credit Bank	16.81%
US Treasury	42.13%

F. Equity in Pooled Investments

County monies are invested by certain individual funds for the benefit of the respective fund in the Clark County Investment Pool. Remaining County monies are aggregated in a residual account and invested in the pool for the benefit of the General Fund.

Pooled investments during 2015 included Certificates of Deposit, Federal Agencies, US Treasury bonds, funds invested with the Washington State Local Government Investment Pool and money market accounts. The book value of the County Investment Pool on December 31, 2015 was $591,066,788 of which $38,102,830 is classified as deposits. As of December 31, 2015, the County Investment Pool had the following investments, shown at fair value:

Investment Type	Fair Value	Weighted Average Maturity (Years)
US Treasuries	$ 249,202,800	1.563
Federal Agencies - Semi Annual	301,693,379	1.275
Wash State LGIP	38,102,830	0.002
	$ 588,999,009	
Portfolio weighted average maturity		1.313

The Washington State Local Government Investment Pool is classifies as a 2(a) 7 like investment pool, and therefore the County states the fair value of its investment in the pool based upon the share price of the pool.

G. Outside Investments (Non-Pooled)

Certain fund managers or entities direct the Treasurer to invest funds into specific investment maturities outside of the Investment Pool. On December 31, 2015, the following specific investments were held outside the pool:

Investment Type		Book Value	Fair Value
Wash State LGIP	$	502,493	502,493
US Treasury Securities		2,781,000	2,781,000
Certificate of Deposit		50,000	50,000
	$	3,333,493	3,333,493

H. Total Cash, Cash Equivalents and Pooled Investments

Total cash, cash equivalent and investment carrying value on December 31, 2015 were $610,014,187 for both pooled and non-pooled investments.

A reconciliation of cash, cash equivalents and pooled investments and other investments as shown on the fund statements is as follows:

Checking Accounts	$	12,345,483
Petty Cash		1,287,740
Deposits Held in Trust		4,048,463
Fair Value of Pooled Investments		588,999,009
Fair Value of Investments Out of Pool		3,333,493
	$	610,014,188
Cash, cash equivalents, pooled investments	$	157,985,714
Deposits in trust		4,027,606
Non-pooled investments		552,490
Cash, cash equivalents, pooled investments -discreet component unit		122,673
Cash, cash equivalents, pooled investments - fiduciary		444,523,848
Non-pooled Investments - fiduciary		2,781,000
Deposits in trust - fiduciary		20,857
	$	610,014,188

I. Clark County Investment Pool

The Treasurer administers and maintains an Investment Pool (the Pool) for County and other jurisdictional governments within the County. This Pool currently has an average maturity of approximately 473 days.

The Treasurer's Office uses "Bloomberg", an on-line financial services system to determine the fair market value of securities purchased on behalf of the Clark County Investment Pool (Pool). If Bloomberg does not price a particular security, the Treasurer's Office obtains three quotes from broker/dealers to determine the fair market value of the security on the specified date. Bloomberg has a pricing model called "Bloomberg Fair Value" (BFV), which establishes an investment's theoretical value, based on where similar bonds, as defined by credit quality and market sector, have traded. This value is not based on market price. BFV incorporates an option adjusted spread methodology in deriving the theoretical value. The Treasurer's Office reviews and updates (as necessary) the value determination twice monthly.

The Pool is not SEC-registered. Authority to manage the Pool is derived from the Revised Code of Washington (RCW) in 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 2015 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 uses 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, who meet 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 work 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 on 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.

For 2015, the Treasurer's Office reported an unrealized loss of $2,067,779 ($1,733,969 loss amortized) on December 31 on a cash basis of which participants would receive if the Pool was liquidated on that date in proportion to their weighted average shares in the pool.

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. Investment yields ranged from 0.42% to 0.66% and averaged 0.54% for the year. The average maturity ranges from 327 to 496 days. Following is a table with information on the major investment types used by the Pool.

Investment Class	Average Maturity	Fair Market Value	Book Value	Yield Ranges
US Treasuries	563 days	$ 249,202,800	$ 250,391,797	0.49%-1.20%
US Agencies	459 days	301,693,379	302,572,161	0.50%-1.10%
Local Government Investment Pool	turns daily	38,102,830	38,102,830	0.25%

The external funds pooled investments and the private purpose trust fund are reported on the Statement of Fiduciary Net Assets (in the Basic Financial Statements section of the CAFR), while the internal pooled investments are reported in the various funds statements throughout the CAFR.

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. The assessed value of property is established in October for the ensuing year. 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 highest of the three most recent years multiplied by a limit factor, plus adjustment to account for taxes on new construction 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 2015 was $1.347 per $1,000 on assessed valuation of $43.28 billion for a total regular levy of $58.3 million. In addition, the County has a levy for Conservation Futures that was $0.053 per $1,000 of assessed valuation of $43.28 billion, for a total levy of $2.3 million in 2015.

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 2015 was $1.824 per $1,000 on an assessed valuation of $20.3 billion for a total road levy of $37.0 million. In addition, Clark County has a special levy that was approved by the voters which is not subject to the limitations listed above. In 2015, the County had an additional $0.227 per $1,000 for metropolitan parks for a total additional levy of $2.9 million.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases*	Ending Balance
Governmental Activities				
Capital assets, not being depreciated/amortized				
Land	$ 290,344,934	$ 9,604,658	$ 1,743,307	$ 298,206,285
Infrastructure	32,356,823	2,531,551	171,679	34,716,696
Intangible assets - easements	93,632	0	0	93,632
Construction in progress -restated**	16,034,537	21,511,857	7,636,552	29,909,842
Total capital assets, not being depreciated/amortized-	338,829,926	33,648,067	9,551,539	362,926,454
Capital assets, being depreciated/amortized:				
Buildings	148,043,167	0	0	148,043,167
Improvements other than buildings	111,591,500	324,779	11,006,027	100,910,252
Machinery and equipment	49,330,873	4,788,601	4,334,175	49,785,300
Intangible assets - software	19,883,967	89,359	75,822	19,897,504
Infrastructure -restated**	701,467,683	25,684,507	5,179,839	721,972,351
Total capital assets being depreciated/ amortized	1,030,317,190	30,887,246	20,595,863	1,040,608,573
Less accumulated depreciation/amortization for:				
Buildings	65,839,332	2,333,405	0	68,172,737
Improvements other than buildings	41,257,076	3,133,270	2,908,395	41,481,951
Machinery and equipment	31,939,018	2,862,520	3,755,524	31,046,013
Intangible assets - software	12,059,695	1,373,115	39,157	13,393,653
Infrastructure -restated**	53,218,735	15,695,369	934,143	67,979,960
Total accumulated depreciation/amortization restated	204,313,856	25,397,679	7,637,220	222,074,315
Total capital assets, being depreciated/amortized, net	826,003,334	5,489,567	12,958,643	818,534,258
Governmental activities capital assets, net	$1,164,833,260	$ 39,137,634	$ 22,510,182	$ 1,181,460,712

Depreciation/amortization expense was charged to functions as follows:

General governmental services	$ 2,704,391
Judicial	172,513
Public safety	739,443
Physical environment	60,340
Transportation	15,722,652
Economic environment	20,502
Health and human services	1,124,679
Culture and recreation	2,651,359
	23,195,879
Depreciation/amortization on capital assets held by the County's internal service funds is charged to various functions based upon their usage.	2,201,800
Total governmental activities depreciation/amortization expense	$ 25,397,679

*Capital emergency equipment and improvements, with a net book value of $9.3 million, was contributed to Clark Regional Emergency Services Agency, a joint venture of the County

**Construction in Progress, infrastructure and accumulated depreciation are restated for a prior period adjustment.
$14,314,349 in road overlay projects ($150,137 in accumulated depreciation) added in previous years should not have been capitalized

