

Washington State Auditor's Office
Financial Statements and Federal Single Audit Report

Clark County

Audit Period
January 1, 2004 through December 31, 2004

Report No. 69197

Issue Date
August 26, 2005



Washington _____
State Auditor

Brian Sonntag



**Washington State Auditor
Brian Sonntag**

August 26, 2005

Board of Commissioners
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.

In addition to this work, we look at other areas of our audit client's operations for compliance with state laws and regulations. The results of that audit will be included in a separately issued accountability report.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag", is written over a light gray circular background.

BRIAN SONNTAG, CGFM
STATE AUDITOR

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Federal Summary

Clark County January 1, 2004 through December 31, 2004

The results of our audit of Clark County are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

- An unqualified opinion was issued on the County's financial statements.
- We noted no instances of noncompliance that were material to the financial statements of the County.
- We issued an unqualified opinion on the County's compliance with requirements applicable to its major federal programs.
- We reported no findings, which are required to be disclosed under OMB Circular A-133.
- We noted in our Independent Auditor's Report on Financial Statements that the Schedule of Expenditures of Federal Awards was fairly presented.
- The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$735,921.
- The County did not qualify as a low-risk auditee under OMB Circular A-133.
- The following were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
20.205	Highway Planning and Construction
93.268	Immunization Grants
93.283	CDC Investigative and Technical Assistance
93.563	Child Support Enforcement
93.568	Low Income Home Energy
94.104	Comprehensive Mental Health Services

Schedule of Prior Federal Audit Findings

Clark County January 1, 2004 through December 31, 2004

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

Audit Period: FY 2003	Report Reference No: 24732	Finding Reference No: 1	CFDA Number(s): 93.230, 93.104
Federal Program Name and Granting Agency: (1) 93.230 - Consolidated Knowledge Development and Application Program (MIRAP) and, (2) 93.104 – Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (CMHS). Both grants are administered by the Substance Abuse and Mental Health Services Administration of the U.S. Department of Health and Human Services.		Pass-Through Agency Name: N/A	
Finding Caption: The County did not have adequate internal controls over the charging of indirect costs to federal grants.			
Background: The Department did not have adequate internal controls over these programs to ensure indirect costs were charged in accordance with federal requirements. The Department charged \$79,829 of indirect costs to the CMHS and MIRAP grants without the required approvals from the granting agency. The County obtained retroactive subsequent approval from the granting agency so the indirect costs were not questioned. However, sound internal controls over federal programs would have ensured all costs were accurately presented and in accordance with grant requirements.			
Status of Corrective Action: (check one) <input checked="checked" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> No Corrective Action Taken <input type="checkbox"/> Finding is considered no longer valid			
Corrective Action Taken: Approval for the indirect costs in question was obtained from the federal granting agency prior to the close of the audit. The department has supplied its Cost Allocation Plan and requested approval, as appropriate, for other grants that may require such approval. For future grants, the Department will provide at the time of grant application and/or within 90 days of receiving notification of the grant award the Department's Cost Allocation Plan to the grantee for approval.			

Independent Auditor's Report on Compliance and Internal Control over Financial Reporting in Accordance with Government Auditing Standards

Clark County
January 1, 2004 through December 31, 2004

Board of Commissioners
Clark County
Vancouver, Washington

We have audited the basic financial statements of Clark County, Washington, as of and for the year ended December 31, 2004, and have issued our report thereon dated June 20, 2005.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

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

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management, the Board of Commissioners, federal awarding agencies and pass-through entities. 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.

A handwritten signature in black ink, appearing to read "Brian Sonntag", with a stylized, cursive script.

BRIAN SONNTAG, CGFM
STATE AUDITOR

June 20, 2005

Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

Clark County
January 1, 2004 through December 31, 2004

Board of Commissioners
Clark County
Vancouver, Washington

COMPLIANCE

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) *Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2004. The County's major federal programs are identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2004.

INTERNAL CONTROL OVER COMPLIANCE

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management, the Board of Commissioners, federal awarding agencies and pass-through entities. 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.

A handwritten signature in black ink, appearing to read "Brian Sonntag", written in a cursive style.

BRIAN SONNTAG, CGFM
STATE AUDITOR

June 28, 2005

Independent Auditor's Report on Financial Statements

Clark County January 1, 2004 through December 31, 2004

Board of Commissioners
Clark County
Vancouver, Washington

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clark County, Washington, as of and for the year ended December 31, 2004, as listed on page 9. These financial statements are the responsibility of the County's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 remaining fund information of Clark County, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund, County Roads Fund, Mental Health Fund, Campus Health District Facility Fund, and Community Services Grants Fund funds, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 10 through 29 and infrastructure modified approach information on page 90 through 92 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. This schedule is not a required part of the basic financial statements. Such information has been subjected to

the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

BRIAN SONNTAG, CGFM
STATE AUDITOR

June 20, 2005

Financial Section

Clark County January 1, 2004 through December 31, 2004

REQUIRED SUPPLEMENTAL INFORMATION

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Clark County's discussion and analysis offers readers of the County's financial statements a narrative overview and analysis of the County's financial activities for the fiscal year ended December 31, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and in the financial statements and notes to the financial statements (which follow this discussion).

FINANCIAL HIGHLIGHTS

Clark County's total assets exceeded its liabilities at December 31, 2004 by \$955 million. Net assets invested in capital assets (net of depreciation and related debt) account for 83% of this amount, with a value of \$797 million. Of the remaining net assets, \$49 million may be used to meet the County's ongoing obligations to citizens and creditors, without legal restriction.

- As of December 31, 2004, Clark County's governmental activities reported combined ending net assets (fund balance) of \$822 million, compared to \$843 million at the end of 2003 (a decrease of 2.5%). Details of factors contributing to this decrease are discussed later within this Management's Discussion and Analysis.
- Of the \$822 million, \$681 million was invested in capital assets, \$109 million was legally restricted for specific projects or programs, and \$32 million was available for spending at the County's discretion.
- As of December 31, 2004, Clark County's business-type activities reported combined ending net assets (fund balance) of nearly \$133 million, compared to \$106 million at the end of 2003. This 25% increase is attributed to two components: the addition of \$18.6 million in capital assets (primarily stormwater facilities and construction in progress at the sewer treatment plant) and debt reduction of \$8.5 million (this includes a \$6.8 million defeasement of sewer bonds)
- Unreserved/undesignated fund balance for the General Fund was \$10.4 million at December 31, 2004, amounting to 10.8% of total General Fund expenditures for 2004.
- Unreserved/undesignated fund balance for the County Roads Fund was \$3.7 million at December 31, 2004, amounting to 6.8% of total roads fund expenditures for 2004.
- Clark County's total long term debt at December 31, 2004 was \$205.6 million, with a remaining capacity for non-voted debt of \$296 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Clark County's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

There are two government-wide financial statements, which are designed to provide readers with a broad overview of Clark County's finances in a manner similar to a private-sector business. Both of the government-wide financial statements distinguish functions of Clark County that are principally supported by taxes and intergovernmental revenues (referred to as

"governmental activities") from functions that are intended to recover all or a significant portion of their costs through user fees and charges (referred to as "business-type activities"). The governmental activities of Clark County include a full range of local government services provided to the public, such as law enforcement and public safety; the superior, juvenile, and district 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. In addition, other general government services are provided, such as elections, property assessment, tax collection, and the issuance of permits and licenses. The business-type activities of Clark County include solid waste, sanitary sewer, and clean water management.

The statement of net assets presents information on all of Clark County's assets and liabilities, with the difference between the two reported as net assets. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. However, this is just one indicator of financial health of the County. Other indicators include the condition of the County's infrastructure subsystems (roads, stormwater, bridges, etc.), changes in property tax base, and general economic conditions within the County.

The statement of activities presents information showing how the County's net assets changed during 2004. Because it separates program revenue (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), it shows to what extent each program has to rely on taxes for funding. All changes in net assets are reported using the accrual basis of accounting, similar to the method used by most private-sector companies. The accrual basis of accounting requires that revenues be reported when they are earned and expenses are reported when the goods and services are received, regardless of the timing of the cash flow. Items such as uncollected taxes, unpaid vendor invoices for items received in 2004, and earned but unused vacation and sick leave will be included in the statement of activities as revenue and expense, even though the cash associated with these items will not be received or distributed in 2004.

The County has no separately identified component units included in the government-wide financial statements. By virtue of the County's authority to exercise influence over its operations, the Industrial Revenue Bond Corporation is reflected as a blended component unit special revenue fund and its financial data is included in governmental activities. You will find further information regarding this blended component unit in the *Summary of Significant Accounting Policies*, on the first page of the notes to the 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 V.D. of the notes to the 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. Clark 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. Proprietary Funds are used to account for a government's business type activities, where all or part of the costs of activities are supported by fees and charges that are paid directly by those who benefit from the

activities. 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. The resources of fiduciary funds cannot be used to support the government's own programs.

Governmental Funds

The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances present separate columns of financial data for the General Fund, County Roads Fund, Mental Health Fund, Community Services Grant Fund and Campus Health District Facility Fund, which are considered to be major funds, based on criteria established by GASB Statement #34. (GASB #34 defines a major fund as a fund where the assets, liabilities, revenues or expenditures comprise 1) at least 10% of the total dollar amount of the same category within either all government or all enterprise funds, as appropriate, and 2) at least 5% of the total dollar amount of all governmental and enterprise funds combined for the same category. The General Fund is always considered a major fund.) The Community Services Grant Fund and the Campus Health District Facility Fund qualified as major funds for the first time in 2004. The County has elected to include the Mental Health Fund as a major fund, even though it does not currently meet the criteria, as it is expected to meet the minimum criteria for mandatory reporting as a major fund in future years. Data from the remaining governmental funds are combined into a single, aggregated presentation. The governmental fund financial statements can be found immediately following the government-wide financial statements. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements, outside of the basic financial statements (following the notes to the financial statements).

Governmental funds are used 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 the end of the year. Such information is useful in evaluating a government's near-term financing requirements in comparison to near-term 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 allows readers to better understand 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 County maintains budgetary controls over its operating funds. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the biennial appropriated budget. 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. Personal services are budgeted by positions. Capital outlays are approved on both an item by item basis and a project basis. A budgetary comparison of revenues, expenditures, and changes in fund balances is provided for the General Fund and all special revenue and capital funds, to demonstrate compliance with the budget. Major fund budgetary variance statements are included with the basic financial statements. All nonmajor fund budget variance schedules follow the combining fund statements. Budgetary variances for the General Fund are discussed in some detail later in this section.

Proprietary Funds

There are two types of proprietary funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its solid waste, clean water, and sewer operations. Internal Service Funds (the second type of proprietary funds) accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its vehicle fleet, election services, insurance reserves, radio and computer 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.

Proprietary fund statements follow governmental fund statements in this report. They provide the same type of information as the government-wide financial statements, only in more detail, since both apply the accrual basis of accounting. In comparing the Proprietary Fund Statement of Net Assets to the business-type column on the Government-Wide Statement of Net Assets, the total net assets agree, and therefore need no reconciliation. In comparing the total assets and total liabilities between the two statements, you will notice slightly different amounts because the "internal balances" line on the government-wide statement combines the "due from other funds" (asset) and the "due to other funds" (liabilities) from the fund statement in a single line in the asset section of the statement.

The basic proprietary fund financial statements provide separate information on each enterprise fund, as there is only one nonmajor enterprise fund. All internal service funds are aggregated into a single presentation in the basic proprietary fund financial statements. Since there is only one nonmajor enterprise fund, there are no combining statements for nonmajor enterprise funds in this document.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside 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.

Clark 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 role as custodian until the funds are allocated to the private parties, organizations, or government agencies to which they belong). The basic fiduciary fund financial statements can be found following the proprietary fund financial statements.

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

Statement of Net Assets

Clark County's total assets stand at \$1.2 billion as of December 31, 2004, an increase of \$48 million dollars from the previous year, while total liabilities stand at \$270 million, an increase of

\$42 million from December 31, 2003. The table on the following page reflects Clark County's Statement of Net Assets for the year ending December 31, 2004.

Clark County Net Assets

	Governmental Activities		Business-type Activities		Total		% Change
	2004	2003	2004	2003	2004	2003	
Current & other assets	\$ 189,996,109	\$ 218,347,713	\$ 50,308,846	\$ 58,739,189	\$ 240,304,955	\$ 277,086,902	(13.3%)
Capital assets (net of depreciation)	838,524,307	772,168,127	145,949,853	127,357,921	984,474,160	899,526,048	9.4%
Total assets	1,028,520,416	990,515,840	196,258,699	186,097,110	1,224,779,115	1,176,612,950	4.1%
Long term liabilities	175,127,421	119,505,404	30,432,182	38,948,698	205,559,603	158,454,102	29.7%
Other liabilities	31,025,115	28,074,329	32,939,690	41,317,022	63,964,805	69,391,351	(7.8%)
Total liabilities	206,152,536	147,579,733	63,371,872	80,265,720	269,524,408	227,845,453	18.3%
Net assets:							
Invested in capital assets, net of related debt	681,478,807	673,413,118	115,686,833	88,409,223	797,165,640	761,822,341	4.6%
Restricted	108,815,140	65,029,784	0	0	108,815,140	65,029,784	67.3%
Unrestricted	32,073,933	104,493,205	17,199,994	17,422,167	49,273,927	121,915,372	(59.6%)
Total net assets	\$ 822,367,880	\$ 842,936,107	\$ 132,886,827	\$ 105,831,390	\$ 955,254,707	\$ 948,767,497	0.7%

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Clark County's net assets total slightly over \$955 million at December 31, 2004, as compared to \$949 million in 2003, an increase of less than one percent.

The County's capital assets increased by \$85 million in 2004. While the County spent \$73 million on capital assets (primarily road construction, construction of a new exposition center, capital costs for a new community health center, and other construction projects), outside entities (primarily developers) contributed \$28 million in capital assets to the County. Road system infrastructure and stormwater/drainage system infrastructure account for most of the contributions. In 2004, decreases in the value of capital assets (depreciation and disposal of assets) amounted to \$16 million.

Total current and other assets amount to \$240 million, with \$174 million consisting of cash and cash equivalents. Cash and cash equivalents within governmental funds increased by \$46.4 million in 2004, while business-type funds realized a slight increase of one-half million dollars. The increase within governmental funds is partly due to unspent bond proceeds (to provide funding for several capital projects) which were received in late October, 2004. The remaining \$66 million in current and other assets is made up of \$61 million in accounts and notes receivable (down from \$146 million in 2003) and \$5 million in miscellaneous assets.

Compared to 2003 (\$277 million), total current and other assets decreased \$37 million in 2004. Accounts and notes receivable decreased by \$85 million. \$72 million is due to a prior period adjustment in governmental funds for property taxes receivable (which is discussed at length in the prior period adjustment section of the Notes to the Financial Statements: section V.J.), nine million dollars is due to a decrease in notes receivable within the Sanitary Sewer Fund (as a result of payments received on an interlocal contract receivable), and four million is a decrease in miscellaneous governmental accounts receivable.

At December 31, 2004, the County's outstanding liabilities were \$270 million (up \$42 million from 2003), with \$206 million in long term liabilities (up \$47 million from 2003). Governmental long term liabilities increased overall by \$56 million in 2004 (primarily due to the issuance of \$59 million in general obligation bonds, including premiums), while business-type long term liabilities

decreased by nine million dollars (as a result of the defeasement of \$6.8 million in revenue bonds, in addition to making scheduled debt payments). Long term liabilities due within a year are ten million dollars, with the remainder due over an extended period of time. Refer to the notes to the financial statements (note IV.H.) for a more in depth discussion of long term debt. At December 31, 2004, other liabilities included \$33 million in deferred revenue (down from \$42 million in 2003, this change is related to the defeasement of bonds which was mentioned previously in this paragraph) and \$25 million in accounts payable and accrued liabilities, combined (up from \$21 million in 2003). Deposits payable to customers decreased from six million dollars at December 31, 2003, to five million dollars at the end of 2004. These deposits are predominately retainage held through the completion of capital construction projects, and as such, vary based on the timelines of the multiple projects.

Of the County's total net assets, 83% are invested in capital assets, less outstanding debt used to acquire those assets. Capital assets provide services to citizens, and therefore investment in capital assets is not available for future spending. Although investment in capital assets is reported net of related debt, resources needed to repay this debt must be provided by other sources, since capital assets themselves cannot be used to liquidate the liabilities. In addition (to the capital assets, net of debt), 11% of the County's total net assets are subject to external restrictions on how they may be used (restricted by the Revised Code of the State of Washington or by contractual agreements with outside parties). The remaining balance of \$49 million (5% of total net assets), represents the amount that may be used to meet the County's ongoing obligations. The decrease in unrestricted net assets from December 31, 2003, of \$72 million, is in direct correlation to the prior period adjustment mentioned earlier in this section, as property taxes receivable are generally unrestricted assets.

At December 31, 2004, Clark County reports positive balances in all categories of net assets for the County as a whole, as well as for governmental activities. Business-type activities report positive balances in both capital and unrestricted assets, with no restricted assets.

Statement of Changes in Net Assets

The County's total net assets increased by nearly \$6.5 million in 2004. Total County revenues, at \$287.5 million in 2004, decreased by \$9.2 million from 2003. Governmental activities provided \$271.2 million in revenues (94%), while business-type activities provided \$16.3 million. The ratio changed only slightly from 2003, when governmental activities accounted for 95% of the total.

Governmental activities grants and contributions decreased by \$14.9 million in 2004 from 2003, while grants and contributions for business-type activities increased by \$2.2 million during the same period. Construction activity and population in Clark County continued to experience a healthy growth rate in 2004, resulting in a \$2.7 million increase in property and sales tax revenues, combined. Interest earnings increased by \$2.6 million from 2003 to 2004, while charges for services decreased by \$1.8 million (a 2.3% decrease). Key elements in changes in net assets are shown in the following table.

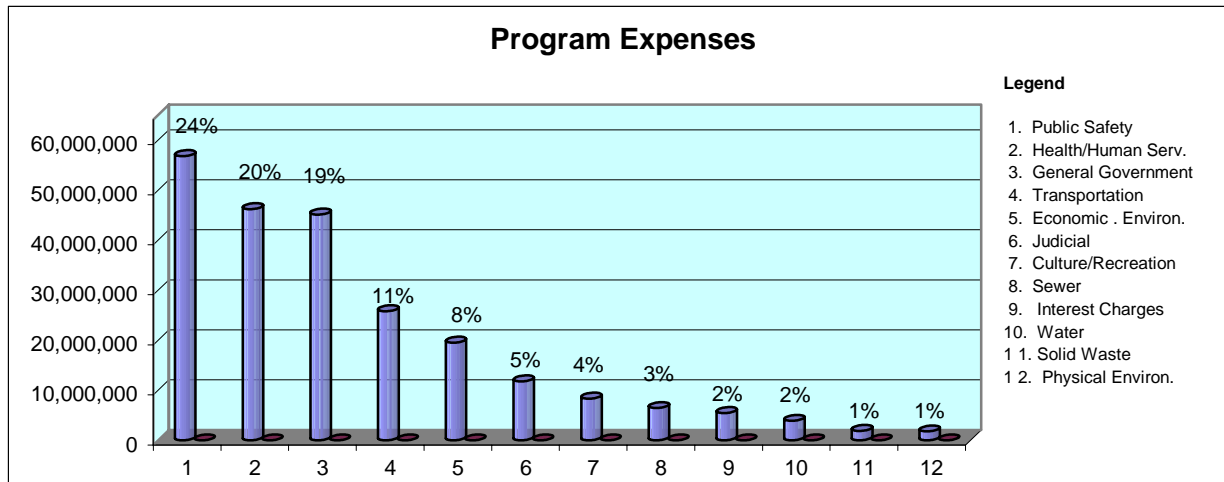
Clark County Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Program Revenues						
Charges for services	\$ 61,266,074	\$ 62,533,614	\$ 12,532,396	\$ 13,019,167	\$ 73,798,470	\$ 75,552,781
Operating Grants and contributions	59,718,604	55,019,386	758,148	498,550	60,476,752	55,517,936
Capital Grants and contributions	29,833,084	49,424,465	2,720,344	766,039	32,553,428	50,190,504
<i>General revenues:</i>						
Taxes	113,681,720	110,987,684	0	0	113,681,720	110,987,684
Gain/(loss) on sale of assets	1,830,875	1,914,143	0	0	1,830,875	1,914,143
Interest earnings on investments	4,915,773	2,331,585	270,564	282,528	5,186,337	2,614,113
Total revenues	\$ 271,246,130	\$ 282,210,877	\$ 16,281,452	\$ 14,566,284	\$ 287,527,582	\$ 296,777,161

Clark County Changes in Net Assets - continued

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Program Expenses:						
General government	\$ 45,147,967	\$ 39,113,494	\$ 0	\$ 0	\$ 45,147,967	\$ 39,113,494
Public safety	56,822,756	54,458,286	0	0	56,822,756	54,458,286
Judicial	11,792,152	12,078,992	0	0	11,792,152	12,078,992
Physical environment	1,795,890	1,280,433	0	0	1,795,890	1,280,433
Transportation	25,823,196	30,214,673	0	0	25,823,196	30,214,673
Economic environment	19,529,418	16,203,413	0	0	19,529,418	16,203,413
Health and human services	46,237,042	44,120,562	0	0	46,237,042	44,120,562
Culture & recreation	8,347,815	10,701,052	0	0	8,347,815	10,701,052
Solid Waste	0	0	1,901,751	2,186,114	1,901,751	2,186,114
Water	0	0	3,915,099	2,884,329	3,915,099	2,884,329
Sewer	0	0	6,479,177	5,766,332	6,479,177	5,766,332
Interest on long term debt	5,467,111	6,836,542	0	0	5,467,111	6,836,542
Total expenses	220,963,347	215,007,447	12,296,027	10,836,775	233,259,374	225,844,222
Special Item - Payment from outside entity towards County debt defeasement			7,341,480			
Excess (deficiency) of revenues over (under) expenses	50,282,783	67,203,430	11,326,905	3,729,509	61,609,688	70,932,939
Transfers	141,980	840,240	(141,980)	(840,240)	0	0
Change in Net Assets	50,424,763	68,043,670	11,184,925	2,889,269	61,609,688	70,932,939
Net assets as of January 1	842,936,107	780,675,825	105,831,390	102,942,121	948,767,497	883,617,946
Prior period adjustments	(70,992,990)	(5,783,388)	15,870,512	0	(55,122,478)	(5,783,388)
Net Assets as of December 31	\$ 822,367,880	\$ 842,936,107	\$ 132,886,827	\$ 105,831,390	\$ 955,254,707	\$ 948,767,497

County expenses for the year were \$233 million, up from \$226 million in 2003. Following is a graph which illustrates by program where funds were spent in 2004.