	Beginning Balance	Increases	Decreases*	Ending Balance
Business-type Activities				
Capital assets, not being depreciated/amortized				
Land	$ 36,368,549	$ 1,276,256	$ 115,102	$ 37,529,703
Infrastructure**	66,077,517	1,309,606	0	67,387,123
Construction in progress	323,761	0	77,361	246,400
Total capital assets, not being	102,769,827	2,585,862	192,463	105,163,226
Capital assets, being depreciated/amortized:				
Buildings	19,964,255	0	18,222,876	1,741,378
Improvements other than buildings	101,091,822	0	100,200,410	891,412
Machinery and equipment	1,184,312	0	402,264	782,048
Infrastructure	34,107,455	0	33,163,098	944,357
Total capital assets being depreciated/amortized	156,347,844	0	151,988,647	4,359,196
Less accumulated depreciation/amortization for:				
Buildings	3,374,778	57,973	2,168,216	1,264,534
Improvements other than buildings-restatement	24,878,000	168,253	24,600,579	445,674
Machinery and equipment	852,930	39,902	308,112	584,720
Infrastructure	5,411,097	78,505	5,336,788	152,813
Total accumulated depreciation/amortization	34,516,805	344,633	32,413,696	2,447,741
Total capital assets, being depreciated/ amortized, net	121,831,039	(344,633)	119,574,952	1,911,455
Business-type activities capital assets, net	$ 224,600,866	$ 2,241,229	$ 119,767,415	$ 107,074,681

Depreciation/amortization expense was charged to functions as follows:

Golf Course	$ 35,178
Sanitary Sewer	273,381
Solid Waste	33,253
Clean Water	2,821
Total business-type activities depreciation/amortization expense	$ 344,633

* In 2015, The Salmon Creek Treatment Plant and related equipment, with a net book value of $119,689,132, was transferred to Discovery Clean Water Alliance. More information on this transaction is included in Note 25-A in the notes to the financial statements, within this document.

** 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

At the end of 2015, the County did not have any large capital commitments.

NOTE 8 – RECEIVABLE BALANCES

Accounts receivable as of December 31, 2015 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	$ 11,710,392	$ 9,282,070	$ 3,405,848	$ 24,398,310
Country Roads	2,030,080	1,536,214	4,001,210	7,567,504
Community Service Grants	-	257,524	1,308,414	1,565,938
Nonmajor Govrnmental	2,086,472	628,956	6,852,800	9,568,228
Internal Service	-	2,191,413	86,559	2,277,972
Total Governmental Activities	**$ 15,826,944**	**$ 13,896,177**	**$ 15,654,831**	**$ 45,377,952**
Business-Type Activities				
Sanitary Sewer	-	9,043	-	9,043
Clean Water	403,377	4,083	62,369	469,829
Nonmajor Enterprise	-	183,058	220,062	403,120
Total Business-Type Activities	**$ 403,377**	**$ 196,184**	**$ 282,431**	**$ 881,992**
Total Gross Receivables	**$ 16,230,321**	**$ 14,092,361**	**$ 15,937,262**	**$ 46,259,944**

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, 2015 is shown in the following table.

	Due From These Funds									
Due To These Funds	General Fund	Road Fund	Comm. Svc. Grants	Development Impact Fees	Non-Major Govern-mental	Sanitary Sewer	Clean Water	Non-Major Enterprise	Internal Service	Total
General Fund	-	17,138	-	-	2,768,495	1,762	2,179	8,639	834,549	$ 3,632,762
Road Fund	-	-	-	5,234,336	68,642	-	10,194	-	249,072	$ 5,562,244
Community Svc. Grants	-	-	2,555	-	57,049	-	-	-	-	$ 59,604
Development Impact Fees		449,082	-	-	92,799	-	-	-	-	$ 541,881
Non-Major Governmental	936,910	2,531	14,608	6,520	352,367	-	-	2,614	170,312	$ 1,485,862
Internal Service	875,711	1,413,863	12,103	-	345,986	11,771	12,931	7,351	49,253	$ 2,728,969
Total	**$1,812,621**	**$ 1,882,614**	**$ 29,266**	**$ 5,240,856**	**$ 3,685,338**	**$ 13,533**	**$ 25,304**	**$ 18,604**	**$1,303,186**	**$14,011,322**

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, 2015 there is an outstanding balance of $2.6 million due from the Camp Bonneville Fund and $0.6 million due from Central Support Services Fund.

At December 31, 2015 the Development Impact Fee Fund owed the Road fund $5.2 million for project costs that were eligible to be paid with impact fees. The payment for these interfund receivables/payables was made in January 2016.

The following capital project funds received advances, totaling $3.6 million, from the General Fund in 2015, for the purpose of debt retirement:

- Parks Conservation Futures Fund received $1.8 million
- Parks Dedicated ¼% REET Fund received $1.3 million
- Economic Development Dedicated REET Fund received $0.5 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, 2015 are as follows:

	Transfers Out from these funds									
Transfers In to the funds shown below	General Fund	Develop. Impact Fees	County Roads	Comm. Services Grants	Sanitary Sewer	Clean Water	Non-Major Governmental Funds	Non-Major Enterprise Funds	Internal Service	Total
General Fund	-	-	-	-	-	-	14,704,287	-	65,138	$ 14,769,424
County Roads	300,000	4,984,345	-	-	-	-	-	-	-	$ 5,284,345
Com. Svc. Grants	935,892	-	-	-	-	-	-	-	-	$ 935,892
Non-Major Govt	5,592,820	763,430	2,099,919	-	-	60,415	26,366,327	-	-	$ 34,882,912
Non-Major Enterprise	-	-	-	-	-	16,698	-	-	-	$ 16,698
Internal Service	2,447,876	-	140,035	19,506	2,509	5,703	152,937	3,878	31,026	$ 2,803,470
Total	$ 9,276,588	$ 5,747,775	$2,239,954	$ 19,506	$ 2,509	$ 82,816	$ 41,223,551	$ 3,878	$ 96,164	$ 58,692,741

The General Fund transferred $2.0 million for debt service in 2015. Of the remaining $7.3 million sent to other funds, most were for routine annual subsidies for operations.

Of the $14.8 million in transfers received in the General Fund, $14.5 million were transferred from non-major special revenue sales tax funds for law and justice programs. The County Road Fund received $5.0 million from the Development Impact Fee Major Fund for road projects. The Road Fund transferred out approximately $1.9 million for debt service.

Non-Major governmental fund transfers:

Non-major governmental funds transferred $17.1 million to the non-major Debt Service Fund for debt service payments in 2015. The mental health sales tax fund transferred $4.0 million to the Mental Health and Substance Abuse non-major special revenue funds. As mentioned above, special revenue sales tax funds transferred $14.5 million to the General Fund. Urban Real Estate Excise Tax Parks Fund (REET Parks) received $2.1 million from the Real Estate Excise Tax II Fund (REET II). The County Building Fund transferred $3.0 million to the capital projects Technology Reserve Fund for new permitting and point of sale software development.

Of the $34.9 million transfers received in the non-major governmental funds, $21.0 million was received in the General Obligation Bond Debt Service Fund. As stated above, $4.0 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 $3.0 million from the County Building 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, 2015 amount to approximately $1.27 million. The future minimum lease payments for these leases follow.

December 31	Amount
2016	$1,231,195
2017	$1,231,000
2018	$1,231,000
2019	$1,222,500
2020	$1,219,700
Total	$6,135,395

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, 2015:

	Governmental Activities
Land	$1,322,100
Buildings	44,484,402
Less accumulated depreciation	(15,173,889)
	$30,632,613

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, 2015.

December 31	Amount
2016	2,352,500
2017	2,353,200
2018	2,355,100
2019	2,405,100
2020	2,405,800
Total	$11,871,700

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	$ 6,353,046
Less Accumulated Depreciation	(2,785,938)	
	$ 4,952,780	$ 6,353,046
Minimum Capital Lease Payments:		
2016		522,284
2017		544,676
2018		568,761
2019		591,035
2020		617,051
2021-2025		3,522,258
2026-2028		1,978,045
Total Minimum Lease Payments		$ 8,344,110
Less Interest		(1,991,064)
Present Value of Minimum Lease Payments		$ 6,353,046

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 2015 was $103,939,126. During the year, general obligation refunding bonds totaling $3,748,800 (2015A) were issued to refund portions of the 2005A Limited Tax General Obligation Bonds.

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.	$30,305,000
$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.	$42,580,000

$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.	$7,273,145
$5,350,000 2014A Limited Tax General Obligation Refunding bonds due in annual installments of $360,000 to $485,000 through 2027, interest from .85% to 3.850%. This issue is being serviced by the Tri-Mountain Golf O & M Special Revenue Fund. This issue refunded a portion of the 2005A LTGO issue.	$4,900,000
$5,010,000 2014B Limited Tax General Obligation Refunding bonds due in annual installments of $180,000 to $350,000 through 2035, interest from .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.	$4,910,000
$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 Funds and Fairgrounds Fire Facility Board Fund. This issue refunded a portion of the 2005A LTGO issue.	$2,820,390
TOTAL	**$92,788,535**

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

Year Ending December 31	Governmental Activities	
	Principal	**Interest**
2016	$8,232,918	$3,785,135
2017	7,576,629	3,534,765
2018	7,014,136	3,281,989
2019	6,791,162	3,001,113
2020	7,068,690	2,743,973
2021 – 2025	33,435,000	9,322,628
2026 – 2030	16,140,000	2,610,823
2031 – 2035	6,530,000	650,827
Totals	**$92,788,535**	**$28,931,253**

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 Roads 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:

Year Ending December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2016	$1,799,052	$99,067	$16,589	$10,358
2017	1,799,052	90,450	17,076	9,871
2018	1,799,052	81,454	17,578	9,369
2019	1,799,052	72,459	18,095	8,852
2020	1,799,052	63,464	18,627	8,320
2021 – 2025	7,116,883	189,381	101,674	33,062
2026 – 2030	3,413,356	51,672	117,518	17,217
2031 – 2035	350,765	1,754	51,984	1,909
Totals	**$19,876,264**	**$649,701**	**$359,141**	**$98,958**

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, 2015, 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, 2015.

E. Advance and Current Refundings

In 2015, the County issued $3,748,800 for the purpose of refunding the callable portions of the County's 2005A Limited Tax General Obligation Refunding Bonds. The refunded debt has a par value of $3,715,000. The net present values savings for these bonds is $288,817. The nominal savings is $254,503.

NOTE 12 – CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2015, the following changes occurred in long-term liabilities:

CHANGE IN LONG-TERM LIABILITIES FOR YEAR ENDED 12/31/15

	Beginning Balance	New Issues	Retirements	Ending Balance	Due Within One Year
Governmental activities					
Governmental Funds-					
Bonds payable					
General obligation bonds	$ 103,939,126	$ 3,748,800	$ 14,899,391	$ 92,788,535	$ 8,232,918
Def erred amounts:					
For issuance discounts/premiums	7,212,059	-	172,298	7,039,761	173,206
Total bonds payable	111,151,185	3,748,800	15,071,689	99,828,296	8,406,124
Capital lease	6,588,972	-	235,926	6,353,046	261,044
Advances due to other governments	20,810,642	826,005	1,760,383	19,876,264	1,799,052
Pollution remediation liability	5,892,088	-	787,391	5,104,697	648,875
Other post employee benefits	1,144,568	153,179	73,544	1,224,203	-
Pension liability**	52,706,700	17,412,656		70,119,356	-
Claims and judgments*	188,220	929	20,763	168,386	20,000
Compensated absences	11,477,848	15,586,909	15,422,759	11,641,998	1,015,579
Total Governmental Funds-restated**	209,960,223	37,728,478	33,372,455	214,316,246	12,150,674
Internal Service Funds					
Claims and judgments	7,754,480	18,494,215	15,824,579	10,424,116	2,706,839
Pension liability**	3,403,875	1,126,464	-	4,530,339	-
Compensated absences	555,299	762,623	817,213	500,709	66,115
Total Internal Service Funds- restated**	11,713,654	20,383,302	16,641,792	15,455,164	2,772,954
Total Governm ental Activities - restated**	$ 221,673,877	$ 58,111,780	$ 50,014,247	$ 229,771,410	$ 14,923,628

Business-type activities	Beginning Balance	New Issues	Retirements	Ending Balance	Due Within One Year
Advance due to other governments	$ 375,257	$ -	$ 16,116	$ 359,141	$ 16,589
Contracts payable	-	289,515	-	289,515	-
Claims and judgments	3,000,000	-	500,000	2,500,000	500,000
Pension liability**	2,709,723	871,336	-	3,581,059	-
Compensated absences	424,071	410,583	468,993	365,661	48,995
Total Business-type Activities restated**	$ 6,509,051	$ 1,571,434	$ 985,109	$ 7,095,376	$ 565,584

* Claims and judgments are included in the Governmental Fund Financial Statements, as w ell as government-w ide statements

**The beginning pension liability w as restated for implementation of GASB 68.

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, 2015 the remaining non-voted capacity was $569,745,344 and the remaining voted and non-voted capacity was $1,002,574,310.

NOTE 13 – SHORT-TERM DEBT

Historically, the County has obtained a tax anticipation note authorized at $5,000,000 for the purpose of paying expenditures of the County's Current Expense Fund and other funds, pending the receipt of taxes and other revenues. This note was paid off and closed in the first quarter of 2015. Additionally, several funds could issue registered warrants to provide resources in advance of property tax collections and grant receipts. Short-term debt activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Proceeds	Repayment	Ending Balance
Tax Anticipation Note (line of credit)	$150,156	$0	$150,156	$0
Registered Warrants – Central Support Services	66,668	0	66,668	0
Total Short-Term Debt	**$216,824**	**$0**	**$216,824**	**$0**

NOTE 14 – 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	Development Impact Fees	County Roads	Community Services Grants	Other Governmental Funds
Nonspendable					
Prepaids	743,490	-	30,151	492	377,313
Total nonspendable	**743,490**	**-**	**30,151**	**492**	**377,313**
Restricted For:					
General Government:					
Crime victim compensation	-	-	-	-	223,915
Antiprofiteering program	-	-	-	-	34,847
Legislative/administrative support	-	-	-	-	1,870,708
Facilities maintenance	-	-	-	-	2,457,991
Public safety:					
Domestic violence programs	-	-	-	16,004	-
Drug enforcement	-	-	-	-	466,809
Emergency communications	-	-	-	-	629,452
Law enforcement	-	-	-	-	99,677
Physical environment:					
Pollution remediation	-	-	-	-	8,389,926
Transportation:					
Road projects & operations	-	1,543,491	20,663,168	-	-
Economic environment:					
Affordable housing	-	-	-	16,287,893	-
Legislative/administrative support	-	-	-	2,484,059	-
Weatherization & energy efficiency	-	-	-	272,120	-
Community action programs	-	-	-	138,479	-
Tourism promotion	-	-	-	-	121,503
Veteran's assistance	-	-	-	-	325,498
Industrial development financing	-	-	-	-	20,469
Developmental disability programs	-	-	-	-	822,747
Economic Development	-	-	-	-	7,255,968
Health and human services:					
Mental health programs	-	-	-	-	12,227,199
Substance abuse programs	-	-	-	-	760,041
Public and environmental health programs	-	-	-	-	2,300,958
Child abuse prevention	-	-	-	-	608
Cultural/recreational:					
Youth services	-	-	-	314,775	-
Law Library	-	-	-	-	362,512
Parks capital and operations	-	-	-	-	10,120,167
Parks acquisition & development	-	12,434,855	-	-	1,412,145
Camp Bonneville clean up & development	-	-	-	-	1,969,511
Debt service	-	-	-	-	858,895
Total restricted	**0**	**13,978,346**	**20,663,168**	**19,513,330**	**52,731,546**