Governmental activities accounted for \$221 million (95%) of total County expenses. Public safety, health and human services, and general government programs, combined, accounted for 67% of total governmental expenses (63% of total County expenses). Public safety and health and human services expenses each increased by slightly over two million dollars from 2003 (4.3% and 4.7% increases, respectively). General government expenses increased by six million dollars in 2004. \$2.5 million is an increase in annual depreciation expense (due primarily to new downtown campus buildings being depreciated for the first time in 2004). The remaining three million dollar increase is within internal service fund expenses. These increases occurred in the Elections Fund (where a new voter registration system was implemented, new voter registrations tripled previous years, and there were several recounts in the Governor's race) and in the General Liability Insurance Fund (where the Washington Counties Risk Pool suggested that the County recognize a \$1.3 million increase in their liability reserve).

Transportation and economic environment expenses, combined, account for 21% of total governmental activities expenses, with all other programs and interest expense accounting for the remaining 12%. Transportation expenses decreased four million dollars in 2004, from 2003. Both capital and non-capital road projects are tied closely to grant revenue (which decreased by three million dollars in 2004) and Public Works Trust Fund Loan proceeds (which decreased by two million dollars in 2004).

In business-type activities, which account for five percent of all County expenses, sewer and water expenses increased slightly, while solid waste expenses experienced a slight decrease in 2004 from 2003.

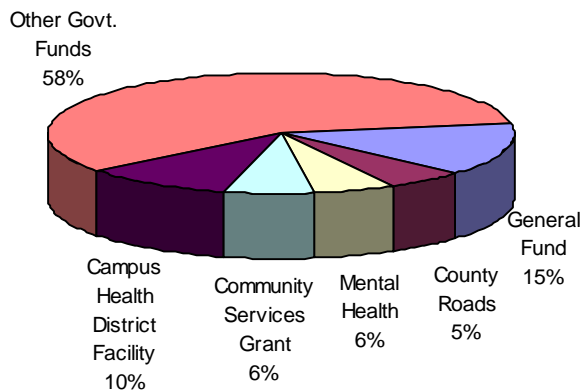
FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, Clark County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Following are financial analysis of the County's governmental and proprietary funds.

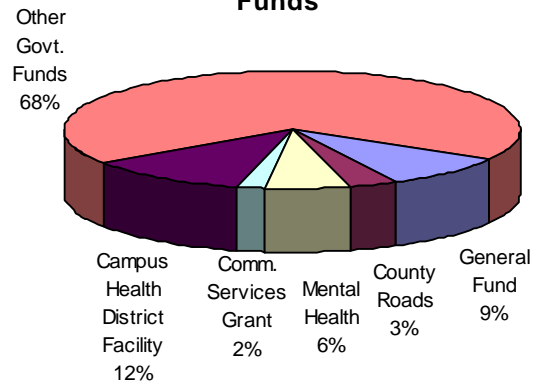
Governmental Funds Balance Sheet Analysis

The General Fund, County Roads Fund, Mental Health Fund, Community Services Grant Fund, and Campus Health District Facility Fund were the only major governmental funds in 2004. The Community Services Grant Fund and Campus Health District Facility Fund qualified as major funds for the first time in 2004. Combined, these five major funds account for 42% of total governmental fund assets and 32% of total governmental fund balance.

Total Assets - Governmental Funds



Fund Balance - Governmental Funds



Total assets in the General Fund amounted to \$26 million, accounting for 15% of total governmental fund assets, compared to \$74 million and 34% in 2003. Of the \$48 million decrease, \$44 million is due to the prior period adjustment for property taxes receivable that was discussed previously in the government-wide statement of net assets section of this Management's Discussion and Analysis. Cash and deposits in the General Fund decreased by nearly \$3 million, due to one-time interfund transfers made in order to eliminate debt in other County funds. Advances due from other funds decreased one million dollars during 2004.

The Campus Health District Facility capital fund accounted for 10% of total governmental fund assets, with \$19 million (all in cash and cash equivalents) at December 31, 2004. This \$19 million balance is accounted for by unspent bond proceeds which will be spent down as the capital project proceeds.

As of December 31, 2004, the County's governmental funds reported combined ending fund balances of \$131 million (compared to \$83 million in 2003). Of this \$48 million increase, capital funds account for \$39 million. This increase comes from unspent bond proceeds from the \$59 million bonds (including premiums) issued in October of 2004 (as was previously mentioned in the discussion on the government-wide statement of net assets). Unlike government-wide statements, the fund statements do not record long term debt, but expense debt as it is paid. The result is that unspent debt proceeds are reflected in the fund balance. An additional eight million dollar increase in total fund balance is due to prior period adjustments. In 2004, Clark County adopted a policy to remove any compensated absence liabilities from governmental funds, in order to be consistent with GASB Interpretation No. 6 "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Statements". The results of this policy change added \$7.7 million to the restated fund balance for governmental funds as of January 1, 2004. A more complete explanation of the policy change can be found under Prior Period Adjustments in the notes to the financial statements (section V.J.). The prior period adjustment of \$72 million referred to in the government-wide analysis section of this discussion and analysis is not part of the fund statements, as the current year property tax assessment for

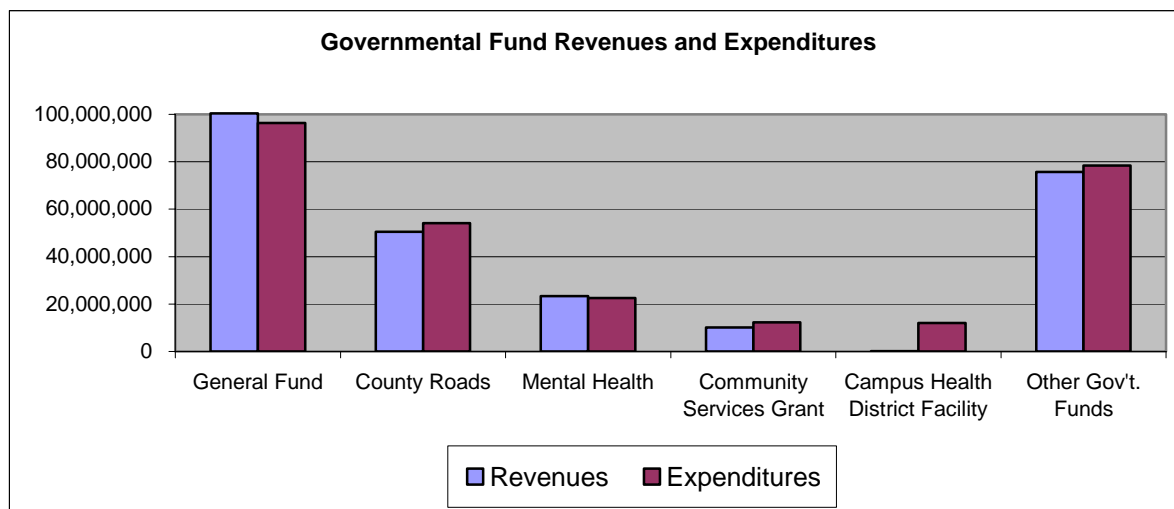
the following year's tax payment (which was previously reported as taxes receivable) is offset by an exact amount of deferred revenue in the fund statements.

The focus of Clark County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unreserved/undesignated fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year. Of the ending fund balance, \$121 million (92%) is unreserved and undesignated, and therefore available for spending within the funds. \$1.7 million is reserved for advances due from other funds. In addition, six million dollars is designated for low income housing programs and \$2.2 million is designated for future payment of compensated absences (vacation leave and sick leave earned, but unpaid).

The General Fund is the chief operating fund of Clark County. Unreserved/undesignated fund balance in the General Fund changed very little in 2004 from 2003 (from \$10.9 million in 2003 to \$10.4 million in 2004). There was an overall increase of \$1.1 million in fund balance in the General Fund during 2004.

Governmental Funds Revenue/Expenditure Analysis

The following chart shows the revenue and expenditure amounts for the year ended December 31, 2004 for the five major governmental funds and for all other governmental funds.



Revenue indicators in the chart, do not include one time financing sources, such as proceeds from new debt, sale of assets, or interfund transfers. Total revenues for governmental funds increased by \$16 million in 2004. During the same period, total expenditures increased by \$17 million. The General Fund and the County Roads Fund together account for 58% of all governmental fund revenue (down from 60% in 2003) and 55% of the expenditures (down from 59% in 2003).

General Fund revenues increased by nearly two million dollars, while expenditures increased by three million dollars. County Road fund revenues increased by \$1.6 million, while expenditures (which consist mainly of capital road projects) decreased by \$6.2 million. The Mental Health Fund increased revenues by \$4.6 million in 2004 and increased expenditures by \$3.4 million. Intergovernmental revenues account for nearly all mental health revenues (95% in 2004), and revenues and expenditures fluctuate according to awards. Revenues in the Community Services Grant Fund increased by \$1.3 million in 2004 and expenditures increased by \$3.6 million (the fund received \$1.8 million in bond proceeds in 2004). The Campus Health District

Facility capital fund spent \$12 million towards the design and construction project in 2004. This fund's only revenue in 2004 was \$145,816. However, the fund received bond proceeds (including premiums) of \$23.9 million in 2004. Nonmajor special revenue funds showed a one million dollar increase in revenue and a \$634,581 dollar increase in expenditures in 2004, from 2003, while capital project funds increased revenues by \$5.3 million and expenditures by only \$195,831. The 2003 nonmajor fund amounts have been adjusted for the two funds which qualified as major funds for the first time in 2004, for the purpose of this comparison, so that the data would be comparable.

Governmental funds had an overall increase in fund balance of \$47 million in 2004 (the change in fund balance was discussed in the section immediately preceding this section). The General Fund's net change in fund balance in 2004 was an increase of 10%, or \$1.1 million (the increase in the General Fund's fund balance was discussed in the previous section). The net change in fund balance for the County Roads Fund was an increase of \$1.3 million, or 42% (due to debt proceeds, interfund transfers, and sale of assets). The Mental Health Fund's net change in fund balance was one million dollars (13%) due to revenues outpacing expenditures during the year. The Campus Health District Facility Fund increased fund balance by \$12.5 million (from \$3.1 million in 2003 to \$15.6 million in 2004), due to unspent bond proceeds, while the Community Services Grant Fund increased fund balance by approximately \$700,000 in 2004. Nonmajor special revenue funds had an increase of \$4.7 million in total during 2004.

In October, 2004, bond proceeds of \$59 million (including bond premiums) were received for the purpose of funding several county projects and the proceeds were distributed among several funds. The result was that capital project funds more than doubled their fund balance for 2004 (from \$34.5 million at December 31, 2003 to \$73.3 million at the end of 2004, which includes the Campus Health District Facility major fund). Projects funded by these proceeds include a community health center, an exposition center at the county fairgrounds, and new software systems. Capital projects are discussed further in the Capital Asset and Debt Administration section of this discussion and analysis.

Enterprise Funds Net Assets Analysis

Clark County has three enterprise funds, two of which (Sanitary Sewer and Clean Water) are considered major funds. The Sanitary Sewer Fund accounts for 54% of total assets and 33% of net assets for all enterprise funds at December 31, 2004. The activities of this fund involve maintenance and operation of the Salmon Creek Wastewater Treatment Plant. The Clean Water Fund, whose capital assets consist mainly of storm water facilities and drainage infrastructure, accounts for 43% of total assets and 62% of net assets at December 31, 2004. The table that follows reflects the Enterprise Funds Statement of Net Assets for the year ending December 31, 2004.

Clark County Washington
Enterprise Funds - Statement of Net Assets

	Major				Non-Major		Total	
	Sanitary Sewer		Clean Water		Solid Waste			
Assets	2004	2003	2004	2003	2004	2003	2004	2003
Current assets								
Cash / cash equivalents	\$ 4,184,950	\$ 5,152,536	\$ 8,515,048	\$ 7,203,311	\$ 5,213,973	\$ 5,005,699	\$ 17,913,971	\$ 17,361,546
Other current assets	225,663	298,452	740,647	658,908	584,327	470,611	1,550,637	1,427,971
Total current assets	4,410,613	5,450,988	9,255,695	7,862,219	5,798,300	5,476,310	19,464,608	18,789,517
Noncurrent assets								
Contracts receivable	30,851,724	39,763,609	0	201,835	0	0	30,851,724	39,965,444
Capital assets	80,677,521	78,669,687	79,231,801	61,162,121	1,168,826	1,168,826	161,078,148	141,000,634
Less accum. depreciation	(9,943,595)	(8,555,541)	(4,751,937)	(4,684,287)	(432,763)	(402,885)	(15,128,295)	(13,642,713)
Total noncurrent assets	101,585,650	109,877,755	74,479,864	56,679,669	736,063	765,941	176,801,577	167,323,365
Total assets	105,996,263	115,328,743	83,735,559	64,541,888	6,534,363	6,242,251	196,266,185	186,112,882
Liabilities								
Current liabilities								
Accts. payable & accrued liabilities	682,438	823,961	1,243,522	569,666	169,497	175,558	2,095,457	1,569,185
Curr. portion of long term debt	1,865,288	2,697,197	5,556	0	3,218	0	1,874,062	2,697,197
Total current liabilities	2,547,726	3,521,158	1,249,078	569,666	172,715	175,558	3,969,519	4,266,382
Noncurrent liabilities								
Deferred revenue - HDSD	30,851,724	39,763,609	0	0	0	0	30,851,724	39,763,609
Compensated absences	73,271	71,710	50,011	64,424	28,959	28,616	152,241	164,750
Advances	1,589,839	1,872,045	0	0	0	0	1,589,839	1,872,045
Long Term Debt Payable	26,816,035	34,214,706	0	0	0	0	26,816,035	34,214,706
Total noncurrent liabilities	59,330,869	75,922,070	50,011	64,424	28,959	28,616	59,409,839	76,015,110
Total liabilities	61,878,595	79,443,228	1,299,089	634,090	201,674	204,174	63,379,358	80,281,492
Net Assets								
Invested in capital assets, net of related debt	40,470,906	31,330,198	74,479,864	56,477,834	736,063	765,941	115,686,833	88,573,973
Unrestricted	3,646,762	4,555,317	7,956,606	7,429,964	5,596,626	5,272,136	17,199,994	17,257,417
Total net assets	\$ 44,117,668	\$ 35,885,515	\$ 82,436,470	\$ 63,907,798	\$ 6,332,689	\$ 6,038,077	\$ 132,886,827	\$ 105,831,390

Although the Sanitary Sewer Fund has \$22 million more in total assets than the Clean Water Fund, the Clean Water Fund has only \$1.3 million in liabilities (as compared to nearly \$62 million in liabilities in the sewer fund), which accounts for the Clean Water Fund having the larger share of enterprise fund net assets. While the treatment plant was paid for with revenue bonds and public works trust fund loans, most of the stormwater and drainage facilities have been contributed by developers, and those facilities paid for by the County have been funded by clean water fees that were collected prior to the building of the facilities.

At December 31, 2004, enterprise funds reported combined net assets of \$133 million, an increase of \$27 million from 2003. Of the \$133 million, \$116 million (87%) is accounted for by investment in capital assets, net of related debt. The remaining \$17 million (no change from 2003) is unrestricted and available for spending in accordance with the needs of the funds.

The Clean Water Fund recorded an increase of \$18.5 million in net assets in 2004, with increased total assets of \$19.2 million (an \$18 million increase in capital assets, net of depreciation), and increased liabilities of \$664,999. Total assets of the Sanitary Sewer Fund decreased by nine million dollars during the year, while its liabilities decreased by \$17.6 million, leaving a net increase of slightly over eight million dollars in net assets. There was a \$6.8 million defeasement of revenue bonds, funded by early payment on contracts receivable (an asset that is offset in this statement by deferred revenue). This action reduced both deferred revenue and long term debt within the liabilities section (beyond the reductions in these items

that occurred through scheduled debt payment). The Solid Waste Fund had no substantial changes in their statement of net assets from 2003.

Enterprise Funds Revenue and Expense Analysis

The following table reflects the Enterprise Funds revenues and expenses for the year ending December 31, 2004.

<i>Clark County Washington</i>								
Enterprise Funds - Revenues and Expenses								
	Major				Non-Major		Total	
	Sanitary Sewer		Clean Water		Solid Waste			
	2004	2003	2004	2003	2004	2003	2004	2003
REVENUES								
Charges for services	\$ 6,143,477	\$ 6,716,040	\$ 4,856,001	\$ 4,573,084	\$ 1,529,465	\$ 1,699,132	\$ 12,528,943	\$ 12,988,256
Interest and investment revenue	72,824	82,843	122,184	121,196	75,556	78,489	270,564	282,528
Operating grant revenue	0	0	154,871	126,499	603,277	372,051	758,148	498,550
Miscellaneous revenue	0	3,764	163	26,688	3,290	459	3,453	30,911
Total revenues	6,216,301	6,802,647	5,133,219	4,847,467	2,211,588	2,150,131	13,561,108	13,800,245
EXPENSES								
Personal services	891,127	881,266	796,219	789,723	620,600	609,489	2,307,946	2,280,478
Contractual services	798,464	658,987	291,859	343,968	806,240	1,047,075	1,896,563	2,050,030
Other supplies/expenses	573,928	568,865	2,759,108	1,676,935	445,032	500,811	3,778,068	2,746,611
Depreciation	1,356,858	1,077,659	67,913	73,703	29,879	20,664	1,454,650	1,172,026
Interest expense	2,858,800	2,579,555	0	0	0	8,075	2,858,800	2,587,630
Total expenses	6,479,177	5,766,332	3,915,099	2,884,329	1,901,751	2,186,114	12,296,027	10,836,775
Income (loss) before transfers	(262,876)	1,036,315	1,218,120	1,963,138	309,837	(35,983)	1,265,081	2,963,470
Capital contributions, interfund transfers, and special items	8,495,029	0	1,440,040	679,914	(15,225)	(754,115)	9,919,844	(74,201)
Change in net assets	8,232,153	1,036,315	2,658,160	2,643,052	294,612	(790,098)	11,184,925	2,889,269
Net assets - Jan 1	35,885,515	34,849,200	63,907,798	61,264,746	6,038,077	6,828,175	105,831,390	102,942,121
Prior period adjustment	0	0	15,870,512	0	0	0	15,870,512	0
Net assets - Jan 1 - restated	35,885,515	34,849,200	79,778,310	61,264,746	6,038,077	6,828,175	121,701,902	102,942,121
Net assets - Dec 31	\$ 44,117,668	\$ 35,885,515	\$ 82,436,470	\$ 63,907,798	\$ 6,332,689	\$ 6,038,077	\$ 132,886,827	\$ 105,831,390

Of the total revenues for enterprise funds in 2004, the Sanitary Sewer Fund contributed 46%, the Clean Water Fund contributed 38%, and the Solid Waste Fund contributed 16%. Sanitary Sewer Fund revenues decreased in 2004 by \$586,000, while the other two funds showed slight increases from 2003. For enterprise funds, in total, charges for services accounted for 92% of total revenues, and at \$12.5 million were down slightly from \$13 million in 2003. Interest and investment revenue decreased slightly, while operating grant and miscellaneous revenue (combined) increased by \$232,140. At \$12.3 million in 2004, there was \$1.5 million increase in expenses from 2003. Increases in clean water supplies and other expenses accounted for \$1.1 million, while depreciation and interest expenses, for all three funds combined, increased by approximately \$550,000. Total expenses for the year ran 91% of total revenues.

In 2004, there were capital contributions by developers of stormwater facilities in the amount of \$1.6 million, intergovernmental capital contributions of \$1.2 million for upgrades at the treatment plant, and a \$7.3 million early payment (recorded as a special item on the statements) on contracts receivable by the City of Battle Ground (this allowed the \$6.8 million defeasement of revenue bonds referred to earlier in this management's discussion and analysis). There was also a prior period adjustment in the Clean Water Fund of \$15.9 million. This adjustment is for capital contributions of stormwater facilities from developers that were contributed in prior years, but were recorded as assets in 2004. The result for 2004 was a positive change in net assets of

\$27 million for the enterprise funds. Each of the three enterprise funds realized a positive change in net assets for the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund Changes in Budget

The County adopts a biennial budget which is amended during the budget years by supplemental appropriation resolutions. General Fund budgeted revenues increased by 4.3% from the original budget, while budgeted expenditures increased by 4.9%. Interfund transfers increased by nearly 500% from the original budget amount.

The following table shows the changes between the original and the final biennial General Fund budget as of December 31, 2004.