GOVERNMENTAL FUND BALANCES - continued

	General Fund	Development Impact Fees	County Roads	Community Services Grants	Other Governmental Funds
Committed For:					
Construction inspection/permitting	-	-	-	-	3,438,853
Total committed	**0**	**0**	**0**	**0**	**3,438,853**
Assigned to:					
General Govt:					
Technology projects	2,800,000	-	-	-	2,027
Facilities Fund subsidy	900,000	-	-	-	-
Crime victim compensation	-	-	-	-	964
Facilities maintenance	-	-	-	-	7,691
Public safety					
Law enforcement	-	-	-	-	64,658
Economic environment:					
Construction/permitting operating & capital	-	-	-	-	199,370
Point of Sale and permitting system	800,000	-	-	-	6,741,705
Developmental disability programs	-	-	-	-	7,542
Local revitalization financing	-	-	-	-	108,964
Economic Development		-			113,414
Veteran's services	-	-	-	-	976
Health and human services:					
Substance abuse programs	-	-	-	-	4,346
Public and environmental health programs	-	-	-	-	60,607
Culture/recreation:					
Parks capital and operations	-	-	-	-	59,314
Fair and event center operations	-	-	-	-	183,397
Compensated absences	2,133,381	-	402,915	81,591	292,613
Total assigned	**6,633,381**	**0**	**402,915**	**81,591**	**7,847,588**
Unassigned:	**30,085,726**	**0**	**0**	**0**	**0**
Total	**37,462,597**	**13,978,346**	**21,096,234**	**19,595,413**	**64,395,300**

NOTE 15 – 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 2015:

Aggregate Pension Amounts - All Plans	
Pension Liabilities	$ 78,230,756
Pension assets	5,447,567
Deferred outflows of resources	5,807,627
Deferred inflows of resources	7,681,674
Pension expense/expenditures	9,220,642

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 2015 follow:

PERS Plan 1		
Actual Contribution Rates:	**Employer**	**Employee***
January through June 2015	9.21%	6.00%
July through December 2015	11.18%	6.00%

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

The County's actual contributions to the plan were $4,076,964 for the year ended December 31, 2015.

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.

Contributions

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***
January through June 2015	9.21%	4.92%
July through December 2015	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 $4,718,692 for the year ended December 31, 2015.

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 2015 were as follows:

PSERS Plan 2		
Actual Contribution Rates:	**Employer**	**Employee**
January through June 2015	10.54%	6.36%
July through December 2015	11.54%	6.59%

The County's actual contributions to the plan were $405,483 for the year ended December 31, 2015.

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.

Contributions
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 2015. 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.

Contributions
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 2015 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 646,784 for the year ended December 31, 2015.

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, 2015, the state contributed $58,339,032 to LEOFF Plan 2. Intergovernmental contribution revenue recognized by the County at December 31, 2015 was $403,323.

Actuarial Assumptions
The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2015 with a valuation date of June 30, 2014. 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, 2015. Plan liabilities were rolled forward from June 30, 2014, to June 30, 2015, 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.

- The OSA updated demographic assumptions, consistent with the changes from the *2007-2012 Experience Study Report*, used when valuing the PERS 1 and TERS 1 Basic Minimum COLA.
- The OSA corrected how valuation software calculates a member's entry age under the entry age normal actuarial cost method. Previously, the funding age was rounded, resulting in an entry age one year higher in some cases.
- For purposes of calculating the Plan 2/3 Entry Age Normal Cost contribution rates, the OSA now uses the current blend of Plan 2 and Plan 3 salaries rather than using a long-term membership assumption of two-thirds Plan 2 members and one-third Plan 3 members.
- The OSA changed the way it applies salary limits, as described in the *2007-2012 Experience Study Report*.

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, 2015, 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 (6.5%)	Current Disc. Rate (7.5%)	1% Increase (8.5%)
PERS 1	$ 52,703,936.86	$ 43,288,560	$ 35,192,200.96
PERS 2/3	101,126,176	34,584,262	(16,364,386)
PSERS	2,719,793	357,932	(1,322,166)
LEOFF 1	(748,614)	(1,170,161)	(1,529,451)
LEOFF 2	4,283,544	(4,277,406)	(10,719,845)

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 pension liability of $72,783,189, for its proportionate share of the net pension liabilities as of June 30, 2015, follows:

	Liability (or Asset)
PERS 1	$ 43,288,560
PERS 2/3	34,584,262
PSERS	357,932
LEOFF 1	(1,170,161)
LEOFF 2	(4,277,406)

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	$ (4,277,406)
LEOFF 2 - State's proportionate share of the net pension liability/(asset) associated with the employer	(2,828,213)
Total	(7,105,619)

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	0.797254%	0.827550%	0.030296%
PERS 2/3	0.923054%	0.967918%	0.044864%
PSERS	1.858445%	1.961059%	0.102614%
LEOFF 1	0.096488%	0.097091%	0.000603%
LEOFF 2	0.408677%	0.416171%	0.007494%

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 2015, the state of Washington contributed 39.80 percent of LEOFF 2 employer contributions pursuant to RCW 41.27.726 and all other employers contributed the remaining 60.20 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2015, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2014, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2015, the County recognized pension expense as follows:

	Pension Expense
PERS 1	$ 4,276,238
PERS 2/3	4,516,459
PSERS	424,751
LEOFF 1	(236,007)
LEOFF 2	239,201
Total	$ 9,220,642

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2015, 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 betw een projected and actual investement earnings on pension plan investments		$ 2,368,357
Contributions subsequent to the measurement date	2,243,787	
Total	$ 2,243,787	$ 2,368,357

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences betw een expected and actual experience		$ (3,676,317)
Net difference betw een projected and actual investment earnings on pension plan investments		9,232,360
Changes of assumptions		(55,723)
Changes in proportion and differences betw een contributions and proportionate share of contributions		(1,443,568)
Contributions subsequent to the measurement date	2,626,574	
Total	$ 2,626,574	$ 4,056,752

PSERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences betw een expected and actual experience	$ 335,341	
Net difference betw een projected and actual investment earnings on pension plan investments		177,535
Changes of assumptions		(2,216)
Changes in proportion and differences betw een contributions and proportionate share of contributions		(8,351)
Contributions subsequent to the measurement date	227,367	
Total	$ 562,708	$ 166,968

LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments		197,546
Total	$ -	$ 197,546

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 374,558	
Net difference between projected and actual investment earnings on pension plan investments		1,296,031
Changes of assumptions		(11,282)
Changes in proportion and differences between contributions and proportionate share of contributions		(39,277)
Contributions subsequent to the measurement date		(353,421)
Total	$ 374,558	$ 892,052

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:

Year ended December 31:	PERS 1	PERS 2/3	PSERS	LEOFF 1	LEOFF 2
2016	$ (917,894)	$ (2,082,048)	$ (13,494)	$ (76,655)	$ (432,139)
2017	(917,894)	(2,082,048)	(13,494)	(76,655)	(432,139)
2018	(917,894)	(2,082,048)	(13,494)	(76,655)	(432,144)
2019	385,324	2,189,402	92,403	32,420	298,386
2020	-	-	57,359	-	74,503
Thereafter	-	-	57,339	-	14,901

NOTE 16 – 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, 2015, the County had 1,002 employees participating in the 457 plan, having accumulated deposits with a fair value of $69,985,307. 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 17 – OTHER POSTEMPLOYMENT 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 17.B.*)* and the second OPEB plan for all other retirees (PERS and LEOFF 2) (see note 17 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, 2015, the amount actually contributed to the plans, and changes in the County's net OPEB obligation:

Beginning of Fiscal Year	$ 1,144,568
Interest on Existing Net OPEB Obligation	34,337
Annual Required Contribution	177,237
Adjustment to Contribution for Existing Obligation	(58,395)
Annual OPEB Cost	153,179
Estimated Contributions	(73,544)
Net OPEB obligation, end of year	$ 1,224,203

The County's annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation for 2015 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
2013	$ 180,602	$ 90,643	50.19%	$ 1,050,435
2014	178,846	84,713	47.37%	1,144,568
2015	153,179	73,544	48.01%	1,224,203

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, 2015, the County's combined plan contributions were $73,544.

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 two 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, 2015, the County's combined plan contributions were $407,529.

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, 2015, the amount actually contributed to the plans, and changes in the County's net OPEB obligation:

Annual Required Contribution	$	182,201
Interest on Net OPEB obligation		(22,888)
Adjustments to the annual required contribution		44,880
Annual OPEB cost (expense)		204,193
Contributions made		(407,529)
Decrease in the net OPEB obligation		(203,336)
Net OPEB obligation, beginning of year		(762,940)
Net OPEB obligaiton, end of year	$	(966,276)

The County's annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation for 2015 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
2013	$	245,799	$	394,024	160%	$	(609,149)
2014	$	215,288	$	369,079	171%	$	(762,940)
2015	$	204,193	$	407,529	200%	$	(966,276)

Funding Status and Funding Progress

At December 31, 2015, the most recent valuation date, the actuarial accrued liability for benefits was $3,097,415, 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 $116,963, and the ratio of the unfunded actuarial accrued liability to the covered payroll is 2,648 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 18 – 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 $501,102 were granted in 2015. The amount of credits applied toward traffic impact fees in 2015 was $167,977. The amount of credits that may be applied against future traffic impact fees is $6,850,264, at December 31, 2015.

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, 2015. 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 $6,912,744 are reported in the government-wide Statement of Net Position as revenues collected in advance.

NOTE 19 –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 reinsurers 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 are the subject of ongoing litigation.

The Pool provides its member counties with joint programs and services including self-insurance, purchasing of insurance and contracting for or hiring of personnel to provide administrative services, claims handing and risk management. Washington's pools operate under Chapters 48.62 RCW and 200.100 WAC. They are overseen by the State Risk Manager and subject to fiscal audits performed annually by the State Auditor.

The Pool's total coverage limit is $10 million with a member deductible ($250,000 for Clark County) per occurrence. Remaining insurance up to $15.0 million is acquired as "following form" excess insurance from superior rated commercial carriers. Deficits of the Pool resulting from any fiscal year are financed by reassessments (aka retroactive assessments) of the deficient year's membership in proportion with the initially levied and collected deposit assessments. There are no known liabilities at this time for disclosure.

Beginning April 29, 2014, Clark County became 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, 2015, Clark County has an accrued claims liability of $4.7 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.

	2015	2014
Beginning claims liability	$ 4,488,400	$ 4,194,700
Claims incurred during the year and changes in estimates for claims of prior periods (incl. IBNR)	811,504	876,361
Payments made on claims	(552,904)	(582,661)
Ending claims liability	$ 4,747,000	$ 4,488,400

The General Liability fund currently has a fund balance deficit of $3.3 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, 2015 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 $119,608. 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.

	2015	2014
Beginning claims liability	$ 130,572	$ 151,245
Claims incurred during the year and changes in estimates		
for claims of prior periods (incl. IBNR)	116,562	47,881
Payments made on claims	(127,526)	(68,554)
Ending claims liability	$ 119,608	$ 130,572

Workers compensation

Clark County is Self-Insured 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 $2.5 million, however expectations are the fund will be positive in the future.

The County currently has an accrued claims liability of $4.4 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:

	2015	2014
Beginning claims liability	$ 3,135,508	$ 4,113,000
Claims incurred during the year and changes in estimates		
for claims of prior periods (incl. IBNR)	2,552,620	84,717
Payments made on claims	(1,282,620)	(1,062,209)
Ending claims liability	$ 4,405,508	$ 3,135,508

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. Since the fund is recently established, no settlements have exceeded coverage to date.

The County began accounting for an actuarially estimated incurred but not reported (IBNR) liability in 2015. As of December 31, 2015 the IBNR was estimated to be $1.2 million. In 2015 the County also built reserves in this internal service fund based on an eight week funding policy, estimated to be $2.2 million. As of December 31, 2015, fund balance for the self-insurance fund is $2.2 million.

NOTE 20 – RESTRICTED NET POSITION

Clark County's government-wide statement of net position reports a restricted net position of $99.3 million, of which $65.4 million is restricted by enabling legislation and state laws, $30.4 million by grantors, $3.3 million by bond covenants and debt service, and $0.2 million by other restrictions.

NOTE 21 - 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.

A claim has been filed against the County in regards to the death of an inmate who died during an attempted escape. The claim alleges that Clark County officers piled on top of the inmate and he died of asphyxiation. This occurrence happened while Clark County was self-insured (up to a $1 million dollar limit per occurrence). The outcome of this lawsuit, including any potential loss, cannot be estimated at this time.

Three former employees have filed a racial discrimination case against the County. The claims were dismissed and the dismissal has been appealed. The outcome of this lawsuit, including any potential loss, cannot be estimated at this time.

The County is named as a defendant in a lawsuit brought forward by two former employees, as well as a current employee, alleging that the County failed to compensate for on-duty availability. Clark County has denied liability for this claim. The outcome of this lawsuit, including any potential loss, cannot be estimated at this time.

In addition, the County has been named as a defendant in various other lawsuits. The outcomes, including potential losses, of these lawsuits cannot be estimated at this time. Clark County's liability reserve fund, bonding capacity, past and present liability policies, past participation in the Washington Counties Risk Pool and new coverage provided are adequate and sufficient to protect the County's financial position from substantial negative impact.

NOTE 22- 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 increase in net position was $3,580,832 and our equity interest was $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 up until January 1, 2011 were used to pay for a Clark County bond issue that financed the CRESA building and some radio equipment. Transactions involving the bond issue and repayment, as well as other capital acquisitions, flow through the County's CAD System Replacement capital project fund (CAD Fund). On December 31, 2009, the building bond was paid off and the equipment bond will be retired in 2016. Cash in the amount to cover the remaining debt service was transferred from the CAD Fund to the General Obligation Bond Debt Service Fund in 2014. The capital assets (with a net book value of $9.3 million) purchased with the bond were transferred to CRESA ownership in 2015, per an interlocal agreement. That transfer of capital assets accounts for most of the $3.6 million increase in 2015, in the County's equity position that is mentioned in the above paragraph. More information on the transfer of capital assets to CRESA can be found in Note 25-B.

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 23 - 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 2015 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, 2015. The remaining estimated liability is approximately $5.1 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 24 - PRIOR PERIOD ADJUSTMENTS

The County recorded the following prior period adjustments in 2015:

Governmental Funds			
Major funds			
General Fund	$	(725,594)	Retroactive wages awarded to the Deputy Guild in 2015
	$	(22,402)	Vendor invoices from prior years paid in 2015
County Roads	$	(17,313)	Vendor invoices from prior years paid in 2015
	$	167,025	County Roads billed the Clean Water fund for services provided to Clean Water in previous years
	$	(685,063)	Payment to the Equipment Rental and Revolving Fund for rock inventory costs - for rock inventory used on roads in previous years
Non-Major Special Revenue Funds			
Health Department Fund	$	140,624	The Health Department was reimbursed for an insurance claim paid in a previous year, which should have been paid out of the General Liability Fund
	$	(211,493)	Reconcile Health department accounts receivable for amounts previously billed incorrectly and/or written off to miscellaneous revenue/expenditure in previous years.
Law Library Fund	$	359,737	This fund was reclassified from an agency fund to a special revenue fund in 2015. This is the beginning fund balance as of January 1, 2015.
Total Governmental Funds	***$***	***(994,479)***	
Enterprise Funds			
Clean Water Major Enterprise Fund	$	(167,025)	County Roads billed the Clean Water fund for services provided to Clean Water in previous years
Total Enterprise Funds	***$***	***(167,025)***	
Internal Service Funds			
General Liability Fund	$	(140,624)	The Health Department was reimbursed for an insurance claim paid in a previous year, which should have been paid
Equipment Rental & Revolving Fund	$	685,063	Payment to the Equipment Rental and Revolving Fund for rock inventory cos ts - for rock inventory used on roads in previous years
	$	750,117	Royalty payments due from previous years for rock mining activities
Total Internal Service Funds	***$***	***1,294,556***	
Total Prior Period Adjustments on Fund Statements	**$**	**133,052**	
Government-Wide Activities			
Governmental Funds	$	(14,164,212)	Road overlays added as capital assets in 2013 and 2014, which should have been expensed, were deleted from capital assets in 2015.
Government-Wide additions to prior period	***$***	***(14,164,212)***	
Total Government-Wide Prior Period Adjustments	**$**	**(14,031,160)**	