<p style="text-align: center;"><i>Clark County Washington</i> General Fund Budgeted Revenues and Expenditures For the Biennium Ended December 31, 2004</p>			
	Original 2003/2004 <u>Budget</u>	Final 2003/2004 <u>Budget</u>	Change Positive / (Negative)
<u>Revenues:</u>			
Taxes	\$ 127,567,468	\$ 132,133,030	\$ 4,565,562
Intergovernmental	18,621,858	21,958,174	3,336,316
Other revenues	42,937,171	43,208,819	271,648
Total revenues	<u>189,126,497</u>	<u>197,300,023</u>	8,173,526
<u>Expenditures</u>			
General government	56,105,822	60,354,446	(4,248,624)
Public safety	98,768,460	101,328,823	(2,560,363)
Judicial	21,032,104	22,740,079	(1,707,975)
All other expenditures	11,885,071	12,566,656	(681,585)
Total expenditures	<u>187,791,457</u>	<u>196,990,004</u>	(9,198,547)
Excess (deficiency) of revenues over expenditures	1,335,040	310,019	(1,025,021)
Other financing sources	919,414	1,499,414	580,000
Interfund transfers	<u>(2,489,964)</u>	<u>(12,306,207)</u>	(9,816,243)
Net change in fund balance	\$ (235,510)	\$ (10,496,774)	\$ (10,261,264)

The largest change in the General Fund revenue budget was in taxes, with local retail sales and use tax accounting for three million dollars, and other taxes making up the remainder of the increase. Intergovernmental revenue increases of \$3.4 million include a \$900,000 increase in state shared revenues and state entitlements, with the remainder reflecting new grants received during the budget cycle. Within other revenues, there occurred a \$3.9 million budget decrease in investment interest revenues, reflecting record low interest rates during the biennium (although interest rates did increase in 2004 from 2003 levels). During this same period, the budget for charges for services increased by \$3.9 million, with the bulk of the increases related to reimbursements for services supplied to other entities (by the sheriff department, information services, the court system, and the County work crew), and for increases in recording fees (related to financing/refinancing in the housing market).

General government expenditures showed the largest budget increase within the General Fund. General government programs account for 46% of the total dollar budget increase, public safety programs account for 28%, judiciary programs account for 19%, and all other programs, combined, account for 7%. A listing of significant changes in the general government expenditure budget follows:

- The budget for employee costs increased by \$1.4 million. The increase covered expenditures for newly adopted full time positions, contract settlements, management merit, and overtime associated with special projects.
- The Office of Budget and Information Services increased their budget for supplies and services by approximately just under one million dollars for upgrading security to conform with new Health Insurance Portability and Accountability Act of 1996 (HIPAA) requirements, increasing internet capacity, extending the IT network to outlying County locations, and covering increases in annual software maintenance costs.
- A leasehold excise tax audit by the Washington State Department of Revenue resulted in a need to increase the budget by \$150,000 to cover tax assessments.
- The prosecuting attorney budget was increased by approximately \$813,000 in response to a significant increase in the number of felony trials during this period.
- Contracted professional services and temporary employment expenditures were increased by approximately \$600,000 during the biennium.

The Public safety budget increases are related to employee costs. Employee related budget increases included \$1,637,000 for contract settlements, \$630,000 for sheriff services contracted out (offset by an increase in charges for service revenues, referred to above).

Budget expenditure increases in the judicial program included approximately \$200,000 for employee costs (mostly related to establishing a collection department for the courts), \$1.2 million for indigent defense, and approximately \$200,000 for additional supplies and services.

Interfund transfers increased \$9.8 million, and were for one time capital outlays (for information technology systems and a point of sale cashier system) and subsidies to other funds (generally to reduce debt or deficit within the receiving funds). A listing of significant items follows:

- \$384,000 was transferred to the GIS Fund to cover building rent and to help reduce the fund deficit.
- \$740,000 was transferred to the Workers Compensation Insurance Fund in order to cover a large expense related to a job related fatality (including survivor benefit annuity), and an unusually high number of claims activity in 2004.
- Nearly four million dollars, combined, was transferred to the Clark County Fair Fund and the Facilities Management Fund, in order to eliminate debt for those funds.
- \$1.6 million was transferred to capital funds in order to supplement bond proceeds that were secured for several capital construction projects.

General Fund Budget to Actual

The County adopts a biennial budget, with 2004 being the ending of the current budget cycle. Total revenues exceeded the final budget by less than one percent, while total expenditures were 96% of the final budget. Other financing sources (which account for less than 1% of the total budget funding) fell 19% short, while interfund transfers ran 2% over the final budget. The following table shows the variance between the final 2003/2004 General Fund budget and the actual revenues and expenditures for the biennium.

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, 2004**

	Final 2003/2004 Budget	Actual Biennium-To-Date	Variance Final Budget Positive/(Negative)
<u>Revenues:</u>			
Taxes	\$ 132,133,030	\$ 133,359,618	\$ 1,226,588
Intergovernmental	21,958,174	23,044,259	1,086,085
Other Revenues	43,208,819	42,422,987	(785,832)
Total revenues	197,300,023	198,826,864	1,526,841
<u>Expenditures</u>			
General government	60,354,446	58,569,850	1,784,596
Public safety	101,328,823	96,569,042	4,759,781
Judicial	22,740,079	22,480,477	259,602
All other expenditures	12,566,656	11,849,059	717,597
Total expenditures	196,990,004	189,468,428	7,521,576
Excess (deficiency) of revenues over expenditures	310,019	9,358,436	9,048,417
Other financing sources	1,499,414	1,221,338	(278,076)
Interfund transfers	(12,306,207)	(12,570,769)	(264,562)
Total other financing sources(uses)	(10,806,793)	(11,349,431)	(542,638)
Net change in fund balance	(10,496,774)	(1,990,995)	8,505,779
Fund Balance as of January 1	14,421,405	8,488,860	(5,932,545)
Prior Period Adjustment	0	5,518,387	5,518,387
Fund Balance as of January 1-restated	14,421,405	14,007,247	(414,158)
Fund balance as of December 31	\$ 3,924,631	\$ 12,016,252	\$ 8,091,621

Taxes and intergovernmental revenues ran about a million dollars, each, over budget, while other revenues, combined, came in \$785,832 under budget. Within general government programs, services and charges (which consist mainly of utilities, rent, maintenance, travel, training, and professional services) ran \$1.3 million under budget, while payroll and employee benefit expenditures ran \$.04 million under budget. Within public safety programs payroll and employee benefit expenditures ran \$2.4 million under budget, services and charges ran \$.08 million under budget, and intergovernmental services ran \$1.6 million under budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Clark County's total investment in capital assets, including construction in progress, for its governmental and business type activities as of December 31, 2004, is \$984 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, park facilities, road and bridge subsystems, stormwater facilities, fish passages, trails, and construction in progress on buildings and systems. Major capital asset events during the current fiscal year included the following:

- A variety of projects for new street construction and expansion of existing streets were ongoing during the year. Resources spent in 2004 on street projects completed in 2004 amounted to nearly four million dollars, while another twenty million dollars was spent in 2004 on projects that will continue into 2005.
- \$1.7 million was spent on a new payroll, human resources and budget preparation system.

- In 2003, construction began on a new community health center, which will cost approximately \$38 million upon completion. The County spent \$14.3 million on this project in 2004, for a total of \$14.7 million spent to date.
- In 2004, \$13.2 million was spent on a new exposition center at the county fairgrounds (a total of \$14 million has been spent to date). This project will be completed in 2005, with an estimated total project cost of \$18.5 million.
- Vehicles, street equipment, and trailers were added to the fleet as either new equipment or replacements during the year, at a cost of \$1.6 million. Fleet equipment with a net depreciated value of \$127,082 was disposed of in 2004.
- Park acquisitions and improvements amounting to \$4.5 million were added in 2004.
- The Sanitary Sewer Fund began planning and engineering for the phase four expansion of the Salmon Creek Treatment Plant, including work on the interceptor line in 2003. Project costs in 2004 were two million dollars. The phase four expansion will continue for several years, and is expected to cost \$71 million at completion. All debt and cash outlay for the cost of the treatment plant is reimbursed by the City of Battle Ground and Hazel Dell Sewer District through an interlocal agreement.
- In 2004, urban residential roads were contributed by developers at a value of \$7.6 million. Stormwater facilities were contributed by developers in 2004 at a value of \$17 million.

Additional information on Clark County's capital assets can be found in note IV.4. of this report.

Long-Term Debt

At December 31, 2004, Clark County had total bonded debt outstanding of \$180 million (an increase from \$134 million at December 31, 2003). Governmental activities had bonds payable of \$152 million, up \$54 million from 2003 (due to new bonds issued in 2004 of \$57 million, as was discussed in earlier sections of this discussion and analysis). At the end of 2004, business-type activities had \$28 million in bonds payable, a decrease of six million dollars from 2003 (primarily due to a \$7.3 million defeasement of revenue bonds in the Sanitary Sewer Fund). Revenue bonds (bonds secured solely by specified revenue sources) represent \$28 million (net after discounts and premiums) of the County's total bonded debt, while \$152 million (net after discounts and premiums) is comprised of general obligation bonds. \$263,954 is special assessment debt for which the County is liable in the event of default by the property owners subject to the assessment. The full faith and credit of Clark County back the remainder.

Of the \$59 million in new bonded debt in 2004, two million dollars is for issuance premium, which will be amortized over the life of the new bonds. There were no refundings in 2004. Bond retirements in 2004 were \$13.8 million in total. The County's remaining capacity for non-voted debt at December 31, 2004 was approximately \$296 million (a decrease from \$312 million at December 31, 2003). General obligation debt issued in 2004 was insured and had an "Aaa" rating from Moody's Investment Service. Clark County maintains an underlying rating for non-voted debt of "Aa3" from Moody's Investment Service. Additional information on the County's long-term debt can be found in note IV.8.

Modified Approach for Reporting Infrastructure Assets

In 2003, the County elected to implement the "Modified Approach" for reporting road subsystems, stormwater subsystems, and bridge infrastructure, as defined by GASB Statement

#34. Under GASB #34, eligible infrastructure capital assets are not required to be depreciated under the following conditions:

- The County manages the eligible infrastructure subsystems with:
 - an up-to-date inventory
 - current condition assessments that summarize the results using a measurement scale, in a manner that can be replicated, are done at least every three years
 - estimate of the annual amount to maintain and preserve the eligible infrastructure assets at the condition level that has been established and disclosed by the County.
- The County documents that the eligible infrastructure assets are being preserved approximately at, or above, a condition level that has been established and disclosed by the County.

Following is a table which shows the value of infrastructure assets being reported using the modified approach, and how their current assessed condition compares with the condition level established by the County:

**Infrastructure Assets Using the modified Approach
Condition Assessment as of December 31, 2004**

	<i>Historical Cost</i>	<i>Accum. Depreciation as of 12/31/02</i>	<i>Net Cost</i>	<i>Average Assessment Value *</i>		<i>Established Condition Level</i>
				<i>2003</i>	<i>2004</i>	
Road Subsystem	442,292,138	16,553,296	425,738,842	85	85**	70
Stormwater Subsystem	56,345,889	4,260,384	52,085,505	87	87**	70
Bridges Subsystem	6,348,602	-	6,348,602	73	74	50
Total	504,986,629	20,813,680	484,172,949			

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

**There was no change in the road subsystem or the stormwater subsystem average condition level, as there has not been a complete assessment done since 2003.

Each of the three infrastructure categories in the table above had an average assessed value well above the established condition level. This is the second year the County has reported under the modified approach. Road and stormwater subsystem condition assessments are done on a rotating basis, where a full assessment is completed over a three year cycle, at a minimum. All bridges are assessed every year.

Although condition assessments have not been documented for the entire road system in prior years, the County has used the pavement management system for several years, which employs industry standard road condition criteria to evaluate each road segment and determine maintenance needs. Maintenance and preservation activities have been budgeted at sufficient levels to maintain the road condition to a level at or above the established standard. The County spent \$12.4 million for road system preservation and maintenance in 2004, or 94% of the annual budget of \$13.2 million.

Most of the County's bridges were built prior to 1980, and are not included in the listing of capital asset infrastructure, in accordance with the requirements of GASB Statement #34. However, all County owned bridges are monitored and assessed, and are included in the average assessment value for 2004. 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 \$245,114 for bridge maintenance in 2004, or 69% of the annual budget of \$354,052. Repair for flood damage is one aspect which is considered in creating the annual budget. In 2004 there were no flooding events, so that portion of the budget was not spent.

The County's stormwater facilities are a recent addition to infrastructure assets, with approximately 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. A few facilities include some rugged construction, generally consisting of cinderblock retention walls. The stormwater facilities are intended to collect water and allow it to seep into the ground over time. There is very little maintenance or preservation activity required for this subsystem, when compared to the investment in the subsystem. The County spent \$233,868 for stormwater maintenance in 2004, exceeding of the annual budget of \$225,000. Stormwater facilities maintenance is performed by road maintenance personnel, who are reimbursed for this work by the Clean Water Fund. Both funds had budget capacity available from other activities where the budget exceeded actual expense, allowing for the extra expense on stormwater maintenance.

ECONOMIC FACTORS

The Board of County Commissioners approved a 25-year lease in 2002 with Quincunx of Washington, LLC., which allowed Quincunx to build and operate an amphitheater at the Clark County Fairgrounds. As terms of the agreement specify, Quincunx has transferred ownership of the \$16,000,000 amphitheatre to the County, and will make annual rent payments to the County totaling \$20 million over the next 25 years, while also reimbursing the County for the leasehold excise tax obligations to the State of Washington.

The County is partnering with the Federal Department of Veterans Affairs and other non-profit agencies in the construction of a building on federal property to house a variety of social service programs (referred to as the Community Health Center). This Community Health is expected to cost approximately \$38 million to construct.

There have been a series of voter initiatives over the last several years, as well as both State of Washington and Federal legal changes that will have an impact on future finances of the County. A listing of legislative conditions and decisions that may significantly affect the future financial condition of the County follows:

- Initiative 747 which was approved by voters in Washington on November 6, 2001, limits the annual property tax increase to 1% or the Implicit Price Deflator (IPD), whichever is less. An increase above 1% is allowed only with voter approval. The 1% limit excludes increases due to the addition of new construction.
- Senate Bill 6211 took effect in 1997. This bill allows counties to recoup costs for regional services for misdemeanor offenders. This includes the costs associated with District Court, Corrections, and Jail Services. In 2004, the County recouped about \$5.3 million.
- In November 1999, the voters in Washington approved Initiative 695, which eliminated the annual motor vehicle excise tax and replaced it with a \$30 annual fee on motor vehicles. As a result, a portion of funding the County receives from the State for law and justice

services was reduced by approximately \$3.1 million. The County has received partial funding of approximately one million dollars annually in since 2000. The County anticipates this funding to continue through 2006, however, it is expected that the partial funding will most likely discontinue in the future.

- The listing of several species of salmon and steelhead under the Endangered Species Act has monetary impact on the County. Ordinance revisions and changes in ongoing operations to protect fish and habitat have an associated expense. To date, restoration projects have been funded both by county contributions and outside revenues.
- Requirements of the National Pollutant Discharge Elimination System (NPDES) permit are expected to cost \$12 million for stormwater management over the next several years, to help stop the discharge of pollutants into our lakes, streams and aquifers. Funding for this stormwater system comes from user fees that began in 2000.

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 Assets
For the Year Ended December 31, 2004

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash, cash equivalents & pooled investments	\$ 156,081,512	\$ 17,913,971	\$ 173,995,483
Receivables	22,027,043	1,444,181	23,471,224
Internal balances	(98,970)	98,970	0
Inventories	1,075,858	0	1,075,858
Prepays	127,132	0	127,132
Notes receivable	7,125,989	30,851,724	37,977,713
Deferred charges	1,024,606	0	1,024,606
Restricted assets - in safekeeping	2,632,939	0	2,632,939
Capital assets:			
Land, infrastructure and construction in progress	717,514,410	83,022,337	800,536,747
Other capital assets, net of depreciation	121,009,897	62,927,516	183,937,413
Total assets	1,028,520,416	196,258,699	1,224,779,115
LIABILITIES			
Accounts payable and other current liabilities	17,556,875	1,822,740	19,379,615
Accrued liabilities	5,763,926	264,444	6,028,370
Deposits payable	4,993,924	0	4,993,924
Due to other governments	490,565	787	491,352
Deferred revenue	2,219,825	30,851,724	33,071,549
Long term liabilities:			
Special assessment debt with governmental commitment due in more than one year	263,954	0	263,954
Other due within one year	8,183,346	1,874,062	10,057,408
Other due in more than one year	166,680,121	28,558,115	195,238,236
Total liabilities	206,152,536	63,371,872	269,524,408
NET ASSETS			
Invested in capital assets, net of related debt	681,478,807	115,686,833	797,165,640
Restricted for:			
Capital projects	19,248,052	0	19,248,052
Culture and recreation	24,830,142	0	24,830,142
Economic environment	23,227,364	0	23,227,364
Law and justice	1,581,005	0	1,581,005
Debt service- debt covenants	285,760	0	285,760
Transportation	4,306,283	0	4,306,283
Health and human services	26,818,336	0	26,818,336
General governmental	8,518,198	0	8,518,198
Unrestricted	32,073,933	17,199,994	49,273,927
Total net assets	\$ 822,367,880	\$ 132,886,827	\$ 955,254,707

See accompanying notes to the financial statements

CLARK COUNTY, WASHINGTON
Statement of Activities
For the Year Ended December 31, 2004

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 45,147,967	\$ 16,547,406	\$ 5,081,237	\$ 0	\$ (23,519,324)	\$ 0	\$ (23,519,324)
Public safety	56,822,756	4,272,157	5,049,676	113,835	(47,387,088)	0	(47,387,088)
Judicial	11,792,152	3,805,470	1,741,433	0	(6,245,249)	0	(6,245,249)
Physical environment	1,795,890	5,661,296	1,571,212	0	5,436,618	0	5,436,618
Transportation	25,823,196	9,190,951	1,500	26,513,893	9,883,148	0	9,883,148
Economic environment	19,529,418	12,298,575	8,510,041	0	1,279,198	0	1,279,198
Health and human services	46,237,042	5,473,750	37,680,163	0	(3,083,129)	0	(3,083,129)
Culture and recreation	8,347,815	5,936,367	83,342	3,205,356	877,250	0	877,250
Interest on long term debt	5,467,112	0	0	0	(5,467,112)	0	(5,467,112)
Total governmental activities	220,963,348	63,185,972	59,718,604	29,833,084	(68,225,688)	0	(68,225,688)
Business-type activities:							
Solid waste	1,901,751	1,532,755	603,277	0	0	234,281	234,281
Water	3,915,099	4,856,164	154,871	1,566,795	0	2,662,731	2,662,731
Sewer	6,479,177	6,143,477	0	1,153,549	0	817,849	817,849
Total business-type activities	12,296,027	12,532,396	758,148	2,720,344	0	3,714,861	3,714,861
Total primary government	\$ 233,259,375	\$ 75,718,368	\$ 60,476,752	\$ 32,553,428	\$ (68,225,688)	\$ 3,714,861	\$ (64,510,827)
General revenues:							
Taxes:							
Property					71,844,546	0	71,844,546
Sales					26,309,287	0	26,309,287
Other					15,527,887	0	15,527,887
Interest and investment earnings					2,995,876	270,564	3,266,440
Gain/(loss) on sale of capital assets					1,830,875	0	1,830,875
Special Item:							
Prepayment of contract receivable by the City of Battle Ground					0	7,341,480	7,341,480
Transfers					141,980	(141,980)	0
Total general revenues and transfers					118,650,451	7,470,064	126,120,515
Change in net assets					50,424,763	11,184,925	61,609,688
Net assets as of January 1					842,936,107	105,831,390	948,767,497
Prior period adjustment					(70,992,990)	15,870,512	(55,122,478)
Net assets as of January 1 - restated					771,943,117	121,701,902	893,645,019
Net asset as of December 31					\$ 822,367,880	\$ 132,886,827	\$ 955,254,707

See accompanying notes to the financial statements.