NOTE 25- OTHER DISCLOSURES, INCLUDING SPECIAL ITEM AND RESTATEMENT

A. Transfer of Operations – Discovery Clean Water Alliance

Study efforts conducted between 2008 and 2012 strove to identify a framework where all parties charged with owning, operating or using wastewater treatment services could collectively make decisions together on the delivery of those services to the public within Clark County. This opportunity to jointly own and jointly manage regional infrastructure relied on by vested parties was an underlying theme that future members came to support, to manage both long-term costs and long-term capacity needs.

Four local governments, Clark County, the Clark County Regional Wastewater District (District), and the cities of Battle Ground and Ridgefield, via interlocal agreement, formed a new entity whereby as equity partners they could have a direct voice and vote in the decisions that ultimately they have to pass on to their ratepayers. These four members, as owners and/or users of the Salmon Creek Wastewater Management System and Ridgefield Treatment Plant, recognized the benefit over the long term by integrating the two systems into a single operating entity. This resulted in the formation of Discovery Clean Water Alliance in January 2013. None of the entities involved are included within the same reporting entity.

Over the next two years, 2013 and 2014, work was ongoing to bring the Alliance operational as a regional wastewater transmission and treatment provider. Asset transfer agreements were signed in 2013 and 2014, resulting in the respective debt and assets of the treatment plants transferring to the Alliance as of January 1, 2015.

The treatment system transfer is defined in GASB 69, *Government Combinations and Disposals of Government Operations,* as a transfer of operations type of government combination. In accordance with GASB 69, a special item in the amount of $121,778,647 was recognized in the County's financial statements. The County transferred capital assets with net book value of $119.7 million and cash balances in the amount of $1.8 million. Further, the County recognized a contract payable in the amount of $289,515 for cash retained for minor capital outlay.

The Alliance now owns the assets, but the County continues to operate the Salmon Creek Wastewater Management System under an operator agreement. The Major Sanitary Sewer Fund comprises the revenues and expenses related to this activity. The County has no ongoing obligation for financial support to the Discovery Clean Water Alliance.

B. Transfer of assets to Clark Regional Emergency Services Agency (CRESA)

As mentioned in Note #22, above, Clark County collects telephone access fees (911 taxes) that up until January 1, 2011 were used to pay for a Clark County bond issue that financed the CRESA building and some radio equipment. Transactions involving the bond issue and repayment, as well as other capital acquisitions, flow through the County. On December 31, 2009, the building bond was paid off and the equipment bond will be retired in 2016. Cash in the amount to cover the remaining debt service was transferred to the General Obligation Bond Debt Service Fund in 2014 and the capital assets were transferred to CRESA in 2015, per an interlocal agreement. The net book value of these capital assets, $9,336,846, is reported as a special item on the 2015 Government-Wide Statement of Activities.

C. Implementation of GASB 68 and Restatement of Beginning Fund Balances

In 2015 the County implemented Government Accounting Standards Board Statement No. 68, Accounting and Reporting for Pensions and GASB 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures related to pensions. As a result of implementing these standards, the County recognized an adjustment to beginning net position of $75,768,483, presented as a change in accounting principles in the Government-Wide statement of Activities and a $3,652,083 (Enterprise Funds) and $4,623,241 (Internal Service Funds) in the Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.

E. Law Library Fund Reclassified as a Special Revenue Fund

In 2015, the Clark County Law Library Fund was reclassified from an agency fund to a non-major special revenue fund of the County. The beginning fund balance for this fund is shown as a prior period adjustment on *Combining Statement of Revenues, Expenditures, and Changes in Fund Balances* for non-major special revenue funds.

NOTE 26 – SUBSEQUENT EVENTS

Clark County Council Positions Filled

As was stated in Note 25-D, above, the fourth council position and the council chair of Clark County were elected in November 2015 and were sworn into office in January 2016. The election and swearing in of two additional county councilors is the next step in the progression of changing Clark County government to a Home Rule Charter County. The implementation of the County Charter will be completed in 2016.

Required Supplementary Information

Other Post Employment Benefit Schedule of Funding Progress

Year Ended December 31, 2015

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	$ 0	$ 2,598,936	$ 2,598,936	0.00%	$ 92,849,468	2.8%
12/31/2013	$ 0	$ 1,948,128	$ 1,948,128	0.00%	$ 96,587,342	2.0%
12/31/2015	$ 0	$ 1,764,451	$ 1,764,451	0.00%	$ 104,095,616	1.7%

Clark County LEOFF 1 Retiree Healthcare Plan

Actuarial Valuation Date (Note 2)	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)
12/31/2013	$ 0	$ 3,952,729	$ 3,952,729	0.00%	$ 294,725	1341.2%
12/31/2014	$ 0	$ 3,361,412	$ 3,361,412	0.00%	$ 221,813	1515.4%
12/31/2015	$ 0	$ 3,097,415	$ 3,097,415	0.00%	$ 116,963	2648.2%

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 *

	2012	2013	2014
Bridges	97.3%	94.6%	72.9%
	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 stormw ater facilities and bridges are assessed and included in these percentages, regardless of w hen they w ere constructed.

Comparison of Needed-to-Actual Maintenance/Preservation

	2011	2012		2013	2014	2015
Stormwater Subsystem						
Budgeted (needed)	$358,428	$358,428		$350,000	$350,000	$857,300
Actual	$307,604	$438,960		$331,273	$315,843	$750,594
% Spent	85.8%	122.5%		94.6%	90.2%	87.6%
Amount Unspent / (Overspent)	$50,824	($80,532)	*	$18,727	$34,157	$106,706
Bridges **						
Budgeted (needed)	$277,878	$279,953		$94,712	$87,202	$149,351
Actual	$127,503	$34,685		$48,177	$44,603	$67,400
% Spent	45.9%	12.4%		50.9%	51.1%	45.1%
Amount Unspent / (Overspent)	$150,375	$245,268		$46,535	$42,599	$81,951

* 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 Management's Discussion and Analysis: *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 Subsystem

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, and intends to preserve the assets at or above this level.**

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
1-24	***Poor condition:*** Bridge is in poor shape - needs to be replaced soon

***The County has established an acceptable condition level of 50 for bridges and intends to preserve the assets at or above this level.**

Definitions: A **stucturally deficient** 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 2 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
2015	0.827550%	$ 43,288,560	$ 1,435,682	3015%	59.10%
2014	0.797254%	$ 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 2 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
2015	0.967918%	$ 34,584,262	$ 85,898,212	40.26%	89.20%
2014	0.923054%	$ 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 2 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
2015	1.961059%	$ 357,932	$ 5,741,723	6.23%	95.08%
2014	1.858445%	$ (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 2 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
2015	0.097091%	$ (1,170,161)	N/A	N/A	127.36%
2014	0.096488%	$ (1,170,198)	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 2 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
2015	0.416171%	$ (4,277,406)	$ (3,256,881)	$ (7,534,287)	$ 12,081,960	-62.36%	111.67%
2014	0.408677%	$ (5,423,320)	(3,558,240)	(8,981,560)	$ 11,370,207	-78.99%	116.75%

Required Supplementary Information
State Sponsored Pension Plans

Schedule of Employer Contributions
PERS 1
As of December 31
Last 2 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
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 2 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
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 2 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
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 2 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
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 2 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
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 Two 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.