Clark County Washington
Balance Sheet
Governmental Funds
For the Year Ended December 31, 2004

	Major Funds						
		County	Mental	Community	Campus	Other	
	General	Roads	Health	Services	Health District	Governmental	
				Grants	Facility	Funds	Total
ASSETS							
Cash, cash equivalents and pooled investments	\$ 14,853,515	\$ 4,152,410	\$ 9,910,277	\$ 2,962,550	\$ 18,662,809	\$ 90,134,825	\$ 140,676,386
Deposit with fiscal agent	0	0	0	0	0	15,000	15,000
Deposit in trust	2,222,166	0	0	0	0	1,000	2,223,166
Taxes receivable	1,699,740	1,120,933	13,093	0	0	89,370	2,923,136
Special assessments receivable	0	0	0	0	0	928,156	928,156
Interest and penalties receivable	3,790,797	0	0	0	0	0	3,790,797
Accounts receivable	2,083,079	1,664,637	61,431	4,942	49,671	2,242,316	6,106,076
Due from other funds	61,281	423	0	88,481	0	1,676,057	1,826,242
Due from other governments	913,840	1,981,865	239,915	965,081	0	3,313,098	7,413,799
Inventories	0	0	0	0	0	295,718	295,718
Prepaid expenditure	78,842	309	0	13,685	0	34,296	127,132
Advance due from other funds		318,291	0	0	0	1,422,719	1,741,010
Notes receivable	205,572	152,391	0	6,762,936	0	5,090	7,125,989
Assets in safekeeping	0	0	0	0	0	2,632,939	2,632,939
Total assets	25,908,832	9,391,259	10,224,716	10,797,675	18,712,480	102,790,584	177,825,546
LIABILITIES AND FUND BALANCES							
Liabilities							
Warrants and anticipation notes payable	0	0	0			1,312,502	1,312,502
Vouchers payable	2,343,986	2,235,426	2,204,992	1,355,556	2,662,903	4,241,833	15,044,696
Due to other funds	258,773	303,397	0	124,396	0	972,167	1,658,733
Due to other governments	26,997	33,684	1,184	890	0	427,765	490,520
Accrued liabilities	3,311,011	556,544	68,839	4,530	0	1,273,270	5,214,194
Deposits payable	2,245,233	739,836	0	0	482,206	1,526,649	4,993,924
Matured long-term obligations	0	0	0	0	0	15,000	15,000
Deferred revenue	5,706,580	1,215,780	59,859	6,794,113	0	3,056,005	16,832,337
Advance due to other funds	0	0	0	0	0	1,422,719	1,422,719
Total liabilities	13,892,580	5,084,667	2,334,874	8,279,485	3,145,109	14,247,910	46,984,625
Fund Balances							
Reserved for							
Prepaid items	78,842	309	0	13,685	0	34,296	127,132
Advances	0	318,291	0	0	0	1,422,719	1,741,010
Unreserved - designated for:							0
compensated absences	1,499,145	287,670	17,674	50,002	0	342,825	2,197,316
Unreserved - designated for:							0
low income housing, clinic, and upgrades	0	0	6,020,954	0	0	0	6,020,954
Unreserved, undesignated, reported in:							0
General fund	10,438,265	0	0		0	0	10,438,265
Special revenue funds	0	3,700,322	1,851,214	2,454,503	0	30,097,980	38,104,019
Debt service funds	0	0	0	0	0	285,760	285,760
Capital project funds	0	0	0	0	15,567,371	56,359,094	71,926,465
Total fund balances	12,016,252	4,306,592	7,889,842	2,518,190	15,567,371	88,542,674	\$ 130,840,921
Total liabilities and fund balance	\$ 25,908,832	\$ 9,391,259	\$ 10,224,716	\$ 10,797,675	\$ 18,712,480	\$ 102,790,584	

See accompanying notes to the financial statements

CLARK COUNTY, WASHINGTON
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
For the Year Ended December 31, 2004

Total fund balances as shown on the Governmental Funds Balance Sheet: \$ 130,840,921

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, at 12/31/04 . (This amount does not include internal service fund capital assets in the amount of \$12,936,012, which are included as a reconciling item in a note further down this page.) 825,588,295

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. 15,637,118

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 assets. 21,493,155

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 Assets. (262,832)

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 Assets. (170,928,777)

Total net assets, as reflected on the Statement of Net Assets: \$ 822,367,880

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, 2004

	Major Funds					Other Governmental Funds	Total
	General Fund	County Roads	Mental Health	Community Service Grants	Campus Health District Facility		
Revenues:							
Property taxes	\$ 44,126,201	\$ 25,583,974	\$ 342,894	\$ 0	\$ 0	\$ 2,329,623	\$ 72,382,692
Sales and use taxes	19,238,655	0	0	0	0	7,070,632	26,309,287
Other taxes	4,578,775	363,806	2,510	0	0	10,582,796	15,527,887
Licenses & permits	1,120,967	250,024	0	42,603	0	8,249,619	9,663,213
Intergovernmental	11,555,109	18,962,706	22,114,893	8,113,355	0	19,704,302	80,450,365
Charges for services	15,119,349	5,095,961	675,094	1,264,909	49,671	21,681,339	43,886,323
Fines & forfeitures	3,265,677	5,600	0	0	0	171,560	3,442,837
Interest earnings	1,162,967	42,033	149,168	80,656	96,145	1,284,440	2,815,409
Donations	12,688	1,500	0	0	0	95,079	109,267
Other revenues	213,883	144,202	94	618,333	0	4,601,503	5,578,015
Total revenues	100,394,271	50,449,806	23,284,653	10,119,856	145,816	75,770,893	260,165,295
Expenditures:							
Current:							
General government	29,544,985	29,790	0	0	0	2,003,611	31,578,386
Public safety	49,400,700	241,171	0	0	0	7,111,431	56,753,302
Judicial	11,484,412	0	0	0	0	0	11,484,412
Physical environment	51,319	0	0	0	0	1,745,985	1,797,304
Transportation	62,296	53,810,049	0	0	0	733,369	54,605,714
Economic environment	68,500	0	0	11,674,306	0	7,494,590	19,237,396
Health and human services	1,912,900	0	22,482,246	505,153	0	23,714,338	48,614,637
Culture & recreation	3,820,621	0	0	0	0	2,816,293	6,636,914
Capital outlay	0	0	0	0	11,713,411	21,269,947	32,983,358
Debt service:							
Principal	0	0	0	0	0	6,191,608	6,191,608
Interest and other charges	13,396	87,065	288	83,508	247,146	5,296,392	5,727,795
Total expenditures	96,359,129	54,168,075	22,482,534	12,262,967	11,960,557	78,377,564	275,610,826
Excess (deficiency) of revenues over (under) expenditures	4,035,142	(3,718,269)	802,119	(2,143,111)	(11,814,741)	(2,606,671)	(15,445,531)
Other Financing Sources (Uses):							
Issuance of long term debt	0	2,272,500	0	1,810,000	23,335,000	32,285,000	59,702,500
Premiums on long term debt	0	0	0	7,913	590,073	1,321,911	1,919,897
Proceeds from bond anticipation notes	0	0	0	1,270,500	0	10,109,000	11,379,500
Repayment of bond anticipation notes	0	0	0	(1,270,500)	0	(10,109,000)	(11,379,500)
Sale of capital assets	694,414	823,657	4,969	0	355,440	104,184	1,982,664
Transfers in	6,877,510	3,049,687	0	823,284	0	17,592,457	28,342,938
Transfers out	(15,992,570)	(1,748,509)	0	0	0	(19,694,047)	(37,435,126)
Total other financing sources (uses)	(8,420,646)	4,397,335	4,969	2,641,197	24,280,513	31,609,505	54,512,873
Net change in fund balances	(4,385,504)	679,066	807,088	498,086	12,465,772	29,002,834	39,067,342
Fund balance as of January 1	10,899,066	3,032,885	6,949,470	1,761,605	3,101,599	57,569,730	83,314,355
Prior period adjustment	5,502,690	594,641	133,284	258,499	0	1,970,110	8,459,224
Fund balance as of January 1 - restated	16,401,756	3,627,526	7,082,754	2,020,104	3,101,599	59,539,840	91,773,579
Fund balance as of December 31	\$ 12,016,252	\$ 4,306,592	\$ 7,889,842	\$ 2,518,190	\$ 15,567,371	\$ 88,542,674	\$ 130,840,921

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, 2004

Net change in fund balances as shown on Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance: \$ 39,067,342

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 those 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 and depreciation, and the proceeds are 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. 56,284,574

The County receives contributions in the form of capital assets from developers and other donors. Because capital assets are not reported in governmental funds, neither are such contributions. Government-Wide Statements report capital assets in the Statement of Net Assets, and any contributions are reported in the Statement of Activities. This is the value of those capital contributions during the year. 8,992,056

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. 1,294,578

The issuance of long-term debt (e.g. bonds) 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. (54,893,880)

Governmental funds report revenue in the current period for revenues 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 revenues during 2003. (538,146)

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. 218,239

Change in net assets, as reflected on the Statement of Activities \$ 50,424,763

See accompanying notes to the financial statements

Clark County Washington
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For the Biennium Ended December 31, 2004

	Original 2003/2004 <u>Budget</u>	Final 2003/2004 <u>Budget</u>	Actual Biennium-To- <u>Date</u>	Variance with Final Budget Positive/ (Negative)
<u>Revenues:</u>				
Taxes	\$ 127,567,468	\$ 132,133,030	\$ 133,359,618	\$ 1,226,588
Licenses & permits	2,345,608	2,345,608	2,085,359	(260,249)
Intergovernmental	18,621,858	21,958,174	23,044,259	1,086,085
Charges for services	27,694,797	31,604,119	30,955,125	(648,994)
Fines & forfeitures	6,904,976	6,904,976	6,626,602	(278,374)
Miscellaneous	5,991,790	2,354,116	2,755,901	401,785
Total revenues	189,126,497	197,300,023	198,826,864	1,526,841
<u>Expenditures</u>				
General government	56,105,822	60,354,446	58,569,850	1,784,596
Public safety	98,768,460	101,328,823	96,569,042	4,759,781
Judicial	21,032,104	22,740,079	22,480,477	259,602
Physical environment	102,275	102,275	103,113	(838)
Transportation	95,107	130,932	120,367	10,565
Economic environment	151,000	151,000	147,583	3,417
Health and human services	3,896,007	3,939,427	3,823,601	115,826
Culture and recreation	7,613,890	7,915,954	7,577,464	338,490
Debt service-principal	26,792	226,792	26,793	199,999
Debt service-interest	0	100,276	50,138	50,138
Total expenditures	187,791,457	196,990,004	189,468,428	7,521,576
Excess (deficiency) of revenues over expenditures	1,335,040	310,019	9,358,436	9,048,417
Interfund loan proceeds	0	580,000	0	(580,000)
Sale of capital assets	919,414	919,414	1,221,338	301,924
Transfers in	16,242,663	15,957,087	15,551,427	(405,660)
Transfers out	(18,732,627)	(28,263,294)	(28,122,196)	141,098
Total other financing sources(uses)	(1,570,550)	(10,806,793)	(11,349,431)	(542,638)
Net change in fund balance	(235,510)	(10,496,774)	(1,990,995)	8,505,779
Fund Balance as of January 1	235,510	14,421,405	8,488,860	(5,932,545)
Prior Period Adjustment	0	0	5,518,387	5,518,387
Fund Balance as of January 1-restated	235,510	14,421,405	14,007,247	(414,158)
Fund balance as of December 31	\$ 0	\$ 3,924,631	\$ 12,016,252	\$ 8,091,621

See accompanying notes to the financial statements

Clark County Washington
General Fund
Statement of Revenues - Budget (GAAP Basis) and Actual
For the Biennium Ended December 31, 2004

	Original 2003/2004 <u>Budget</u>	Final 2003/2004 <u>Budget</u>	Actual Biennium-To- <u>Date</u>	Variance with Final Budget Positive/ (Negative)
General property taxes	\$ 86,262,149	\$ 81,232,863	\$ 81,253,604	\$ 20,741
Retail sales and use taxes	32,315,150	35,458,721	36,554,879	1,096,158
Excise and other taxes	1,966,935	7,501,297	8,295,353	794,056
Penalties and interest on delinquent taxes	7,023,234	7,940,149	7,255,782	(684,367)
Total taxes	127,567,468	132,133,030	133,359,618	1,226,588
Business licenses and permits	2,140,000	2,140,000	1,783,072	(356,928)
Non-business licenses and permits	205,608	205,608	302,287	96,679
Total licenses and permits	2,345,608	2,345,608	2,085,359	(260,249)
Federal grants -- direct	229,981	255,482	139,960	(115,522)
Federal entitlements	39,276	39,276	12,180	(27,096)
Federal grants -- indirect	3,148,677	3,614,466	3,003,552	(610,914)
State grants	3,640,422	3,792,176	4,717,200	925,024
State shared revenues	3,798,000	4,298,000	4,336,482	38,482
State entitlements	2,079,586	4,126,783	4,506,392	379,609
Interlocal grants	39,000	123,175	326,874	203,699
Intergovernmental revenues	5,646,916	5,708,816	6,001,619	292,803
Total intergovernmental	18,621,858	21,958,174	23,044,259	1,086,085
General government fees	12,902,247	14,454,406	14,462,273	7,867
Public safety	3,200,767	4,426,317	3,953,235	(473,082)
Transportation	0	0	20,020	20,020
Economic environment	113,926	113,126	128,969	15,843
Health & human services	13,800	13,800	91,204	77,404
Culture and recreation	362,500	362,500	349,042	(13,458)
Interfund revenues	11,101,557	12,233,970	11,950,382	(283,588)
Total charges for services	27,694,797	31,604,119	30,955,125	(648,994)
Fines and forfeitures	6,904,976	6,904,976	6,626,602	(278,374)
Total fines & forfeitures	6,904,976	6,904,976	6,626,602	(278,374)
Interest earnings	5,576,934	1,840,999	2,240,391	399,392
Rents and royalties	284,141	404,141	351,567	(52,574)
Insurance recoveries	70,000	0	8,100	8,100
Donations	3,830	48,496	63,069	14,573
Other revenues	56,885	60,480	92,774	32,294
Total miscellaneous	5,991,790	2,354,116	2,755,901	401,785
Total revenues	\$ 189,126,497	\$ 197,300,023	\$ 198,826,864	\$ 1,526,841

See accompanying notes to the financial statements

Clark County Washington
General Fund
Statement of Expenditures - Budget (GAAP Basis) and Actual
For the Biennium Ended December 31, 2004

	Original 2003/2004 Budget	Final 2003/2004 Budget	Actual Biennium-to- Date	Variance with Final Budget Positive(Negative)
<u>General government</u>				
<u>Assessor</u>				
Personal Services	\$ 6,207,850	\$ 6,269,247	\$ 6,145,207	124,040
Supplies	52,713	44,817	98,213	(53,396)
Other Services and Charges	396,244	401,244	327,322	73,922
Interfund Payment for Services	220,961	224,973	236,216	(11,243)
Capital outlay	0	5,890	5,861	29
Total Assessor	6,877,768	6,946,171	6,812,819	133,352
<u>Auditor</u>				
Personal Services	5,215,606	5,546,957	5,465,910	81,047
Supplies	48,800	48,880	69,371	(20,491)
Other Services and Charges	353,755	401,469	332,430	69,039
Interfund Payment for Services	114,446	136,867	132,377	4,490
Total Auditor	5,732,607	6,134,173	6,000,088	134,085
<u>Treasurer</u>				
Personal Services	2,838,403	3,040,391	3,028,059	12,332
Supplies	10,000	10,000	15,866	(5,866)
Other Services and Charges	294,996	394,996	390,776	4,220
Interfund Payment for Services	108,764	150,764	135,090	15,674
Total Treasurer	3,252,163	3,596,151	3,569,791	26,360
<u>Bank Fees</u>				
Other Services and Charges	604,373	604,373	517,213	87,160
Total Bank Fees	604,373	604,373	517,213	87,160
<u>Prosecuting Attorney</u>				
Personal Services	10,729,566	11,437,001	11,393,367	43,634
Supplies	111,888	134,077	133,897	180
Other Services and Charges	421,500	493,935	458,253	35,682
Interfund Payment for Services	237,738	249,468	248,150	1,318
Total Prosecuting Attorney	11,500,692	12,314,481	12,233,667	80,814
<u>Child Support Enforcement</u>				
Personal Services	2,367,373	2,421,989	2,337,630	84,359
Supplies	9,800	17,783	14,936	2,847
Other Services and Charges	325,000	327,500	294,099	33,401
Interfund Payment for Services	17,300	125,238	122,749	2,489
Total Child Support Enforcement	\$ 2,719,473	\$ 2,892,510	\$ 2,769,414	123,096

See accompanying notes to the financial statements

Clark County Washington
General Fund
Statement of Expenditures - Budget (GAAP Basis) and Actual
For the Biennium Ended December 31, 2004

	Original 2003/2004 Budget	Final 2003/2004 Budget	Actual Biennium-to- Date	Variance with Final Budget Positive(Negative)
<u>Commissioners</u>				
Personal Services	\$ 1,740,775	\$ 1,803,303	\$ 1,804,004	\$ (701)
Supplies	9,500	9,500	14,174	(4,674)
Other Services and Charges	94,300	97,950	79,730	18,220
Interfund Payment for Services	52,502	53,505	47,757	5,748
Total Commissioners	1,897,077	1,964,258	1,945,665	18,593
<u>Office of Budget</u>				
Personal Services	8,770,120	9,172,912	9,254,454	(81,542)
Supplies	1,568,040	1,981,455	1,954,786	26,669
Other Services and Charges	1,915,810	2,387,768	1,937,261	450,507
Interfund Payment for Services	179,838	245,585	258,781	(13,196)
Capital outlay	0	36,341	27,546	8,795
Total Office of Budget	12,433,808	13,824,061	13,432,828	391,233
<u>Countywide Services</u>				
Personal Services	177,700	287,306	241,061	46,245
Supplies	58,692	58,692	47,799	10,893
Other Services and Charges	1,007,539	1,234,422	942,500	291,922
Interfund Payment for Services	(10,400)	0	6,724	(6,724)
Total Countywide Services	1,233,531	1,580,420	1,238,084	342,336
<u>Human Resources</u>				
Personal Services	1,708,378	1,907,303	1,888,565	18,738
Supplies	28,500	28,500	40,582	(12,082)
Other Services and Charges	418,938	527,538	496,220	31,318
Interfund Payment for Services	41,678	42,384	42,647	(263)
Total Human Resources	2,197,494	2,505,725	2,468,014	37,711
<u>Loss Control</u>				
Personal Services	510,882	564,304	553,431	10,873
Supplies	10,750	11,145	9,793	1,352
Other Services and Charges	8,600	13,600	12,819	781
Interfund Payment for Services	10,018	11,021	10,822	199
Total Loss Control	540,250	600,070	586,865	13,205
<u>General Services</u>				
Personal Services	2,081,616	2,251,363	2,228,152	23,211
Supplies	164,490	164,490	170,828	(6,338)
Other Services and Charges	1,248,518	1,296,399	1,268,052	28,347
Interfund Payment for Services	57,374	56,321	58,724	(2,403)
Total General Services	\$ 3,551,998	\$ 3,768,573	\$ 3,725,756	\$ 42,817

See accompanying notes to the financial statements

**Clark County Washington
General Fund**

**Statement of Expenditures - Budget (GAAP Basis) and Actual
For the Biennium Ended December 31, 2004**

	Original 2003/2004 Budget	Final 2003/2004 Budget	Actual Biennium-to- Date	Variance with Final Budget Positive(Negative)
<u>Public Information & Outreach</u>				
Personal Services	\$ 811,823	\$ 898,935	\$ 872,979	\$ 25,956
Supplies	10,592	9,592	6,553	3,039
Other Services and Charges	50,697	43,697	40,962	2,735
Interfund Payment for Services	30,548	29,898	31,400	(1,502)
Capital outlay	0	8,000	5,562	2,438
Total Public Information & Outreach	903,660	990,122	957,456	32,666
<u>Board of Equalization</u>				
Personal Services	217,937	191,937	177,345	14,592
Supplies	2,440	2,440	1,943	497
Other Services and Charges	29,433	55,433	51,911	3,522
Intergovernmental	15,071	15,071	6,849	8,222
Interfund Payment for Services	7,897	7,897	7,016	881
Total Board of Equalization	272,778	272,778	245,064	27,714
<u>ESA Countywide Services</u>				
Personal Services	432,245	432,245	417,258	14,987
Supplies	26,000	2,600	16,733	(14,133)
Other Services and Charges	429,209	429,209	198,105	231,104
Interfund Payment for Services	81,164	76,994	15,498	61,496
Total ESA Countywide services	968,618	941,048	647,594	293,454
<u>Miscellaneous</u>				
Other Services and Charges	0	0	0	0
Interfund Payment for Services	1,419,532	1,419,532	1,419,532	0
Total Miscellaneous	1,419,532	1,419,532	1,419,532	0
Total general government	56,105,822	60,354,446	58,569,850	1,784,596
<u>Judicial</u>				
<u>Clerk</u>				
Personal Services	3,402,776	3,601,337	3,597,985	3,352
Supplies	22,500	27,500	31,988	(4,488)
Other Services and Charges	241,612	339,812	297,521	42,291
Interfund Payment for Services	107,246	123,782	130,337	(6,555)
Total Clerk	3,774,134	4,092,431	4,057,831	34,600
<u>District Court</u>				
Personal Services	5,448,566	5,408,480	5,389,369	19,111
Supplies	91,222	113,722	113,325	397
Other Services and Charges	600,564	708,228	689,164	19,064
Interfund Payment for Services	149,372	148,369	149,521	(1,152)
Total District Court	6,289,724	6,378,799	6,341,379	37,420
<u>Superior Court</u>				
Personal Services	3,137,937	3,172,745	3,126,079	46,666
Supplies	103,980	138,155	129,029	9,126
Other Services and Charges	826,016	848,302	750,995	97,307
Interfund Payment for Services	94,222	96,228	92,755	3,473
Total Superior Court	\$ 4,162,155	\$ 4,255,430	\$ 4,098,858	\$ 156,572

See accompanying notes to the financial statements

Clark County Washington
General Fund
Statement of Expenditures - Budget (GAAP Basis) and Actual
For the Biennium Ended December 31, 2004

	Original 2003/2004 Budget	Final 2003/2004 Budget	Actual Biennium-to- Date	Variance with Final Budget Positive(Negative)
<u>Indigent Defense</u>				
Other Services and Charges	\$ 6,806,091	\$ 8,013,419	\$ 7,982,409	\$ 31,010
Total Indigent Defense	6,806,091	8,013,419	7,982,409	31,010
Total judicial	21,032,104	22,740,079	22,480,477	259,602
<u>Public safety</u>				
<u>Juvenile</u>				
Personal Services	11,143,855	11,231,192	11,039,829	191,363
Supplies	120,884	120,884	128,430	(7,546)
Other Services and Charges	2,030,511	2,064,511	1,714,158	350,353
Interfund Payment for Services	318,080	323,095	275,811	47,284
Total Juvenile	13,613,330	13,739,682	13,158,228	581,454
<u>Sheriff - Enforcement</u>				
Personal Services	21,805,029	24,617,691	24,407,437	210,254
Supplies	79,500	117,311	137,895	(20,584)
Other Services and Charges	1,725,442	1,759,372	1,699,343	60,029
Intergovernmental	600	600	0	600
Interfund Payment for Services	2,627,303	2,281,955	2,403,352	(121,397)
Total Sheriff	26,237,874	28,776,929	28,648,027	128,902
<u>Sheriff - Civil/Support</u>				
Personal Services	6,685,739	6,303,164	6,192,509	110,655
Supplies	431,481	442,881	326,205	116,676
Other Services and Charges	672,847	727,157	691,927	35,230
Interfund Payment for Services	150,600	612,962	686,392	(73,430)
Total Sheriff	7,940,667	8,086,164	7,897,033	189,131
<u>Sheriff - Administration</u>				
Personal Services	2,904,166	3,051,998	2,969,692	82,306
Supplies	131,400	135,874	163,269	(27,395)
Other Services and Charges	617,800	676,099	618,650	57,449
Interfund Payment for Services	39,500	39,500	39,998	(498)
Total Sheriff	3,692,866	3,903,471	3,791,609	111,862
<u>Jail</u>				
Personal Services	20,516,352	21,081,702	20,953,588	128,114
Supplies	1,637,871	1,639,171	1,642,965	(3,794)
Other Services and Charges	3,199,548	3,710,303	3,697,914	12,389
Interfund Payment for Services	208,376	116,100	150,636	(34,536)
Total Jail	25,562,147	26,547,276	26,445,103	102,173
<u>Emergency Medical Services</u>				
Intergovernmental	2,558,631	2,558,631	2,311,458	247,173
Total Emergency Medical Services	\$ 2,558,631	\$ 2,558,631	\$ 2,311,458	\$ 247,173