Note 3: Change in contribution rate

The employer contribution rates for both PERS 1 and PERS 2/3 plans increased from 9.21% to 11.18% for pay periods beginning July 2015.

The employer contribution rates for PSERS plans increased from 10.54% to 11.54% for pay periods beginning July 2015.

Clark County, Washington
Schedule of Expenditures of Federal Awards
For The Year Ended December 31, 2015

(Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	From Pass-Through Awards	From Direct Awards	Total	Passed through to Subrecipnts
Child Nutrition Cluster							
Department of Agriculture (via WA State Superintendent of Public Instruction)	Summer Food Service Program for Children	10.559	20130406	4,914		4,914	
			Total Child Nutrition Cluster:	4,914	-	4,914	
Department of Agriculture	Farm to School Grant Program	10.575	F2S-SS-16-WA-02		1,341	1,341	
Forest Service Schools and Roads Cluster							
Department of Agriculture	Schools and Roads - Grants to State	10.665	N/A		2,280	2,280	
			Total Forest Schools and Roads Cluster:	-	2,280	2,280	
Department of Defense	Community Investment	12.600	W9128F-06-2-0160		5,971,681	5,971,681	
Department of Housing and Urban Development (HUD)	Community Development Block Grants/Entitlement Grants	14.218	B-13/14/15-UC-530006		1,211,056	1,211,056	589,483
		14.218	Program Income		138,601	138,601	
Department of HUD (via WA State Department of Commerce	Emergency Solutions Grant Program	14.231	14-46107-003	233,997		233,997	209,044
Department of Housing and Urban Development	Home Investment Partnerships Program	14.239	M-13/14/15-UC-53-0204		163,934	163,934	163,934
		14.239	Program Income		396,158	396,158	326,502
Department of HUD (via City of Portland)	Housing Opportunities for Persons with AIDS	14.241	30004682	157,180		157,180	
Department of Interior	Fish and Wildlife Management Assistance	15.608	N/A		7,826	7,826	
Department of Interior (via WA State Dept of Archaeology and Historic Preservation)	Historic Preservation Fund Grants-in-Aid	15.904	FY15-61015-006	10,000		10,000	
Department of Justice (via WA State Dept of Social and Health Services)	Juvenile Accountability Block Grants	16.523	1463-17230	2,761		2,761	
Department of Justice (via WA State Dept of Social and Health Services)	Juvenile Justice and Delinquency Prevention_Allocation to States	16.540	I-501-01014	8,632		8,632	
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	4,798		4,798	
Department of Justice (via WA State Dept of Social and Health Services)	Juvenile Justice and Delinquency Prevention_Allocation to States	16.540	I-600-01414	900		900	
Department of Justice	Drug Court Discretionary Grant Program	16.585	2012-DC-BX-0100		34,156	34,156	
Department of Justice (via WA State Department of Commerce)	Violence Against Women Formula Grants	16.588	F13-31103-073	33,458		33,458	
	Violence Against Women Formula Grants	16.588	F14-31103-104	41,611		41,611	
Department of Justice	State Criminal Alien Assistance Program	16.606	2015-AP-BX-0600		26,469	26,469	
Department of Justice	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-0405		28,597	28,597	
Department of Justice		16.738	2013-DJ-BX-0717		37,479	37,479	
Department of Justice	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0841		6,136	6,136	
Department of Justice		16.738	2015-DJ-BX-0542		48,477	48,477	48,477
Department of Justice (via WA State Department of Commerce)	Edward Byrne Memorial Justice Assistance Program	16.738	M14-31440-006	51,833		51,833	

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, 2015

(Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	From Pass-Through Awards	From Direct Awards	Total	Passed through to Subrecipnts
Department of Justice (via WA State Patrol)	Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	C140435FED	13,993		13,993	
Highway Planning and Construction Cluster							
Department of Transportation	Highway Planning and Construction						
	Sunset Falls Road Preservation	20.205	DTFH7014-E00040		2,572,400	2,572,400	
Department of Transportation (via WA State	Hazel Dell - Felida TSO	20.205	CM-9906(037)/LA-7821	6,277		6,277	
Department of Transportation)	NE 47th/NE 78th St IS	20.205	STPUL-4380(004)/LA-8339	978,391		978,391	
Department of Transportation (via WA State	Blair-Zeek Bridge	20.205	BHS-U066(001)/LA-8006	2,138		2,138	
Department of Transportation)	TSMO Corridor Imprvmts Ph 2 Andresen/M.P.)	20.205	CM-9906(032)/LA-7684	43,180		43,180	
Department of Transportation (via WA State	Big Tree Creek Bridge	20.205	BHS-A068(004)/LA-8005	413,371		413,371	
Department of Transportation)	Brush Prairie Bridge	20.205	BHOS-06IE(001)/LA-7972	77,931		77,931	
Department of Transportation (via WA State	Fifth Plain Creek	20.205	BRM-4382(001)/LA-8003	1,069,921		1,069,921	
Department of Transportation)	Van Atta Bridge	20.205	BHOS-2006(065)/LA-8271	190,253		190,253	
Department of Transportation (via WA State	Orchards Traffic Signal Optimization	20.205	CM-9906(040)/LA-7994	836,441		836,441	
Department of Transportation)	Salmon Creek Ave Path	20.205	TAP-4440(004)/LA-8273	498,770		498,770	
Department of Transportation (via WA State	NE 119th St (NE 50th - NE 72nd Ave)	20.205	STPUS-4430(005)/LA-8709	144,497		144,497	
Department of Transportation)	Hwy 99 TRIM	20.205	CM-0099(133)/LA-8404	294,628		294,628	
Department of Transportation (via WA State	NE 94th Avenue	20.205	STPUL-4401(007)/LA-7905	1,180,529		1,180,529	
Department of Transportation)	Highway 99 Corridor Improvements	20.205	STPUL-0099(129)/LA-8312	94,933		94,933	
Department of Transportation (via WA State	NE Hwy 99 Pedestrian-Bicycle Improvemts	20.205	TAP-4253(014)/LA-8767	32,693		32,693	
Department of Transportation)	Washougal River Rd & Lockwood Crk Rd	20.205	HSIP-000S(406)/LA-8656	50,061		50,061	
Department of Transportation (via WA State	Signal Timing, Evaluation Verication & Enhnc	20.205	CM-9906(046)/LA-8611	12,331		12,331	
Department of Transportation)	Hayes Rd N & S Safety Improvements	20.205	HSIP-A062(001)/LA-8663	22,047		22,047	
Department of Transportation (via WA State	NE 10th Ave	20.205	STPUL-4201(002)/LA-7904	230,041		230,041	
Department of Transportation)	NE 119th St (NE 72nd - NE 87th Ave)	20.205	STPUL-4430(003)/LA-6442	1,293,445		1,293,445	
Department of Transportation (via WA State DOT)	Carty Road Reconstruction	20.205	STPR-E068(001)/LA-8560	30,000		30,000	
	Total Highway Planning and Construction Cluster:			7,501,878	2,572,400	10,074,278	
Highway Safety Cluster							
Dept of Transportation (via WA Traffic Safety Commission)	State and Community Highway Safety	20.600	14S-05-(1)	4,707		4,707	
Dept of Transportation (via WA Traffic Safety Commission)	State and Community Highway Safety	20.600	N/A	261		261	
Dept of Transportation (via WA Traffic Safety Commission)	State and Community Highway Safety	20.600	N/A	1,393		1,393	
Dept of Transportation (via WA Traffic Safety Commission)	State and Community Highway Safety	20.600	N/A	4,991		4,991	
Dept of Transportation (via WA Association of Sheriffs & Police Chiefs)	State and Community Highway Safety	20.600	N/A	9,400		9,400	
Dept of Transportation (via WA Traffic Safety Commission)	National Priority Safety Programs	20.616	N/A	1,621		1,621	
			Total Highway Safety Cluster:	22,373	-	22,373	