See accompanying notes to the financial statements

Clark County Washington
General Fund
Statement of Expenditures - Budget (GAAP Basis) and Actual
For the Biennium Ended December 31, 2004

	Original 2003/2004 <u>Budget</u>	Final 2003/2004 <u>Budget</u>	Actual Biennium-to- <u>Date</u>	Variance with Final Budget <u>Positive(Negative)</u>
<u>Community Corrections</u>				
Personal Services	\$ 8,498,290	\$ 8,502,528	\$ 8,237,057	\$ 265,471
Supplies	230,595	392,690	344,648	48,042
Other Services and Charges	534,000	760,144	620,039	140,105
Interfund Payment for Services	864,844	607,525	625,668	(18,143)
Total Community Corrections	10,127,729	10,262,887	9,827,412	435,475
<u>Miscellaneous</u>				
Personal Services	3,265,216	1,445,059	0	1,445,059
Other Services and Charges	3,020,000	3,258,724	3,117,587	141,137
Intergovernmental	2,750,000	2,750,000	1,372,585	1,377,415
Total Miscellaneous	9,035,216	7,453,783	4,490,172	2,963,611
Total public safety	98,768,460	101,328,823	96,569,042	4,759,781
<u>Physical Environment</u>				
<u>Community Development</u>				
Intergovernmental	102,275	102,275	103,113	(838)
Total Community Development	102,275	102,275	103,113	(838)
Total physical environment	102,275	102,275	103,113	(838)
<u>Transportation</u>				
<u>Lewis & Clark Railroad</u>				
Supplies	0	0	7,816	(7,816)
Other Services and Charges	90,107	125,932	97,108	28,824
Interfund Payment for Services	5,000	5,000	15,443	(10,443)
Total Lewis & Clark Railroad	95,107	130,932	120,367	10,565
Total transportation	95,107	130,932	120,367	10,565
<u>Economic Environment</u>				
<u>Community Support</u>				
Intergovernmental	151,000	151,000	147,583	3,417
Total Community Development	151,000	151,000	147,583	3,417
Total economic environment	151,000	151,000	147,583	3,417
<u>Health and Human Services</u>				
<u>Health District</u>				
Interfund Payment for Services	2,645,067	2,645,067	2,645,067	0
Total Health District	2,645,067	2,645,067	2,645,067	0
<u>Medical Examiner</u>				
Personal Services	1,040,093	1,065,513	1,014,413	51,100
Supplies	31,000	37,000	35,102	1,898
Other Services and Charges	137,997	149,997	91,151	58,846
Interfund Payment for Services	41,850	41,850	37,868	3,982
Total Medical Examiner	1,250,940	1,294,360	1,178,534	115,826
Total health and human services	\$ 3,896,007	\$ 3,939,427	\$ 3,823,601	\$ 115,826

See accompanying notes to the financial statements

Clark County Washington
General Fund
Statement of Expenditures - Budget (GAAP Basis) and Actual
For the Biennium Ended December 31, 2004

	Original 2003/2004 <u>Budget</u>	Final 2003/2004 <u>Budget</u>	Actual Biennium-to- <u>Date</u>	Variance with Final Budget <u>Positive(Negative)</u>
<u>Culture and Recreation</u>				
<u>Cable Television</u>				
Intergovernmental	\$ 706,895	\$ 706,895	\$ 706,895	\$ 0
Total Cable Television	706,895	706,895	706,895	0
<u>Cooperative Extension Service</u>				
Personal Services	284,068	244,498	224,054	20,444
Supplies	49,658	49,658	67,771	(18,113)
Other Services and Charges	797,562	838,481	701,863	136,618
Interfund Payment for Services	50,114	53,123	58,774	(5,651)
Total Cooperative Extension Service	1,181,402	1,185,760	1,052,462	133,298
<u>Parks</u>				
Other Services and Charges	0	0	18,644	(18,644)
Interfund Payment for Services	0	0	20	(20)
Intergovernmental	2,654,458	2,487,320	2,390,947	96,373
Total Parks	2,654,458	2,487,320	2,409,611	77,709
<u>Parks Operations</u>				
Personal Services	1,887,107	1,911,246	1,834,804	76,442
Supplies	307,279	366,845	340,558	26,287
Other Services and Charges	420,938	516,880	528,514	(11,634)
Interfund Payment for Services	448,433	476,312	532,101	(55,789)
Capital outlay	7,378	264,696	172,519	92,177
Total Parks Operations	3,071,135	3,535,979	3,408,496	127,483
Total culture and recreation	7,613,890	7,915,954	7,577,464	338,490
Debt service -principal	26,792	226,792	26,793	199,999
Debt service - interest	0	100,276	50,138	50,138
Total expenditures:	\$ 187,791,457	\$ 196,990,004	\$ 189,468,428	\$ 7,521,576

See accompanying notes to the financial statements

Clark County Washington
County Roads
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Biennium Ended December 31, 2004

	Original 2003/2004 Budget	Final 2003/2004 Budget	Actual Biennium -To- Date	Variance with Final Budget Positive / (Negative)
Revenues				
General property taxes	\$ 52,228,560	\$ 50,936,628	\$ 50,698,186	\$ (238,442)
Timber harvest	267,300	267,300	317,745	50,445
Excise and other taxes	14,000	14,000	58,765	44,765
Total taxes	52,509,860	51,217,928	51,074,696	(143,232)
Business licenses and permits	360,000	360,000	339,817	(20,183)
Non-business licenses and permits	91,993	91,993	131,547	39,554
Total licenses & permits	451,993	451,993	471,364	19,371
State grants	10,696,411	13,097,000	15,342,286	2,245,286
State shared revenues	0	0	3,488	3,488
State entitlements	11,301,956	11,301,956	11,118,852	(183,104)
Federal grants -- indirect	7,425,000	11,694,000	8,696,321	(2,997,679)
Federal entitlements	17,050	17,050	27,113	10,063
Interlocal grants	58,000	58,000	0	(58,000)
Total intergovernmental	29,498,417	36,168,006	35,188,060	(979,946)
Interfund revenues	2,614,752	2,614,752	2,674,636	59,884
Physical environment	1,373,363	2,910,363	7,900,561	4,990,198
General government fees	16,982	16,982	26,362	9,380
Economic environment	135,325	135,325	66,060	(69,265)
Transportation	1,336,791	1,336,791	1,510,309	173,518
Total charges for services	5,477,213	7,014,213	12,177,928	5,163,715
Fines and forfeitures	12,600	12,600	8,800	(3,800)
Total fines & forfeitures	12,600	12,600	8,800	(3,800)
Rents and royalties	53,390	53,390	46,950	(6,440)
Interest earnings	75,015	75,015	109,766	34,751
Other revenues	262,403	1,297,403	158,095	(1,139,308)
Total miscellaneous	390,808	1,425,808	314,811	(1,110,997)
Total revenues	88,340,891	96,290,548	99,235,659	2,945,111

Expenditures

General government				
Other services and charges	143,353	101,727	69,364	32,363
Interfund payment for services	86,647	0	0	0
Total general government	\$ 230,000	\$ 101,727	\$ 69,364	\$ 32,363

See accompanying notes to the financial statements

Clark County Washington
County Roads
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Biennium Ended December 31, 2004

	Original 2003/2004 <u>Budget</u>	Final 2003/2004 <u>Budget</u>	Actual Biennium -To- <u>Date</u>	Variance with Final Budget Positive / (Negative)
Public Safety				
Personal services	\$ 275,254	\$ 275,254	\$ 295,872	\$ (20,618)
Supplies	2,000	2,000	4,345	(2,345)
Other services and charges	280,325	12,300	15,297	(2,997)
Interfund payment for services	129,472	110,220	119,278	(9,058)
Total public safety	<u>687,051</u>	<u>399,774</u>	<u>434,792</u>	<u>(35,018)</u>
Transportation				
Personal services	18,060,875	24,792,122	23,728,063	1,064,059
Supplies	5,173,800	5,224,208	5,807,102	(582,894)
Other services and charges	28,897,919	16,378,645	14,674,101	1,704,544
Intergovernmental	0	0	599,900	(599,900)
Interfund payment for services	14,794,273	19,008,191	16,497,574	2,510,617
Capital outlays	47,871,643	63,495,472	52,733,792	10,761,680
Total transportation	<u>114,798,510</u>	<u>128,898,638</u>	<u>114,040,532</u>	<u>14,858,106</u>
Debt service: interest	<u>57,000</u>	<u>189,520</u>	<u>87,065</u>	<u>102,455</u>
Total expenditures	<u>115,772,561</u>	<u>129,589,659</u>	<u>114,631,753</u>	<u>14,957,906</u>
Excess (deficiency) of revenues over expenditures	(27,431,670)	(33,299,111)	(15,396,094)	17,903,017
Issuance of long-term debt	12,640,000	12,640,000	6,587,500	(6,052,500)
Sale of capital assets	1,611,727	1,611,727	2,230,918	619,191
Transfers in	3,515,620	7,552,168	6,294,763	(1,257,405)
Transfers out	<u>(2,934,300)</u>	<u>(4,070,132)</u>	<u>(1,963,145)</u>	<u>2,106,987</u>
Excess (deficiency) of revenues and other sources over expenditures	(12,598,623)	(15,565,348)	(2,246,058)	13,319,290
Fund balance as of January 1	12,598,623	16,466,734	4,929,409	(11,537,325)
Prior period adjustments	0	0	1,623,241	1,623,241
Fund balance as of January 1 -restated	<u>12,598,623</u>	<u>16,466,734</u>	<u>6,552,650</u>	<u>(9,914,084)</u>
Fund balance as of December 31	<u>\$ 0</u>	<u>\$ 901,386</u>	<u>\$ 4,306,592</u>	<u>\$ 3,405,206</u>

See accompanying notes to the financial statements

CLARK COUNTY, WASHINGTON
Mental Health
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For the Biennium Ended December 31, 2004

	Original 2003/2004 <u>Budget</u>	Final 2003/2004 <u>Budget</u>	Actual Biennium -To- <u>Date</u>	Variance with Final Budget Positive/ (Negative)
<u>Revenues</u>				
General property taxes	\$655,760	\$ 655,760	\$ 666,921	\$ 11,161
Timber harvest	1,500	1,500	2,018	518
Excise and other taxes	1,300	1,300	2,509	1,209
Total taxes	658,560	658,560	671,448	12,888
Federal grants -- indirect	8,375,671	3,522,501	2,202,938	(1,319,563)
Federal grants -- direct	1,970,000	5,057,282	3,835,314	(1,221,968)
Federal entitlements	13	13	2	(11)
State grants	11,130,212	10,262,106	3,385,090	(6,877,016)
State shared revenues	300	300	22	(278)
Intergovernmental revenues	18,660,680	26,513,908	30,739,117	4,225,209
Total intergovernmental	40,136,876	45,356,110	40,162,483	(5,193,627)
Interfund revenues	0	0	51,348	51,348
Health and human services	0	0	812,733	812,733
Total charges for services	0	0	864,081	864,081
Rents and royalties	100	100	2,071	1,971
Interest earnings	221,040	221,040	272,436	51,396
Other revenues	0	0	1,373	1,373
Total miscellaneous	221,140	221,140	275,880	54,740
Total revenues	41,016,576	46,235,810	41,973,892	(4,261,918)
<u>Expenditures</u>				
Health and human services				
Personal services	3,000,373	4,196,986	3,486,400	710,586
Supplies	30,000	92,000	68,583	23,417
Other services and charges	32,384,948	39,227,744	35,589,910	3,637,834
Interfund payment for services	1,796,503	2,086,054	2,403,352	(317,298)
Total health and human services	37,211,824	45,602,784	41,548,245	4,054,539
Debt service: interest	0	0	6,800	(6,800)
Total expenditures	37,211,824	45,602,784	41,555,045	4,047,739
Excess (deficiency) of revenues over expenditures	3,804,752	633,026	418,847	(214,179)
Sale of capital assets	6,850	6,850	8,906	2,056
Transfers out	(686,729)	(3,000,000)	(3,000,000)	0
Excess (deficiency) of revenues and other sources over expenditures	3,124,873	(2,360,124)	(2,572,247)	(212,123)
Fund balance as of January 1	236,531	4,208,958	9,927,362	5,718,404
Prior period adjustment	0	0	534,727	534,727
Fund balance as of January 1 - restated	236,531	4,208,958	10,462,089	6,253,131
Fund balance as of December 31	\$3,361,404	\$1,848,834	\$7,889,842	\$6,041,008

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 Biennium Ended December 31, 2004

	Original 2003/2004 Budget	Final 2003/2004 Budget	Actual Biennium -To- Date	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Non-business licenses and permits	\$ 140,000	\$ 85,500	\$ 81,858	\$ (3,642)
Total licenses & permits	140,000	85,500	81,858	(3,642)
Federal grants -- direct	8,268,240	7,314,099	5,660,354	(1,653,745)
Federal grants -- indirect	7,149,413	9,405,949	7,308,542	(2,097,407)
Intergovernmental revenues	1,910,064	338,000	290,817	(47,183)
State grants	470,000	2,888,103	1,350,568	(1,537,535)
Total intergovernmental	17,797,717	19,946,151	14,610,281	(5,335,870)
Interfund revenues	6,919,418	6,919,418	81,000	(6,838,418)
Economic environment	840,000	1,075,000	842,397	(232,603)
General government fees	1,300,000	1,800,000	1,959,534	159,534
Mental and physical health	0	2,450,156	0	(2,450,156)
Total charges for services	9,059,418	12,244,574	2,882,931	(9,361,643)
Donations	0	0	(23,864)	(23,864)
Rent and royalties	0	0	6,250	6,250
Interest earnings	73,435	123,435	129,323	5,888
Other revenues	551,070	500,000	1,262,144	762,144
Total miscellaneous	624,505	623,435	1,373,853	750,418
Total revenues	27,621,640	32,899,660	18,948,923	(13,950,737)
<u>Expenditures</u>				
Economic environment				
Personal services	5,723,986	4,741,602	3,872,626	868,976
Supplies	1,154,370	272,510	562,439	(289,929)
Other services and charges	14,460,163	22,790,836	15,654,548	7,136,288
Interfund payment for services	4,324,888	3,435,470	(1,150,133)	4,585,603
Capital outlay	0	2,215,547	1,408,800	806,747
Total economic environment	25,663,407	33,455,965	20,348,280	13,107,685
Health & human services				
Personal services	128,808	111,267	49,479	61,788
Supplies	70,000	200	765	(565)
Other services and Charges	2,535,192	2,592,291	387,540	2,204,751
Interfund payment for services	254,729	46,961	69,234	(22,273)
Total health and human services	2,988,729	2,750,719	507,018	2,243,701
Debt service: interest	0	130,125	95,124	35,001
Total expenditures	28,652,136	36,336,809	20,950,422	15,386,387
Excess (deficiency) of revenues over expenditures	(1,030,496)	(3,437,149)	(2,001,499)	1,435,650
<u>Other Financing Sources (Uses)</u>				
Proceeds from long term debt	0	1,525,000	1,810,000	285,000
Proceeds from bond anticipation notes (BANs)	0	2,000,000	1,270,500	(729,500)
Premium on general obligation bonds	0	0	7,914	7,914
Repayment of BANs	0	(1,279,328)	(1,270,500)	8,828
Transfers in	1,796,568	1,646,568	1,646,568	0
Transfers out	(65,412)	(65,412)	0	65,412
Total other financing sources (uses)	1,731,156	3,826,828	3,464,482	(362,346)
Net change in fund balance	700,660	389,679	1,462,983	1,073,304
Fund balance as of January 1	338,396	794,459	473,236	(321,223)
Prior period adjustment	0		581,971	581,971
Fund balance as of January 1 - restated	338,396	794,459	1,055,207	260,748
Fund balance as of December 31	\$ 1,039,056	\$ 1,184,138	\$ 2,518,190	\$ 1,334,052

CLARK COUNTY, WASHINGTON
Campus Health District Facility
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For the Biennium Ended December 31, 2004

	Original 2003/2004 <u>Budget</u>	Final 2003/2004 <u>Budget</u>	Actual Biennium-To- <u>Date</u>	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
General Government				
Charges for goods and services	\$ 0	\$ 0	\$ 49,671	\$ 49,671
Total general government	0	0	49,671	49,671
Interest earnings	0	117,000	123,410	6,410
Total revenues	0	117,000	173,081	56,081
<u>Expenditures</u>				
Economic environment				
Other services and charges	0	2,507,000	1,687,904	819,096
Capital outlay	0	11,000,000	10,475,881	524,119
Debt issue costs	0	380,706	247,146	133,560
Total economic environment	0	13,887,706	12,410,931	1,476,775
Total expenditures	0	13,887,706	12,410,931	1,476,775
Excess (deficiency) of revenues over expenditures	0	(13,770,706)	(12,237,850)	1,532,856
<u>Other Financing Sources (Uses)</u>				
Proceeds from long term debt	0	24,193,689	23,335,000	(858,689.00)
Premium on general obligation bonds	0	0	590,073	590,073.00
Sale of capital assets	0	0	355,440	355,440.00
Transfers in	0	3,000,000	3,000,000	0
Total other financing sources (uses)	0	27,193,689	27,280,513	86,824
Net change in fund balance	0	13,422,983	15,042,663	1,619,680
Fund balance as of January 1	0	507,000	524,708	17,708
Fund balance as of December 31	\$ 0	\$ 13,929,983	\$ 15,567,371	\$ 1,637,388

Clark County Washington
Statement of Net Assets
Proprietary Funds
For the Year Ended December 31, 2004

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Major		Non-Major		
	Sanitary Sewer	Clean Water	Solid Waste	Total	Internal Service Funds
Assets					
Current assets					
Cash, cash equivalents and pooled investments	\$ 4,184,950	\$ 8,515,048	\$ 5,213,973	\$ 17,913,971	\$ 13,166,960
Receivables, net	9,356	587,845	424,473	1,021,674	545,504
Due from other funds	69,456	37,000	0	106,456	562,143
Due from other governments	146,851	115,802	159,854	422,507	1,284
Inventory (at cost)	0	0	0	0	780,140
Total current assets	4,410,613	9,255,695	5,798,300	19,464,608	15,056,031
Noncurrent assets					
Contracts receivable	30,851,724	0	0	30,851,724	0
Capital assets:					
Land	115,102	27,078,368	12,315	27,205,785	44,721
Buildings	28,366	0	372,415	400,781	107,426
Improvements other than buildings	74,315,407	1,008,005	732,899	76,056,311	3,047,599
Machinery & equipment	271,732	7,498	51,197	330,427	21,999,827
Infrastructure	1,268,292	49,612,456	0	50,880,748	0
Construction in progress	4,678,622	1,525,474	0	6,204,096	1,022,160
Less accumulated depreciation	(9,943,595)	(4,751,937)	(432,763)	(15,128,295)	(13,285,721)
Total noncurrent assets	101,585,650	74,479,864	736,063	176,801,577	12,936,012
Total assets	105,996,263	83,735,559	6,534,363	196,266,185	27,992,043
Liabilities					
Current liabilities					
Warrants payable	0	0	0	0	365,196
Accounts payable	487,909	1,199,151	135,680	1,822,740	819,481
Due to other funds	6,302	738	446	7,486	828,622
Due to other governments	0	150	637	787	45
Accrued liabilities	188,227	43,483	32,734	264,444	286,900
Compensated absences	8,142	5,556	3,218	16,916	48,571
Bonds, notes and loans, payable	1,857,146	0	0	1,857,146	139,277
Total current liabilities	2,547,726	1,249,078	172,715	3,969,519	2,488,092
Noncurrent liabilities					
Deferred revenue - HDSD	30,851,724	0	0	30,851,724	0
Compensated absences	73,271	50,011	28,959	152,241	437,134
Accrued Claims Payable	0	0	0	0	2,538,662
Advance due to other governments	1,589,839	0	0	1,589,839	0
Bonds, notes and loans payable (net of discounts)	26,816,035	0	0	26,816,035	1,035,000
Total noncurrent liabilities	59,330,869	50,011	28,959	59,409,839	4,010,796
Total liabilities	61,878,595	1,299,089	201,674	63,379,358	6,498,888
Net Assets					
Invested in capital assets, net of related debt	40,470,906	74,479,864	736,063	115,686,833	11,761,735
Unrestricted	3,646,762	7,956,606	5,596,626	17,199,994	9,731,420
Total net assets	\$ 44,117,668	\$ 82,436,470	\$ 6,332,689	\$ 132,886,827	\$ 21,493,155

See accompanying notes to the financial statements

Clark County Washington
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2004

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Major		Non Major		Internal Service Funds
	Sanitary Sewer	Clean Water	Solid Waste	Total	
OPERATING REVENUES					
Charges for services:					
Sewer charges pledged as security for revenue bonds	\$ 3,952,879	\$ 0	\$ 0	\$ 3,952,879	\$ 0
Other charges for services	2,190,598	4,750,145	1,529,465	8,470,208	13,625,658
Contributions from participants	0	0	0	0	2,359,923
Miscellaneous	0	105,856	0	105,856	68
Total operating revenues	6,143,477	4,856,001	1,529,465	12,528,943	15,985,649
OPERATING EXPENSES					
Personal services	891,127	796,219	620,600	2,307,946	6,836,030
Contractual services	798,464	291,859	806,240	1,896,563	8,000,754
Other supplies and expenses	479,948	2,519,706	300,630	3,300,284	7,626,525
Intergovernmental	93,980	239,402	144,402	477,784	0
Depreciation	1,356,858	67,913	29,879	1,454,650	1,729,124
Total operating expenses	3,620,377	3,915,099	1,901,751	9,437,227	24,192,433
Operating income (loss)	2,523,100	940,902	(372,286)	3,091,716	(8,206,784)
NONOPERATING REVENUES (EXPENSES)					
Interest and investment revenue	72,824	122,184	75,556	270,564	180,467
Operating grant revenue	0	154,871	603,277	758,148	0
Miscellaneous revenue	0	163	3,290	3,453	1,525
Intergovernmental revenue	0	0	0	0	171,210
Gain/(loss) on disposition of capital assets	0	0	0	0	11,576
Interest expense	(2,858,800)	0	0	(2,858,800)	(111,450)
Miscellaneous expense	0	0	0	0	8,866
Total non-operating revenues	(2,785,976)	277,218	682,123	(1,826,635)	262,194
Income (loss) before contributions and transfers	(262,876)	1,218,120	309,837	1,265,081	(7,944,590)
Capital contributions	1,153,549	1,566,795	0	2,720,344	5,000
Special Items:					
Prepayment of contract receivable by the City of Battle Ground	7,341,480	0	0	7,341,480	0
Transfers in	0	37,000	0	37,000	10,049,955
Transfers out	0	(163,755)	(15,225)	(178,980)	(815,787)
Change in net assets	8,232,153	2,658,160	294,612	11,184,925	1,294,578
Net assets as of January 1	35,885,515	63,907,798	6,038,077	105,831,390	19,962,890
Prior period adjustments	0	15,870,512	0	15,870,512	235,687
Net assets as of January 1- restated	35,885,515	79,778,310	6,038,077	121,701,902	20,198,577
Net assets as of December 31	\$ 44,117,668	\$ 82,436,470	\$ 6,332,689	\$ 132,886,827	\$ 21,493,155