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, 2015

(Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	From Pass-Through Awards	From Direct Awards	Total	Passed through to Subrecipnts
Department of Energy (via WA State Department of Commerce)	Weatherization Assistance for Low-Income Persons	81.042	F13-43103-406	102,285		102,285	64,327
		81.042	F15-43103-406	41,502		41,502	18,997
Department of Energy (via WA State Department of Commerce)	Bonneville Power Administration Low-Income Weatherization	81.F13-43104-406	F13-43104-406	129,111		129,111	86,670
		81.F15-43104-406	F15-43104-406	5,383		5,383	
Election Assistance Commission (via WA State Office of Secretary of State)	Help America Vote Act Requirements Payments	90.401	G-2831(5)	6,487		6,487	
Department of Health and Human Services (via WA State Department of Health)	Public Health Emergency Preparedness	93.069	C17105	430,184		430,184	
Department of Health and Human Services (via WA State Department of Health)	Sodium Reduction in Communities	93.082	C17105	113,056		113,056	
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	43,092		43,092	
Department of Health and Human Services	Substance Abuse and Mental Health	93.243	1H79T1023353		20,058	20,058	20,058
(via WA State Department of Social and	Services	93.243	1H79T1025478		103,663	103,663	62,107
Health Services)	Projects of Regional and National	93.243	1H79T1025434		242,810	242,810	181,371
	Significance	93.243	2013-DC-BX-0067		36,781	36,781	15,140
Department of Health and Human Services (via WA State Department of Health)	Immunization Cooperative Agreements	93.268	C17105	77,307		77,307	
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	276,653		276,653	
Department of Health and Human Services	Drug-Free Communities Support Program Grants	93.276	1H79SP020617		76,693	76,693	
Department of Health and Human Services (via WA State Health Benefit Exchange)	State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525	HBE-081	107,057		107,057	
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	12,700		12,700	
				12,700	-	12,700	
Department of Health and Human Services (via	Child Support Enforcement	93.563	2110-81160	1,680,281		1,680,281	
WA State Dept of Social and Health Services)	Child Support Enforcement	93.563	0763-15060	63,968		63,968	

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, 2015

(Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	From Pass-Through Awards	From Direct Awards	Total	Passed through to Subrecipnts
Department of Health and Human Svcs (via WA State Department of Commerce)	Low-Income Home-Energy Assistance	93.568	F14-32606-058	101,014		101,014	100,487
Department of Health and Human Svcs (via WA State Department of Commerce)	Low-Income Home-Energy Assistance	93.568	F15-32606-058	2,059,752		2,059,752	2,011,213
Department of Health and Human Svcs (via WA State Department of Commerce)	Low-Income Home-Energy Assistance	93.568	F15-43101-106	391,568		391,568	260,817
Department of Health and Human Services (via	Community Services Block Grant	93.569	F14-32100-006	120,237		120,237	64,292
WA State Department of Commerce)	Community Services Block Grant	93.569	F15-32100-006	220,830		220,830	164,582
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	45,504		45,504	37,635
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-HI	68,474		68,474	
Department of Health and Human Services (via WA State Department of Health)	Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	C17105	74,859		74,859	
Medicaid Cluster							
Department of Health and Human Services (via	Medical Assistance Program	93.778	K756-01	21,456		21,456	
WA State Dept of Social and Health Services)	Medical Assistance Program	93.778	K1398	134,354		134,354	
			Total Medicaid Cluster:	155,810	-	155,810	
Department of Health and Human Services (via WA State Department of Health)	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817	C1705	21,342		21,342	
Department of Health and Human Services (via WA State Department of Health)	National Bioterrorism Hospital Preparedness Program	93.889	C17105	108,680		108,680	
Department of Health and Human Services (via Multnomah County, OR)	HIV Emergency Relief Project Grants	93.914	4400001712	235,076		235,076	
Department of Health and Human Services (via WA State Department of Health)	HIV Care Formula Grants	93.917	C17105	41,937		41,937	
Department of Health and Human Services (via WA State Department of Health)	HIV Prevention Activities_Health Department Based	93.940	C17105	31,334		31,334	
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	1563-42467	537,897		537,897	364,365
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	344,409		344,409	

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, 2015

(Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	From Pass-Through Awards	From Direct Awards	Total	Passed through to Subrecipnts
Executive Office of the President	High Intensity Drug Trafficking Areas Program	95.001	G14NW0009A		77,519	77,519	
Executive Office of the President	High Intensity Drug Trafficking Areas Program	95.001	G15NW0009A		13,484	13,484	
Executive Office of the President (via WA State Patrol)	High Intensity Drug Trafficking Areas Program	95.001	9003000094	2,619		2,619	
Department of Homeland Security (via Portland Office of Emergency Management)	Non-Profit Security Program	97.008	N/A	1,709		1,709	
Department of Homeland Security (via WA State Parks & Recreation Commission)	Boating Safety Financial Assistance	97.012	3314FAS140153	32,156		32,156	
			Total Federal Awards Expended:	**15,812,601**	**11,217,599**	**27,030,200**	**4,789,501**

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

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 $534,759 and is presented in this schedule. The amount of principal and interest received in loan repayments for the year was $512,589.

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, 2015 through December 31, 2015

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: 2015-001	**Finding caption:** Clark County lacks adequate internal controls over its calculation for determining major funds to be presented in its financial statements.

Name, address, and telephone of auditee contact person:
Sandra Hall
P.O. Box 5000
Vancouver, WA 98666-5000
(360) 397-2310 ext. 5136

Corrective action the auditee plans to take in response to the finding:
The County now has a written policy and procedure for calculating major funds, which includes the GASB requirements, how to calculate major funds, how to reconcile with the financial statements and how to review and verify the accuracy of the calculation.

The major fund calculation spreadsheet was corrected and additional checks and balances were included in the revised spreadsheet.

Staff preparing the CAFR will undergo additional training this Fall and Winter. There have already been several discussions with the complete CAFR team regarding this particular issue, as well as internal controls and documentation requirements for the CAFR process. In addition, we are in the process of reviewing vendor software that would automate much of the CAFR process, adding automated checks and balances within the program, which would help to reduce human error.

Anticipated date to complete the corrective action:
The policy/procedure has been written and spreadsheet updates have been completed. Additional CAFR training of staff and further discussions on CAFR controls and documentation will occur in the Fall and Winter of 2016.

Finding ref number: 2015-002	**Finding caption:** The County did not have adequate internal controls to ensure compliance with federal grant requirements for allowable costs.
Name, address, and telephone of auditee contact person: Lori Pearce PO Box 9810 Vancouver, WA 98666-9810 (360) 397-6118 ext. 4461	
Corrective action the auditee plans to take in response to the finding: *The County will work to ensure we have internal controls in place to ensure compliance with the federal grant requirements for allowable costs.* *The County will obtain training to provide staff with a full understanding of allowable costs and cost allocation plans on federal grants. Both Finance and Programming staff have met to start discussions about training staff.* *The County will form an internal team to begin the analysis of the overhead rates. The overhead rates for 2016 have already been changed from budgeted numbers to the actual costs for 2014. We will review the current model to determine the base component and do a full evaluation of our current system. We will make sure the costs are allowable under the federal program requirements.* *We are planning on creating checklists based on the requirements for each grant to improve and document compliance.* *The County will also re-evaluate how compensated absences are tracked and charged to grants*.	
Anticipated date to complete the corrective action: Fall and winter of 2016	

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

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.

The results of our work are widely distributed through a variety of reports, which are available on our website and through our free, electronic subscription service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
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