See accompanying notes to the financial statements

Clark County Washington
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2004

	Business-type Activities -- Enterprise Funds				Governmental Activities
	Major		Non Major		
	Sanitary Sewer	Clean Water	Solid Waste	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 6,285,723	\$ 5,013,098	\$ 1,415,749	\$ 12,714,570	\$ 7,479,101
Receipts from interfund services provided	(69,456)	(37,000)	0	(106,456)	17,507,355
Payments to suppliers	(1,234,371)	118,345	(1,012,148)	(2,128,174)	(14,555,174)
Payments to employees	(881,424)	(805,076)	(612,819)	(2,299,319)	(15,034,645)
Payments for interfund services used	(185,419)	(2,495,456)	(249,405)	(2,930,280)	(896,421)
Payments on claims and judgments	0	0	0	0	1,329,382
Net cash provided (used) by operating activities	3,915,053	1,793,911	(458,623)	5,250,341	(4,170,402)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grants received	0	154,871	603,277	758,148	0
Interest paid on operating activities	0	0	0	0	(70,495)
Intergovernmental revenues	0	0	0	0	171,210
Proceeds from line of credit	0	0	0	0	(1,947,703)
Transfers from other funds	0	37,000	0	37,000	10,039,621
Transfers to other funds	0	(163,755)	(15,225)	(178,980)	(815,787)
Miscellaneous receipts	0	163	3,290	3,453	31,756
Miscellaneous payments	0	0	0	0	(11)
Net cash provided (used) by noncapital financing activities	0	28,279	591,342	619,621	7,408,591
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions	1,153,549	0	0	1,153,549	0
Purchases of capital assets	(2,059,469)	(632,636)	0	(2,692,105)	(2,714,853)
Proceeds from sales of capital assets	0	0	0	0	137,077
Principal paid on capital debt	(9,052,514)	0	0	(9,052,514)	(80,000)
Interest paid on capital debt	(2,338,509)	0	0	(2,338,509)	(40,944)
Proceeds from City of Battle Ground to defease their portion of Revenue Bonds	7,341,480	0	0	7,341,480	0
Net cash (used) by capital and related financing activities	(4,955,463)	(632,636)	0	(5,588,099)	(2,698,720)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest earnings	72,824	122,184	75,555	270,563	180,467
Net cash provided by investing activities	72,824	122,184	75,555	270,563	180,467
Net increase in cash and cash equivalents	(967,586)	1,311,738	208,274	552,426	719,936
Balances as of January 1	5,152,536	7,203,310	5,005,699	17,361,545	12,447,024
Balances as of December 31	\$ 4,184,950	\$ 8,515,048	\$ 5,213,973	\$ 17,913,971	\$ 13,166,960

See accompanying notes to the financial statements

Clark County Washington
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2004

	Business-type Activities -- Enterprise Funds				Governmental Activities
	Major		Non-Major	Totals	Internal Service Funds
	Sanitary Sewer	Clean Water	Solid Waste		
Reconciliation of operating income (loss) to net cash provided by operating					
Operating income (loss)	\$ 2,523,100	\$ 940,902	\$ (372,286)	\$ 3,091,716	\$ (8,206,784)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	1,356,858	67,913	29,879	1,454,650	1,729,124
Changes in assets and liabilities:					
Changes in due to/from other funds	37,749	0	0	37,749	0
Receivables, net	145,782	120,097	(113,716)	152,163	9,031,539
Inventories	0	0	0	0	(102,963)
Accounts and other payables	(148,436)	676,627	(10,281)	517,910	243,158
Accrued expenses	0	(11,628)	7,781	(3,847)	(6,864,476)
Net cash provided (used) by financing activities	<u>\$ 3,915,053</u>	<u>\$ 1,793,911</u>	<u>\$ (458,623)</u>	<u>\$ 5,250,341</u>	<u>\$ (4,170,402)</u>
Noncash investing, capital, and financing activities					
Contribution of capital assets *	\$ 0	\$ 17,437,307	\$ 0	\$ 17,437,307	\$ 0

* Clean Water developer contributions include stormwater facilities and retention ponds, some of which were added in 2004 as prior period adjustments on the Statement of Revenues, Expenses, and Changes in Fund Net Assets

See accompanying notes to the financial statements

Clark County Washington
Statement of Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2004

	Investment Trust Funds	Private Purpose Trust Fund	Agency Funds
Assets			
Cash, cash equivalents and pooled investments	\$ 239,875,110	\$ 64,539	\$ 23,012,788
Cash and deposits in trust	0	0	145,191
Cash and deposits with fiscal agent	0	0	155,000
Receivables:			
Taxes	0	0	10,828,413
Other	0	0	1,288,660
From other funds	0	0	59,451
From local governments	0	0	208,766
Total receivables	0	0	12,385,290
Investments at fair value			
US treasury state and local government	2,187,000	0	0
Total investments	2,187,000	0	0
Total assets	242,062,110	64,539	35,698,269
Liabilities			
Warrants payable	0	0	14,315,303
Accounts payable and other liabilities	0	0	5,753,461
Due to other funds	0	0	59,451
Due to other governments	0	0	14,419,668
Accrued liabilities & deposits payable	0	0	832,095
Advance due to other funds	0	0	318,291
Total liabilities	0	0	35,698,269
Net Assets			
Investments held in trust for pool participants	242,062,110	0	0
Investments held in trust for other purposes	0	64,539	0
Total net assets	\$ 242,062,110	\$ 64,539	\$ 0

See accompanying notes to the financial statements

Clark County Washington
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2004

	<u>Investment Trust Funds</u>	<u>Private Purpose Trust Fund</u>
Additions		
Contributions		
Additions by participants	\$ 400,765,601	\$ 0
Total contributions	400,765,601	0
Investment income		
Net decrease in fair value of investments	(716,144)	0
Interest, dividends, and other	0	959
Total investment income	(716,144)	959
Total additions	400,049,457	959
Deductions		
Payments in accordance with trust agreements	0	1,100
Distributions to participants	490,985,971	0
Total deductions	490,985,971	1,100
Change in net assets held for individuals, organizations and other governments	(90,936,514)	(141)
Net assets as of January 1-restated	332,998,624	64,680
Net assets as of December 31	<u>\$ 242,062,110</u>	<u>\$ 64,539</u>

See accompanying notes to the financial statements

**CLARK COUNTY WASHINGTON
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2004**

I. 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 further developed and implemented the Budgeting, Accounting, and Reporting System (BARS) designed to promote uniformity among the cities and counties of Washington. The following is a summary of significant accounting policies for Clark County.

A. Reporting Entity

The Comprehensive Annual Financial Report of Clark County includes the primary government, and one blended component unit 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 and therefore the data from this unit is combined with the data from the primary government.

Blended Component Unit

The *Industrial Revenue Bond Corporation of Clark County (IRBC)* was established in 1982 with the granting of its charter and appointment of its Board of Directors by the Clark County Board of Commissioners. The Board of County Commissioners comprises the Board of Directors for the public corporation. IRBC is responsible for encouraging 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 is one bond issue outstanding at December 31, 2004, which amounts to \$4,475,000. IRBC is reported as a special revenue fund. Complete statements for the component unit may be obtained from Clark County.

B. Government-wide and Fund Financial Statements

Government-wide financial statements consist of the statement of net assets and the statement of activities. These statements report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. 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 support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Additionally, the County's accounting system automatically allocates a portion of its indirect costs to individual functions. These indirect costs have been included as part of the program expenses reported for the various functional activities.

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
- Grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment

Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Revenues susceptible to accrual are earned interest, certain charges for services, and intergovernmental revenues, such as grants, where program expenditures are the prime factor for determining reimbursement. Revenues such as sales based taxes, licenses, fines, and fees are not considered susceptible for accrual since they are not generally measurable until received. 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 the government receives cash.

Clark County reports five 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 in another fund.
- The *County Roads Fund* accounts for the design, construction, and maintenance of County roads.
- The *Mental Health Fund* finances a variety of mental health services including treatment, consultation, and education to people experiencing psychological/social emotional distress.

- The *Community Services Grants 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.
- The *Campus Health District Facility Capital Fund* is a fund established to track the costs associated with the construction of a new facility for social and health service agencies in the County.

The County reports two major proprietary funds.

- The *Sanitary Sewer Fund* accounts for all sewer activity, including maintenance and operation of the County's sewer treatment plant and sewer capital construction projects.
- 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 fund types:

- *Internal service funds* account for equipment rental, elections, central support, self insurance, building maintenance, retirement benefit reserve, and data processing services provided to other departments, agencies of the government, and other governments on a cost reimbursement basis.
- The *private-purpose trust fund* accounts for resources legally held in trust for a private organization, the Childrens 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 the external pooled and non-pooled investments held by the County Treasurer on behalf of external pool participants in the County's investment program. The pooled money is invested and monitored by the County and the external participants 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 assets (such as property taxes collected on behalf of other governments) that the County holds for others in an agency capacity. Agency funds include fire, school, port, cemetery, air pollution, cities & towns, library, drainage district, and miscellaneous, clearing fund activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitations. The County has elected not to apply subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments-in-lieu of taxes and other charges between the government's sewer function and various other functions of the government. Elimination of these charges would distort direct costs and program revenues reported for the various functions. Amounts reported as program revenues include a) charges to customers or applicants for goods, services or privileges provided, b) operating grants and contributions, and c) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. General revenues include all taxes.

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. The principal

operating revenues of the sanitary sewer, solid waste, drainage utility, clean water system and the County's internal service funds are charges to customers for sales and services. The sanitary sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of personnel services, contractual services, other supplies and expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities, and Net Assets or Equity

1. *Deposits and Investments*

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the government and the district to invest in obligations of the U.S. Treasury, commercial paper, banker's acceptances, and certain other government agency obligations. Investments for the government are reported at fair value.

2. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any 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 were not included in the government-wide statement of net assets.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Taxes receivable represents the current year's levy and delinquent taxes accumulated from the previous years. All real property taxes are secured by liens on the corresponding property. Receivables due from other governments include amounts due from grantors for grants issued for specific programs and capital projects.

Sanitary Sewer and Clean Water Fund receivables are recorded for actual amounts billed to customers and not yet paid. Billings are recorded either monthly or annually and are based on set fee amounts that have been billed through December 31, 2004.

3. *Inventories and Prepaid Items*

Inventories are valued at cost using the average cost method. The cost of governmental fund-type inventories is recorded as expenditures when consumed rather than when purchased. 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.

4. *Joint Venture*

The County is a party of one governmental fund joint venture agreement. This 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 Assets.

5. *Capital Assets*

Capital assets include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived assets that 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, water and sewer systems, and lighting systems. Capital assets are defined by the County as assets with an initial individual cost of more than \$5,000, or in the case of infrastructure assets with an initial cost of more than \$100,000, and for all categories of assets, an estimated useful life in excess of one year.

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement # 34, which requires the inclusion of infrastructure capital assets in local government's basic financial statements. In accordance with GASB #34, the County has recorded the value of all infrastructure acquired from 1980 to present and has included that value in the financial statements. The County has not reported any infrastructure acquired prior to January 1, 1980.

The County has chosen the modified approach for reporting the road, bridge, and stormwater subsystems of infrastructure assets 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.

When capital assets are purchased, they are capitalized and depreciated (with the exception of the infrastructure assets being reported under the modified approach) in the government-wide financial statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the government fund financial statements. Capital assets are valued at cost where historical records are available and at an estimated historical cost where no records exist. Donated capital assets are valued at their estimated fair value on the date received.

Improvements to capital assets that materially add to the value or extend the life of the asset are capitalized. Other repairs and normal maintenance are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Buildings, equipment, improvements, and infrastructure are depreciated using the straight-line method. Estimated useful lives are as follows:

Buildings	- 20 years
Improvements other than buildings	- 10 to 40 years
Light vehicles	- 2 to 5 years
Heavy vehicles and equipment	- 3 to 15 years
Infrastructure	- 40 to 80 years

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.

6. *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 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. All vacation pay and eligible sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. 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.

7. *Long-term Obligations*

Revenue bonds and other long-term liabilities directly related to and financed from proprietary funds are accounted for in the respective proprietary funds. All other County long-term debt is reported in the governmental column of the government-wide statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. 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. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, is reported as debt service expenditures.

8. *Fund Equity*

Fund equity is recognized as fund balance in governmental fund types, and as net assets in proprietary fund types. Certain fund equity may be reserved for a specific future use, or to denote unavailability for current operations. Designations of fund balance represent tentative management plans that are subject to change. Unless otherwise noted, fund balances and retained earnings (deficits) are unreserved and undesignated.

9. *Restricted Net Assets*

A portion of the County's net assets are 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. An

amount equal to these restricted assets, less related liabilities, is reported as restricted net assets (and identified as to purpose) on the government-wide Statement of Net Assets.

II. 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 Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds.” The details of the \$15,637,118 are as follows:

Unavailable deferred revenue	\$ 14,612,512
Deferred charges (issuance costs)	1,024,606
Net adjustment to increase total governmental funds to arrive at net assets governmental funds	<u>\$ 15,637,118</u>

Another element of reconciliation explains that “long-term liabilities that are not due and payable in the current period and are not reported in the funds”. The details of this \$170,928,777 are as follows:

Bonds payable	\$ 148,968,149
plus deferred amount for issuance costs	1,831,335
Less deferred charge for refunding	(260,947)
Capital lease	1,141,605
Special assessment debt	263,954
Compensated absences	8,778,858
Advance due to other government	<u>10,205,823</u>
Net adjustment to reduce – <i>total governmental funds</i> to arrive at net assets – governmental activities	<u>\$ 170,928,777</u>

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlay as expenditures. In the statement of activities the cost of those 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 and depreciation, and the proceeds is booked as a gain or (loss) on the sale.” The details of this \$56,284,574 difference are as follows:

Capital outlay	\$ 65,295,625
Depreciation expense	(8,251,893)
Disposition of capital assets (net book value)	<u>(759,158)</u>
Net adjustment to increase <i>net changes in fund balance – total governmental funds</i> to arrive at changes in net assets of governmental activities	<u>\$ 56,284,574</u>

Another element of that reconciliation states "the issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this \$54,893,880 difference are as follows:

Issuance of general obligation bonds	\$ 57,430,000
Issuance of advance due to other government	2,272,500
plus premium on long term bonds	1,919,898
Deferred charges	(523,516)
Principal repayments:	
General obligation debt	(5,469,371)
Advance due to other government	(646,159)
Capital lease	(89,472)
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at changes in net assets of governmental activities	<u>\$ 54,893,880</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The biennial budget for Clark County is adopted in accordance with the provisions of the Revised Code of Washington (RCW), as interpreted by the Budgeting, Accounting, and Reporting Systems (BARS) of the State of Washington, and on a basis consistent with generally accepted accounting principles. The Board of County Commissioners 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 official 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 the fund level for special revenue and capital project funds and on a department level for the General Fund. Personal service costs in each fund are controlled by position. The acquisition of capital items is approved on an item by item basis in accordance with a long-term capital acquisition plan.

Biennial budgets are amended during the budget years by supplemental appropriation resolutions that are approved by the Board during public meetings. Any revisions, which increase the total appropriation of any fund, are published in the official county newspaper (The Columbian) at least seven days before the public hearing. Revisions approved by the Board during 2004 consisted of awards and modifications of grants, the release of contingency funds to specific programs, and enhanced revenues supporting expanded program requirements. Department heads may transfer budget amounts between certain categories of expenditures (supplies and services) without approval of the Board as long as they do not exceed their total department/fund

B. Deficit Fund Equity

The following governmental funds exhibit deficit fund balances as of December 31, 2004:

CRESA Emergency Services Communication	\$ 1,422,719
Tri-Mountain Golf Special Revenue Fund	\$ 423,017
GIS Special Revenue Fund	\$ 35,843

The deficit in the *CRESA Emergency Services Communication Fund* was anticipated because of increased debt service payments. A funding plan is in place to reduce this deficit over the next several years.

The deficit in the *Tri-Mountain Golf Fund* resulted from a decrease in charges for services relating to a new contract with a private company to operate and manage the Tri-Mountain Golf Course.

The deficit in the *GIS Fund (Geographic Information System)* is being reviewed and a plan has been developed. The deficit was reduced slightly in 2003 and 2004.

The *Central Support Services Fund* is the only internal service fund that exhibits a deficit net asset balance as of December 31, 2004. The Central Support Services deficit of \$1,067,414 exists because the full costs of services are not being recouped. The deficit in Central Support Services was reviewed during 2004 and a plan was developed to help reduce the deficit. The deficit was reduced from \$3.3 million in 2003 to \$1.1 million in 2004, with plans in 2005 to further reduce or eliminate the deficit.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The Clark County Treasurer is empowered by the state to act as the fiduciary agent for the County (as Treasurer) and other 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 of Washington.

All receipts received by the Treasurer are deposited into qualified bank depositories as specified by the Washington Public Deposit Protection Commission. Investments may be made in the form of commercial paper, banker's acceptances, U.S. Treasury bills, 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 be transacted on the delivery versus payment basis.

1. *Deposits*

Cash and deposits consist of cash and cash equivalents on deposit with the Clark County Treasurer. As of December 31, 2004, the carrying value of deposits was \$69,855,866 and the bank balance was \$70,237,718.

All of the deposits are either covered by federal depository insurance or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission, and are classified under risk Category 1. Risk category 1 reflects

investments, which are insured, registered, or held by the County or its agent in the County's name.

Category 2 includes uninsured and unregistered investments for which the securities are either held by the financial institution's trust department or an agent in the County's name. Category 3 represents uninsured and unregistered investments for which securities are held by the financial institution, its trust department, or agent but not held in the County's name.

2. *Equity in pooled investments*

The County Treasurer administers and maintains an External Investment Pool for county and other jurisdictional governments within the County. This Pool currently has an average maturity of approximately nine months. County monies are invested by certain individual funds for the benefit of the respective fund. Remaining County monies are aggregated in a residual account, and invested in the pool for the benefit of the General fund.

Pooled investments include U.S. Treasury Notes, Federal Agencies, monies invested with the Washington State Local Government Investment Pool and a money market account. The carrying value of the County Pool on December 31, 2004 was \$416,857,946 of which \$52,908,548 is classified as deposits. The total carrying amount is characterized based on the relative risk assumed by the County.

	<u>Category 1</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Equity in Pooled Investments			
U.S. Treasury Notes	\$ 39,570,078	\$ 39,570,078	\$ 39,473,492
Federal Agencies	270,785,714	270,785,714	269,738,293
Subtotal	<u>310,355,792</u>	<u>310,355,792</u>	<u>309,211,785</u>

Investments not subject to categorization:

Washington State Investment Pool	53,593,606	53,593,606	53,593,606
Money Market Account	52,908,548	52,908,548	52,908,548
Total equity in pooled investments	<u>\$ 416,857,946</u>	<u>\$ 416,857,946</u>	<u>\$ 415,713,939</u>

3. *Investments*

Certain funds will direct the County Treasurer to invest funds into specific investment maturities outside of the Clark County Investment Pool. On December 31, 2004, the carrying amount of the specific investments was \$2,639,860 which is comprised of money market accounts and treasury securities. Clark County and other jurisdictional governments within the County had a total investment carrying value on December 31, 2004 of \$419,497,806 for both pooled and non-pooled investments.

	<u>Category 1</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Equity in Investments			
Money market accounts	452,860	452,860	452,860
Treasury securities - SLGS	2,187,000	2,187,000	2,187,000
Total equity in investments	<u>\$ 2,639,860</u>	<u>\$ 2,639,860</u>	<u>\$ 2,639,860</u>

4. *External Investment Pool*

The Clark County Treasurer's Office uses "Bloomberg", an on-line financial services system to determine the fair value of securities purchased on behalf of the Clark County Investment Pool. If

Bloomberg does not price a particular security, the Clark County Treasurer's Office obtains three quotes from broker/dealers to determine the fair 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.

Clark County does not report any securities at amortized cost. All securities are reported using the security's fair value. The Clark County Investment Pool is not SEC-registered. Authority to manage the Clark County Investment Pool is derived from the Revised Code of Washington (RCWs) in RCW 36.29.022. Regulatory oversight is provided by the Finance Committee, which by statute consists of the Treasurer as Chair, the Auditor as Secretary, and the Chair of the Board of County Commissioners. The committee approves the investment policy and makes all appropriate rules and regulations to carry out the provisions of RCW 36.48.010 through 36.48.060.

Clark County may use an investment advisor, depending on budgetary constraints, on at least an annual basis. During 2003, Clark County contracted with Public Financial Management, Inc. to review the investment portfolio and strategy on a quarterly basis. Clark County also utilizes an Intergovernmental Investment Pool Committee, which is made up of the largest pool participants from the junior taxing districts within Clark County. This committee meets on a quarterly basis, and assists in sharing information to other pool members regarding the pool strategy and the need for cash management information from the participants. The Treasurer's Investment Strategy Committee, which is made up of the Treasurer, the Deputy Treasurer, the Finance Manager, the Asset/Liability Manager, and a Senior Accountant, 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 reviews the fair value of the Clark County Investment Pool.

The fair value of the Washington State Treasurer's Investment Pool is the same as the value of the pool shares. The State Treasurer, Governor, State Auditor and Joint legislative audit and review committee provide regulatory oversight of the Washington State Treasurer's Investment Pool. There is no involuntary participation in the Clark County Investment Pool. All participants have the option of investing in the Pool, or requesting specific investment amounts and maturity dates for investments outside of the pool. The Clark County 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 of each share in the Pool, and is based on each funds' month-end investment balance. For 2004, the Clark County Treasurer's Office allocated and reported each participant's share of \$1,270,742 in unrealized losses. The Treasurer allocated and reported the change in fair value on at least a quarterly basis during 2004. The participants' shares are sold and redeemed at fair value, which is the same method used to report the pooled investments. 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 values of the shares.

Condensed Statement of Net Assets Year Ended December 31, 2004

Assets

Cash, cash equivalents, and pooled investments	\$	417,123,326
Total assets		417,123,326

Liabilities

Accrued Interest Payable		0
Total liabilities		0

Net assets held in trust for pool participants	\$	417,123,326
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The external investment pool has investments in Federal agencies and US Treasury securities. All investments are pooled together and the number of shares is equal to one share per one dollar of investment. The carrying amount of investments is the same as the fair value. An overall interest rate on all investments is calculated. Investment interest rates ranged from 1.19% to 2.28% in 2004, and averaged 1.72% for the year. The average maturity dates range from 99 to 494 days.

Condensed Statement of Changes in Net Assets Year Ended December 31, 2004
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Changes in net assets resulting from operations	\$	6,341,941
Distribution to participants		(6,341,941)
Changes in net assets resulting from depositor transactions		(59,560,072)

Net Assets Available

Beginning of year	\$	476,683,398
End of year		
Private purpose trust fund		64,539
Internal funds		177,183,677
External funds		239,875,110
total net assets available	\$	417,123,326

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

Checking Accounts	\$	16,947,318
Petty Cash		170,035
Deposits with Fiscal Agent		170,000
Deposits held in Trust		2,386,357
Fair Value of Pooled Investments		363,077,259
Fair Value of Investments out of pool		2,639,860
Accrued interest		1,135,734
Money Market (Pooled investments classified as deposits)		52,908,548
	\$	439,435,111
Cash, cash equivalents, pooled investments		173,995,483
Cash, cash equivalents, pooled investments - fiduciary		262,799,768
Investments		2,639,860
	\$	439,435,111

B. Property Taxes

Property tax revenues are recognized when they become available, meaning due or past due, and receivable within the current period. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied during October for the ensuing year, and 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 of from three to eleven percent, depending on the duration of delinquency.

Clark County bills and collects its own property tax, and also bills and collects property taxes for the State of Washington, cities and towns within the county, school districts, fire districts, cemetery districts, and port districts. Such collections are accounted for in Agency Funds. The County is permitted to levy taxes for general governmental services, subject to two limitations:

- a) Washington State law in RCW 84.55.010 limits the growth of regular property taxes to six percent per year, after adjustments for new construction. If the assessed valuation increases by more than six percent due to revaluation, the levy rate will decrease.
- b) The Washington State Constitution limits the total regular property taxes to one percent of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the one percent limit.

The County is also authorized to levy taxes in unincorporated areas for road construction and maintenance, which is subject to the same limitations as the levy for general government services. The maximum amounts which may be levied and the actual 2005 and 2004 levies for the General Fund and the County Roads Fund were (per \$1,000 of assessed value):

	Maximum Levy	2005 Actual Levy	2004 Actual Levy
General Fund	\$1.80	\$1.47	\$1.51
County Roads	\$2.25	\$2.04	\$2.11

C. Receivables

Receivables as of December 31, 2004 for the County's individual major funds, nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts, are shown in the following table.

	Taxes	Accounts	Special Assessments	Due from other Governments	Interest & Penalties	Total *
General Fund	\$ 1,699,740	\$ 2,083,079	\$ 0	\$ 913,840	\$ 3,790,797	\$ 8,487,456
County Roads	1,120,933	1,664,637	0	1,981,865	0	4,767,435
Mental Health	13,093	61,431	0	239,915	0	314,439
Community Services Grants	0	4,942	0	965,081	0	970,023
Campus Health District Facility	0	49,671	0	0	0	49,671
Nonmajor Governmental	89,370	2,242,316	928,156	3,313,098	0	6,572,940
Sanitary Sewer	0	9,356	0	146,851	0	156,207
Clean Water	0	587,845	0	115,802	0	703,647
Nonmajor Enterprise	0	424,473	0	159,854	0	584,327
Internal Service	0	545,504	0	1,284	0	546,788
sub-total	2,923,136	7,673,254	928,156	7,837,590	3,790,797	23,152,933
Fiduciary	10,828,413	1,288,660	0	208,766	0	12,325,839
Gross Receivables	\$ 13,751,549	\$ 8,961,914	\$ 928,156	\$ 8,046,356	\$ 3,790,797	\$ 35,478,772

* The total gross receivables do not equal the government-wide receivables, with a difference of \$318,291, because of the adjustment made for Interfund activity when eliminating fiduciary funds.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (General Fund)	\$5,490,537	
Property taxes receivable (Road Fund)	1,120,933	
Property taxes receivable (Mental Health)	13,093	
Property taxes receivable (other Governmental funds)	89,370	
Revenues received but not yet earned		69,674
Notes and contracts receivable not yet due	6,762,936	
Telephone revenue (General Fund)	183,397	
Special assessments not yet due	928,156	
Grants received prior to meeting all eligibility requirements		2,150,151
Miscellaneous General Fund	24,090	
Total deferred/unearned revenue for governmental funds.	<u>\$14,612,512</u>	<u>\$2,219,825</u>

D. Capital Assets

Capital asset activity for the year ended December 31, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 168,043,661	\$ 8,264,014	\$ 390	\$ 176,307,285
Infrastructure	366,757,360	72,348,449	2,274,154	436,831,655
Construction in progress	160,520,864	(56,111,023)	34,371	104,375,470
Total capital assets, not being depreciated	695,321,885	24,501,440	2,308,915	717,514,410
Capital assets, being depreciated:				
Buildings	72,590,925	29,980,582	127,855	102,443,652
Improvements other than buildings	39,694,009	14,114,967	31,942	53,777,034
Machinery and equipment	36,359,302	9,760,060	1,809,202	44,310,160
Infrastructure	2,378,468	1,386,455	0	3,764,923
Total capital assets being depreciated	151,022,704	55,242,064	1,968,999	204,295,769
Less accumulated depreciation for:				
Buildings	33,125,075	3,924,142	93,985	36,955,232
Improvements other than buildings	4,619,880	2,490,609	0	7,110,489
Machinery and equipment	20,410,731	3,432,672	777,622	23,065,781
Infrastructure *	16,020,776	133,594	0	16,154,370
Total accumulated depreciation	74,176,462	9,981,017	871,607	83,285,872
Total capital assets, being depreciated, net	76,846,242	45,261,047	1,097,392	121,009,897
Governmental activities capital assets, net	<u>\$ 772,168,127</u>	<u>\$ 69,762,487</u>	<u>\$ 3,406,307</u>	<u>\$ 838,524,307</u>
Depreciation expense was charged to functions as follows:				
General governmental services			\$ 5,964,710	
Judicial			122,223	
Public Safety			467,344	
Physical Environment			43,771	
Transportation			265,026	
Economic Environment			61,017	
Mental and physical health			148,543	
Culture and recreation			1,179,259	
			<u>8,251,893</u>	
Depreciation on capital assets held by the County's internal service funds is charged to various functions based upon their usage of the			<u>1,729,124</u>	
Total governmental activities depreciation expense			<u>\$ 9,981,017</u>	

* Governmental Infrastructure assets were first added in 2001, with the implementation of GASB #34. All infrastructure was depreciated until 2003, when the County chose to report road, stormwater, and bridge systems using the modified approach. The accumulated depreciation amount includes depreciation on infrastructure that is now classified as capital assets not being depreciated.

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets, not being depreciated				
Land - restated	\$ 26,233,775	\$ 1,226,427	\$ 254,417	\$ 27,205,785
Infrastructure - restated	48,948,704	1,185,463	521,711	49,612,456
Construction in progress	3,821,126	2,498,071	115,101	6,204,096
Total capital assets, not being depreciated	79,003,605	4,909,961	891,229	83,022,337
Capital assets, being depreciated:				
Buildings	400,781	0	0	400,781
Improvements other than buildings	76,045,093	11,218	0	76,056,311
Machinery and equipment	250,878	84,549	5,000	330,427
Infrastructure - restated	1,170,789	97,503	0	1,268,292
Total capital assets being depreciated	77,867,541	193,270	5,000	78,055,811
Less accumulated depreciation for:				
Buildings	207,810	8,648	0	216,458
Improvements other than buildings	9,002,344	1,430,581	0	10,432,925
Machinery and equipment	147,385	25,084	264	172,205
Infrastructure *	4,285,174	21,533	0	4,306,707
Total accumulated depreciation	13,642,713	1,485,846	264	15,128,295
Total capital assets, being depreciated, net	64,224,828	(1,292,576)	4,736	62,927,516
Business-type activities capital assets, net	<u>\$ 143,228,433</u>	<u>\$ 3,617,385</u>	<u>\$ 895,965</u>	<u>\$ 145,949,853</u>
Depreciation expense was charged to functions as follows:				
Sanitary Sewer **		\$ 1,388,054		
Solid Waste		29,879		
Water Quality		67,913		
Total business-type activities depreciation expense		<u>\$ 1,485,846</u>		

*Stormwater infrastructure was first added in 2001. All infrastructure was depreciated until 2003, when the County chose to report road, stormwater, and bridge systems using the modified approach. The accumulated depreciation amount includes depreciation on infrastructure that is now classified as capital assets not being depreciated.

** This differs from Depreciation operating expense shown on the Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets, which also includes bond discount / bond premium amortization.

E. Commitments

The County has several large construction commitments resulting from active construction projects as of December 31, 2004. These projects include construction of an exposition center at the fairgrounds, a new center for community health, a new taxation/assessment system, and the expansion and improvements of the sewer treatment plant.

Project	Project Budget	Spent-to-date	Remaining commitment
Clark County Fair Exposition Center	\$ 18,500,000	\$ 14,020,000	\$ 4,480,000
Campus Health District Facility	\$ 38,000,000	\$ 14,713,000	\$ 23,287,000
Taxation/Assessment System	\$ 5,400,000	\$ 12,000	\$ 5,388,000
Sewer Treatment Plant Expansion and Interceptor upgrades	\$ 71,000,000	\$ 4,759,000	\$ 66,241,000

F. Interfund Receivables, Payables and Transfers

Due to Other Funds	Due From Other Funds								
	General Fund	Road Fund	Comm. Services	Sanitary Sewer	Clean Water	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Total
General Fund		\$4,681		\$724	\$239	\$53,320	\$239	\$2,078	\$61,281
Road Fund						170		253	423
Comm. Service						88,481			88,481
Sanitary Sewer		69,456							69,456
Clean Water						37,000			37,000
Nonmajor	78,479	79	124,396			655,571		817,532	1,676,057
Internal service	180,294	229,181		5,578	499	137,625	207	8,759	562,143
Total Due to/ Due from	\$258,773	\$303,397	\$124,396	\$6,302	\$738	\$972,167	\$446	\$828,622	\$2,494,841

To	From	Amount
Road Fund	Road Guarantee Fiduciary Fund	
	(part of "Other Agencies" in Agency Statements)	\$ 318,291
REET Fund	CRESA Emergency Services	<u>1,422,719</u>
Total		<u>\$ 1,741,010</u>

Interfund operating transfers represent subsidies and contributions provided to operating funds and capital project funds with no corresponding debt or promise to repay. The purpose of the general fund transfers is to subsidize capital project activities and debt service. Operating transfers out of nonmajor governmental funds generally represent debt service and capital project funding. Interfund transfers between individual major funds, nonmajor governmental, nonmajor enterprise, and internal service funds of the County during the year ended December 31, 2004 are as follows:

Washington State Auditor's Office

During 2004, there were several significant non-routine and infrequent transfers. The General Fund transferred \$1.25 million to the Fair Fund to eliminate the deficit in that fund. The General Fund transferred \$950,000 to the Information Reserve Fund for a new point-of-sale cashiering system and a new voter registration system. The General Fund transferred \$740,000 to the Worker's Compensation fund to cover a large one-time pay out in that fund.

The County Road Fund (\$1 M) and the General Fund (\$2.6 M) transferred \$3.8 million to the Central Services Internal Service Fund to reduce the deficit in that fund due to non-recovery of full costs of services over the past several years. The Road Fund received three million dollars for road projects completed in the traffic impact fee districts during 2004.

G. Leases

1. *Operating Leases*

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, 2004 amounted to approximately \$1,466,940. The future minimum lease payments for these leases are:

Year Ending December 31	Amount
2005	\$ 953,000
2006	759,000
2007	520,000
2008	535,000
2009	535,000
Total	\$ 3,302,000

2. *Capital Leases*

The County has entered into a lease agreement as lessee for financing energy, plumbing and lighting savings improvements in various county buildings, with an interest rate 4.34%. The leased assets and related obligations are accounted for in the statement of net assets. The net capital lease amount shown below reflects the assets continuing to be financed through the capital lease. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, 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.

Net Capital Lease Amount	Governmental Activities
Buildings	\$ 1,318,500
Less Accumulated Depreciation	0
	\$ 1,318,500
 Minimum Capital Lease Payments	
2005	\$ 141,928
2006	141,929
2007	141,929
2008	141,928
2009	141,928
2010-2013	567,714
2014	141,929
<i>Total Minimum Lease Payments</i>	1,419,285
Less Interest	(277,680)
Present Value of Minimum Lease Payments	\$ 1,141,605

H. Long Term Debt

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 both governmental and business-type activities. The beginning balance of outstanding general obligation bonds issued in prior years was \$98,300,000. During the year, general obligation bonds totaling \$57,430,000 were issued to finance the costs of acquiring, equipping, furnishing and constructing improvements to various County facilities and system upgrades and to redeem the County's Limited Tax General Obligation Bond Anticipation Note, 2004.

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	<u>Amount Outstanding</u>
\$13,920,000 1994 Limited Tax General Obligation Bonds due in annual installments of \$1,200,000 to \$1,550,000 through 2005; interest from 5.5% to 6.75%. This issue is being serviced by the "911" CRESA Special Revenue Fund (27%) and the Conservation Futures Capital Fund (73%). This issue was refunded in May, 2003	1,500,000
\$9,535,000 1996 Limited Tax General Obligation and Refunding Bonds due in annual installments of \$210,000 to \$443,000 through 2006; interest from 4.8% to 5.1%. This issue is being serviced by the Real Estate Excise Tax Capital Fund for the General Obligation Bonds. The Refunding Bonds are being serviced with revenues derived from the General Fund (75%) and the Sewer Enterprise Fund (25%). This issue was refunded in October, 2003.	1,060,000
\$13,490,000 1996 Limited Tax General Obligation Bonds due in annual installments of \$1,225,000 to \$1,425,000 through 2006; interest from 4.8% to 5.1%. This issue is being serviced by the "911" CRESA Special Revenue Fund. This issue was refunded in October, 2003.	2,780,000
\$7,985,000 1997 Limited Tax General Obligation Bonds due in annual installments of \$130,000 to \$520,000 through 2027; interest from 4.455% to 5.75%. The Tri-Mountain Golf O & M Special Revenue Fund is servicing this issue.	7,120,000
\$20,415,000 1998 Limited Tax General Obligation Bonds due in annual installments of \$320,000 to \$1,740,000 through 2018; interest from 4.50% to 5.0%. The Conservation Futures II Capital Fund (51%) and the Real Estate Excise Tax Capital Fund (49%) service this issue.	18,270,000
\$6,400,000 1999 Limited Tax General Obligation Bonds due in annual installments of \$235,000 to \$425,000 through 2018; interest from 4.0% to 5.0%. This issue is being serviced by the Real Estate Excise Tax Capital Fund (89%), Tri-Mountain Golf O & M Special Revenue Fund (4%), and the General Fund (7%).	4,500,000
\$3,000,000 1999 Limited Tax General Obligation Bonds due in annual installments of \$90,000 to \$240,000 through 2019; interest from 5.0% to 5.6%. The General Fund services this issue.	2,505,000

\$37,090,000 2001 Limited Tax General Obligation Bonds due in annual installments of \$50,000 to \$3,065,000 through 2026, interest from 4.125% to 5.125%. This issue is being serviced by the Real Estate Excise Tax Capital Fund.	37,040,000
\$2,780,000 2002 Limited General Obligation Refunding Bonds due in annual installments of \$85,000 to \$645,000 through 2013, interest from 3.0% to 4.3%. This issue is being serviced by the General Fund.	1,765,000
\$11,835,000 2003 Limited Tax General Obligation and General Obligation Refunding Bonds due in annual installments of \$210,000 to \$2,040,000 through 2023, interest from 2.0% to 4.75%. The \$7,440,000 new issue is being serviced by the Capital Project Real Estate Excise Tax Fund, Tri-Mountain Golf O & M Special Revenue Fund, Central Support Services Fund, and CAD 800 MHz System Replacement Fund. The \$4,395,000 1994 LTGO refunding issue is being serviced by Conservation Futures Capital Project Fund and "911" CRESA Special Revenue Fund.	10,895,000
\$5,395,000 2003 Limited Tax General Obligation Refunding Bonds due in annual installments of \$60,000 to 615,000 through 2016, interest from 2.0% to 4.1%. This issue is being serviced by the Capital Project Real Estate Excise Tax Fund and the "911" CRESA Special Revenue Fund. This issue refunded portions of the 1996A and 1996B LTGO issues.	5,335,000
\$55,620,000 2004 Limited Tax General Obligation bonds due in installments of \$500,000 to \$3,845,000 through 2034, interest from 3.0% o 5.25%. This issue is being serviced by the General Fund, the Health District Campus Facility Capital Projects Fund, the Exhibition Hall Dedicated Special Revenue Fund and the Conservation Futures Capital Project Fund.	55,620,000
\$1,810,000 2004 Limited Tax General Obligation bonds due in installments of \$165,000 to \$235,000 through 2013, interest from 4.0% to 4.63%. This issue is being serviced by the CHIF Special Revenue Fund.	1,810,000

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

Year Ending December 31	Governmental Activities		Business-type	
	Principal	Interest	Principal	Interest
2005	\$ 6,448,149	\$ 7,735,988	\$ 146,851	\$ 7,343
2006	6,355,000	6,954,709	0	0
2007	5,545,000	6,440,224	0	0
2008	5,435,000	6,255,464	0	0
2009	5,605,000	6,055,695	0	0
2010-2014	29,240,000	26,844,628	0	0
2015-2019	32,700,000	19,432,659	0	0
2020-2024	30,905,000	11,761,204	0	0
2025-2029	21,175,000	3,846,161	0	0
2030-2034	6,645,000	976,125	0	0
Totals	<u>\$ 150,053,149</u>	<u>\$ 96,302,857</u>	<u>\$ 146,851</u>	<u>\$ 7,343</u>

Special Assessment Bonds

The government also issues special assessment bonds for the construction of roads and like improvements in certain areas. These bonds will be repaid from amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the County must provide the resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. At December 31, 2004, special assessment receivables of \$116,627 were considered delinquent. The special assessment bonds outstanding are as follows:

<u>Description</u>	<u>Amount Outstanding</u>
\$582,338 R.I.D. No. 15/16 Special Assessment Bond due in 2014; interest at 5.5% to 7%. These bonds are being serviced by R.I.D. No. 15/16 Debt Service Fund from special assessments levied.	145,000
\$198,261 R.I.D. 17 Special Assessment Bonds due in 2016; interest at 4% to 6.3%. These bonds are serviced by R.I.D. No. 17 Debt Service Fund from special assessments.	80,000
\$73,954 R.I.D. 18 Special Assessment Bonds due in 2019; interest at 6.35%. These bonds are serviced by R.I.D. No. 18 Debt Service Fund from special assessments and will be repaid over 15 years.	38,954

Annual debt service requirements to maturity for special assessment bonds are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 0	\$ 25,644
2006	0	25,644
2007	0	25,644
2008	0	25,644
2009	0	25,643
2010-2014	145,000	78,260
2015-2019	<u>118,954</u>	<u>28,260</u>
Totals	<u>\$ 263,954</u>	<u>\$ 234,739</u>

Revenue Bonds

The County also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. The beginning balance of outstanding bonds issued in prior years was \$37,600,000. These bonds are serviced by the Sanitary Sewer enterprise fund. Within the revenue bond covenants for these particular bonds (which refer to a three-way interlocal agreement between Clark County, Hazel Dell Sewer District, and the City of Battle Ground), Hazel Dell Sewer District is committed to pay to the County 100% of the debt service on these bonds. The interlocal agreement further commits the City of Battle Ground to pay their portion of debt service (Hazel Dell Sewer District and the City of Battle Ground are the only two wholesale customers of the Treatment Plant for which these bonds were issued). In 2004, the City of Battle Ground prepaid \$7,341,480, for costs associated with paying their entire remaining portion of debt service on these bonds. \$6,765,000 in bond principal was defeased at the time of this payment. In 2004, Revenue bonds outstanding at year-end, serviced by the Sewer enterprise fund, are as follows:

<u>Description</u>	<u>Amount Outstanding</u>
\$9,100,000 1995 Sewer Fund Revenue Bonds due in annual installments of \$340,000 to \$415,000 through 2005; interest from 5.2% to 5.55%.	340,000
\$45,395,000 1996 Sewer Fund Revenue Bonds due in annual installments of \$1,610,000 to \$2,085,000 through 2006; interest from 4.85% to 6.0%.	3,325,000
\$5,425,000 2001 Refunding Sewer Revenue bonds due in annual installments of \$80,000 to \$640,000 through 2015; interest from 3.2% to 4.75%.	4,380,000
\$25,765,000 2001 Refunding Sewer Revenue bonds due in annual installments of \$245,000 to \$3,155,000 through 2016; interest from 3.2 % to 5.25%.	20,930,000

Revenue bond debt service requirements to maturity are as follows:

Year Ending December 31	Principal	Interest
2005	\$ 1,955,000	\$ 1,451,483
2006	2,070,000	1,339,750
2007	2,050,000	1,222,750
2008	2,150,000	1,124,000
2009	2,250,000	1,026,400
2010-2014	12,935,000	3,437,487
2015-2016	5,565,000	425,275
Totals	<u>\$ 28,975,000</u>	<u>\$ 10,027,145</u>

In Proprietary funds, unamortized debt issuance costs are recorded as deferred charges and bonds are displayed net of premium or discount; annual interest expense is decreased by amortization of debt issue costs and discounts.

Advance Due to Other Governments

The County also receives loans from other governments. During 2004, the County drew down from five existing loans for a total increase of \$992,500. In addition, the County received three additional loans authorized at \$6,400,000, of which only \$1,280,000 was received in 2004. All of these funds were used for county road projects during 2004. With the acceptance of these loans, the County has fourteen low-interest (.05% and 2%) loans from the State Department of Community Development Public Works Trust Fund that will be repaid within 20 years in annual installments on each loan ranging from \$12,695 to \$152,632. The funds from these loans were used for sewer improvement projects or county road projects. These loans will be paid back by the Sewer Enterprise Fund and the County Road Fund.

Additionally, a loan from the State Department of Transportation for Chelatchie Railroad improvements is also outstanding. This loan is interest free with annual payments of \$13,397 ending in 2008. 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
2005	\$ 699,924	\$ 50,497	\$ 286,885	\$ 20,640
2006	767,293	47,329	286,885	17,303
2007	548,543	43,559	286,885	13,966
2008	548,543	40,883	286,885	10,629
2009	535,146	38,208	240,059	7,292
2010-2014	2,675,731	150,903	489,125	10,372
2015-2019	2,675,731	84,009	0	0
2020-2024	1,754,912	19,381	0	0
Totals	<u>\$ 10,205,823</u>	<u>\$ 474,769</u>	<u>\$ 1,876,724</u>	<u>\$ 80,202</u>

Prior Year Defeasance of Debt

In prior years, the County defeased certain sewer revenue and general obligation bonds by placing the proceeds of the new bonds 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 is not included in the County's financial statements. At December 31, 2004, \$48,270,000 of bonds outstanding are considered to be defeased.

Changes in Long Term Liabilities

The following is a summary of the long-term debt transactions of Clark County for the year ended December 31, 2004:

	Beginning Balance	New Issues	Retirements	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
General obligation bonds	\$ 98,012,520	\$ 57,430,000	\$ 5,389,371	\$ 150,053,149	\$ 6,448,149
Special assessment bonds	408,954	0	145,000	263,954	0
Less deferred amounts					
For issuance discounts/premiums	(74,998)	1,919,897	13,564	1,831,335	0
On refunding	(253,456)	0	7,491	(260,947)	0
Total bonds payable	98,093,020	59,349,897	5,555,426	151,887,491	6,448,149
Capital lease	1,231,077	0	89,472	1,141,605	93,396
Claims and judgements	1,298,557	1,926,936	597,554	2,627,939	15,421
Advances due to other governments	8,579,482	2,272,500	646,159	10,205,823	699,924
Compensated absences - restated	10,303,268	10,994,648	12,033,353	9,264,563	926,456
Governmental activity long term liabilities	\$ 119,505,404	\$ 74,543,981	\$ 18,921,964	\$ 175,127,421	\$ 8,183,346
Business-type activities					
Bonds payable					
General obligation bonds	\$ 287,480	\$ 0	\$ 140,629	\$ 146,851	\$ 146,851
Revenue bonds	37,600,000	0	8,625,000	28,975,000	1,955,000
Less deferred amounts					
For issuance discounts/premiums	421,212	0	31,196	390,016	31,196
On refunding	(1,688,357)	0	(562,786)	(1,125,571)	(562,786)
Total bonds payable	36,620,335	0	8,234,039	28,386,296	1,570,261
Advance due to other governments	2,163,608	0	286,884	1,876,724	286,885
Compensated absences	164,750	538,495	534,088	169,157	16,916
Business-type activity long term liabilities	\$ 38,948,693	\$ 538,495	\$ 9,055,011	\$ 30,432,177	\$ 1,874,062

For governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund. The County is limited to a non-voted debt capacity of 1½% and a voted debt capacity of 2½% of the assessed valuation. At December 31 2004, the remaining non-voted capacity was \$295,981,936 and the remaining voted and non-voted capacity was \$739,799,861.

I. Short Term Debt

During the year, the County obtained a tax anticipation note authorized at \$5,000,000 for the purpose of paying expenditures of the County's General Fund and other funds pending the receipt of taxes and other revenues. This note is drawn down as needed, similar to a line of credit. The following funds shared in the borrowing: GIS, Planning and Code, Family and Youth Resources, Admin/Grants Management, Community Services, Alcohol and Drug Abuse, Children's Care, Purchasing, Retirement Benefits and Radio ER&R.

Also, the County obtained a \$10,000,000 tax anticipation note for the purpose of paying expenditures of the County's Road Fund pending the receipt of taxes and grants. Similarly, the County issued a bond anticipation note (BANs) for the Community Services Grant (CHIF) Special Revenue Fund not to exceed \$2,000,000. This note was repaid with the 2004B Limited Tax Issue. Further, the Building Construction Capital Fund exposition hall project was initially financed with a

bond anticipation note (BANs) not to exceed \$18,500,000. This note was refinanced with the 2004A Limited Tax Bond Issue.

Additionally, several funds issued registered warrants to provide resources in advance of property tax collections and grant receipts. Short term debt activities for the year ended December 31, 2004 was as follows:

	Beginning Balance	Proceeds	Repayment	Ending Balance
Tax Anticipation Note (line of credit)	\$ 5,000,000	\$ 9,663,679	\$ 13,351,177	\$ 1,312,502
Road Fund Line of Credit	0	25,701,234	25,701,234	0
Community Services Grant Fund - BANs	0	1,275,000	1,275,000	0
Building Construction Fund - BANs	0	10,109,000	10,109,000	0
<i>Registered Warrants</i>				
Road Fund	0	423,280	423,280	0
Weed Management Fund	0	902	902	0
GIS Fund	0	556,707	556,707	0
Community Service Grants	537	228,793	229,330	0
General Services	128,898	2,955,376	3,084,274	0
Server ER&R Fund	0	17,484	17,484	0
Radio ER&R Fund	0	10,741	10,741	0
Total Short term Debt	\$ 5,129,435	\$ 50,942,196	\$ 54,759,129	\$ 1,312,502

V. OTHER INFORMATION

A. Pension Plans

Substantially all County full time employees and qualifying part-time employees participate in one of the following statewide public employee retirement systems administered by the Washington Department of Retirement Systems (DRS), under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The Department of Retirement Systems, 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 98504-8380. The following disclosures are made pursuant to GASB Statement 27, *Accounting for Pensions by State and Local Government Employers*.

1. *Public Employees' Retirement System (PERS) Plans 1, 2 and 3*

Plan Description

PERS is a cost-sharing multiple employer retirement system comprised of three separate plans for membership purposes: Plan 1 and 2 are defined benefit plans and Plan 3 is a combination of defined benefit/defined contribution plan.

Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not in national higher education retirement programs; judges of district and municipal courts; and employees of local governments. PERS participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by

either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 1 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The annual pension is 2 percent of the average final compensation per year of service, capped at 60 percent. The average final compensation is based on the greatest compensation during any 24 eligible consecutive compensation months. If qualified, after reaching the age of 66 a cost-of-living allowance is granted based on years of service credit and is capped at 3 percent annually.

Plan 2 retirement benefits are vested after an employee completes five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service, or at the age of 55 with 20 years of service, with an allowance of 2 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 2 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at 1 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 3 members become eligible for retirement if they have: at least ten years of service; or five years including twelve months that were earned after age 54; or five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2. The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Employee Retirement Benefits Board.

There are 1,168 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2003:

Retirees and Beneficiaries Receiving Benefits	65,362
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	20,001
Active Plan Members Vested	100,469
Active Plan Members Non-vested	54,081
Total	239,913

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates and Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at six percent and do not vary from year to year. The employee and employer contribution rates for Plan 2 and employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefits portion of Plan 3. All employers are required to contribute at the level established by the Legislature. PERS Plan 3 defined contribution is a non-contributing plan for employers. Employees who participate in the defined contribution portion of PERS plan 3 do not contribute to the defined benefit portion of PERS Plan 3. The Employee Retirement Boards sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent;; two of the options are graduated rates dependent on the employee's age. The methods used to determine the contribution rates are established under state statute in accordance with chapter 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2004, were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	1.38%	1.38%	1.38%**
Employee	6.00%	1.18%	***

* The employer rates include the employer administrative expense fee currently set at 0.19%.

** Plan 3 defined benefit portion only.

*** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Both the County and the employees made the required contributions. The County's required contributions for the years ended December 31, were:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2004	\$ 100,454	\$ 869,700	\$ 97,071
2003	\$ 100,121	\$ 840,881	\$ 57,722
2002	\$ 107,894	\$ 825,396	\$ 1,603

2. Law Enforcement Officers and Fire Fighters' Retirement System (LEOFF)

Plan Description

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. Membership in the system includes all full-time, fully compensated, local law enforcement officers and firefighters. LEOFF is comprised primarily of non-state employees. LEOFF participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members. Effective January 1, 2003, the LEOFF Plan 2 Retirement Board was established to provide governance of LEOFF Plan 2. The Board's duties including adopting contribution rates and recommending policy changes to the Legislature for the LEOFF Plan 2 retirement plan. Effective January 1, 2003 firefighter emergency medical technicians (EMT's) may transfer PERS plan 1 or Plan 2 service credits to LEOFF Plan 2 if while employed for the county, the EMT's job was relocated to a fire department from another city, town, county, or district. LEOFF defined benefit retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through state legislative appropriations. LEOFF retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 1 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary is as follows:

Term of Service	Percent of Final Average Salary
20 or more years	2.0%
10 but less than 20 years	1.5%
5 but less than 10 years	1.0%

The final average salary 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 10 years of service. If membership was established in LEOFF after February 18, 1974, the service retirement benefit is capped at 60 percent of final average salary. A cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index).

Plan 2 retirement benefits are vested after an employee completes five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of 2 percent of the final average salary per year of service. The final average salary is based on the highest consecutive 60 months. Plan 2 retirements prior to the age of 53 are reduced 3 percent for each year that the benefit commences prior to age 53. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

There are 368 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2003:

Retirees and Beneficiaries Receiving Benefits	8,370
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	453
Active Plan Members Vested	11,548
Active Plan Members Non-vested	4,003
Total	24,374

Funding Policy

Starting on July 1, 2000, Plan 1 employers and employees will contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. Plan 2 employers and employees are required to pay at the level adopted by the Department of Retirement Systems in accordance with 41.45 RCW. All employers are required to contribute at the level required by state law. The Legislature, by means of a special funding arrangement, appropriated 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 requirements of the Pension Funding Council. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute. The methods used to determine the contribution rates are established under state statute in accordance with chapters 41.26 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payrolls, as of December 31, 2004, were as follows:

	LEOFF Plan 1	LEOFF Plan 2
Employer*	19.00%	3.25%**
Employee	0.00%	5.09%
State	N/A	2.03%

*The employer rates include the employer administrative expense fee currently set at 0.19%.

** The employer rate for ports and universities is 5.28%.

Both the County and the employees made the required contribution. The County's required contributions for the years ended December 31, were:

	LEOFF Plan 1	LEOFF Plan 2
2004	\$588	\$285,522
2003	\$884	\$256,006
2002	\$1,155	\$232,223

B. Deferred Compensation Plan

The County maintains a deferred compensation plan for all full-time employees in accordance with the provisions of Internal Revenue Code (IRC) Section 457. Section 457 requires that the assets and income of the plan 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 has 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 the investing functions for this plan, therefore, this plan is not shown in the County's financial statements.

As of December 31, 2004, 1013 participants were enrolled having accumulated deposits with a fair value of \$26,908,189.

C. Post Employment Health Care Benefits

In addition to the pension benefits described, the County provides all of the health insurance benefits for retired public safety employees. Substantially all County LEOFF I employees may become eligible for these benefits if they reach normal retirement age while working for the County. These 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 premiums for life.

There are 55 retired participants eligible to receive these benefits. The County's contributions are financed on a pay-as-you-go basis, i.e., the cost of retiree medical benefits are recognized as an expense when premiums are paid. In 2004, \$421,858 of the \$623,317 total expense was recognized in the Retirement/Benefits Reserve Fund for post employment health care.

D. Joint Ventures

The County has entered into one joint venture with the City of Vancouver and other local governments in the establishment and operation of the Clark Regional Emergency Services Agency (CRESA). Control of this joint venture is shared equitably by the controlling organizations. This entity is reported as a governmental fund joint venture. As such, the County's share of ownership is reported in the governmental activities column of the Statement of Net Assets, as a capital asset. CRESA was created by agreement under the Inter-local Cooperation Act (RCW 39.34) between Clark County and various cities and other political districts. The purpose of the Agency 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 45% interest in the equity and operations of the Agency. Separate financial statements for the joint venture can be obtained from CRESA, 710 W. 13th Street, Vancouver, Washington 98660.

The County's share of 2004 net income was \$ 78,415 for a total equity interest of \$455,491 at the end of 2004. Long term liabilities of \$5,833,990 in CRESA consist of a pension fund liability, which is fully funded and a capital lease payable liability.

E. Assets In Safe Keeping

In December 1999, the County and the City consolidated their parks operations. The County has transferred its park impact fee funds to the City and the City will expend them on park projects in the coming years. These impact fees have been recorded as assets in safekeeping until such time as the parks are purchased and recorded as capital assets in the County's Statement of Net Assets.

F. Transportation Impact Fees

In 1990, Clark County adopted an impact fee ordinance to ensure that adequate facilities are available to serve new growth and development. An impact fee is levied on developers as a condition of issuance of a building permit or development approval. In addition, the developer may be entitled to a non-refundable credit against the applicable impact fee component for the fair value of appropriate dedications of land, improvements or new construction of system improvements provided by the developer. The amount of such dedications in 2004 was \$2,666,952. In the event that the amount of the credit is calculated to be greater than the amount of the impact fee due, the developer may apply the excess credit toward impact fees imposed on other developments within the same service area. The amount of credits applied toward impact fees in 2004 was \$2,874,182. The amount of credits that may be applied against future impact fees was \$4,879,272 at December 31, 2004.

G. Risk Management

Clark County is a member of the Washington Counties Risk Pool ("Pool") which was formed August 18, 1988 when counties in the state of Washington joined together by signing an interlocal agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Chapter 48.62 RCW authorizes the governing bodies of governmental entities to form together into or join a pool or organization for the joint purchasing of insurance and/or joint self-insuring, and/or the joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. The agreement to form the Pool was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Pool is presently comprised of twenty eight counties.

The Pool allows its member counties to establish a plan of self-insurance, jointly purchase excess insurance or reinsurance, and provide related services. All Pool joint self-insurance liability coverage, including public officials' errors and omissions, are on an "occurrence" basis. The Pool has also arranged for property and special events/concessionaires insurance coverage to be purchased as group purchase options for its member counties.

Member counties contract initially to remain in the Pool for five years, then renew annually automatically. Following the initial 5-year commitment, a county may terminate its Pool membership at the conclusion of any Pool fiscal year if the county has timely provided the required notice. Even after termination, a member county is responsible for contributions to the Pool for any unresolved, unreported, and in-process claims from the period(s) that it was a signatory to the interlocal agreement.

The Pool is governed by a board that is comprised of one director (and one or more alternates) appointed by each participating member county from the county's own officials or employees. An executive committee is selected by the governing board from the directors and alternates at the annual meeting that is responsible for overseeing the business affairs of the Pool.

Since the Pool is a cooperative program, there is contingent liability among the participating member counties. Claims that are filed with the Pool are subject to the deductible amount selected by the filing county. Member deductibles range from \$10,000 to \$500,000 per occurrence. The County has a \$500,000 deductible. The Pool, which is fully funded by the annual assessments contributed by its member counties, acquires reinsurance and excess insurance policies from unrelated underwriters with a self-insured retention of \$100,000 per occurrence. The member counties are responsible for amounts within their deductibles for each claim and the Pool is responsible for any difference remaining up to the \$100,000 self-insured retention. The reinsurance and excess insurance carriers cover all losses exceeding the Pool's \$100,000 retention or the member county's deductible, whichever is greater, to the maximum limits of their policies.

RCW 48.62.141 and the Interlocal Agreement provide for the contingent liability of participants in the program if assets of the program are insufficient to cover the program's liabilities. Deficits of the Pool are financed through retroactive assessments to member counties, but none of the present retroactive assessments are pertinent to Clark County.

1. *General Liability Insurance*

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs).

The following schedule reconciles the current year and the prior year claim liability:

	2004	2003*
Beginning claims liability	\$2,681,520	\$1,990,039
Claims incurred during the year (including IBNRs)	543,973	1,146,628
Payments made on claims and changes in prior year estimates	(597,554)	(455,146)
Ending claims liability - 2003 restated	<u>\$2,627,939</u>	<u>\$2,681,520</u>

As of December 31, 2004, the County had current assets in the General Liability Insurance Fund of \$2.8 million.

2. Other Self-Insurance Funds

The County is self-funded for unemployment insurance claims and for most industrial insurance (worker's compensation) claims. Current assets set aside at December 31, 2004 for these claims are \$2.7 million and \$523,000 respectively. There were no significant claims outstanding against these assets at December 31, 2004. The County maintains a \$400,000 commercial policy for excess worker's compensation claims. There was a workers compensation settlement for \$559,802 in 2004, so \$159,802 of this claim exceeded the excess insurance coverage. There were no other settlements that exceeded the insurance coverage for each of the past three years. No significant reduction in insurance coverage occurred during the year.

H. Contingent Liabilities

The County participates in several Federal, State, and local grant programs. These grants are subject to an annual audit examination that includes compliance with granting agency terms and provisions, and with Federal and State regulations. Failure to adequately comply with the provisions could result in a requirement to repay funds to the granting agency. Disallowed expenditures cannot be determined at this time, although it is expected that such amounts would be immaterial.

The County has been named as a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the County is of the opinion that present reserves are available to adequately cover potential settlements without adversely affecting the financial condition of the County.

I. GASB 18 - Accounting For Solid Waste Landfill Closure And Postclosure Costs

GASB 18 establishes the standards for accounting and financial reporting for municipal solid waste landfill closure and post closure care costs. This statement applies to the owners and operators of landfills. The County does not own or operate a landfill, but rather, in 1988 entered into a Solid Waste Reduction and Disposal Agreement with the private owner of the landfill to direct the flow of solid waste and establish a landfill reserve fund. The solid waste closure fund was established by the County for the sole purpose of accumulating disposal fees collected by the landfill operator and other resources designated to pay for environmental compliance, closure and self-insurance of the solid waste landfill. The likelihood of the County incurring costs associated with ongoing monitoring of the landfill is remote; accordingly no liability is reflected in the County's financial statements.

J. Prior Period Adjustments

A net prior period adjustment of (\$107,547) was made to the County Road Major Special Revenue Fund for State Department of Transportation grant revenues that related to costs incurred in prior years of \$114,889. The DOT grants limit the amount that can be billed by phase (design, engineering, construction, etc.). However, on the last billing we are allowed to recover as much of our eligible costs as possible by applying the balances remaining in one phase against any phase in which we spend out the amount authorized. In addition, (\$60,632) was refunded to DOT for the Betts Bridge project and the signal at 78th street project which was terminated for the recovery of grant overpayments from 2003. An adjustment was made for a credit memo of (\$217,371) for a duplicate invoice which was not recorded in the general ledger. Finally, a prior year adjustment of \$55,567 was recorded for the closure of a county road improvement project of the Road Fund. The special assessment was never levied because the project was abandoned and the developer was

refunded his original deposit. Therefore, grant revenues and receivables were overstated in 2003 by the net prior period adjustments of (\$107,547).

Parks Dedicated ¼% REET Capital Project fund reports a prior period adjustment of \$375,662 relating to State Office of Interagency Committee grants for parks projects that are typically awarded a year or so after the parks projects are completed. Therefore, these reimbursements relate to expenditures from prior years.

The Real Estate Excise Tax (REET) Capital Fund reports a prior year adjustment of \$522,103. The REET fund has reported a liability for the public share match for parks impact fees collections since 2000 but has subsequently received grants to meet the public match obligation.

A prior period adjustment in the Equipment Rental and Revolving Internal Service Fund for (\$249,574) was recorded for contributed assets from the Health Department which were recorded in 2003 at their historical cost rather than at their estimated fair value. A \$14,000 prior period adjustment was also recorded for vehicles which were sent to the State auction in 2003 but the proceeds from the sale of those assets was never recorded in 2003. A net prior period adjustment of (\$235,574) was recorded.

A prior period adjustment of \$471,261 was recorded in the Major Maintenance Fund for contract work performed on building improvements in prior years. This amount was part of a project that was completed and recorded as a capital asset in 2004.

A prior period adjustment of \$15,870,512 was recorded in the Enterprise Clean Water Major Fund. This represents storm water detention facilities that were recognized as capital assets in 2004, but were contributed to the County by developers in prior years.

A prior period adjustment for \$7,672,563 was recorded in the following funds in accordance with the policy adopted in 2004 by the Board of County Commissioners regarding compensated absences. The Board adopted this policy to be consistent with GASB Interpretation No. 6 "*Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Statements*". Interpretation No. 6 was issued in conjunction with GASB # 34 to clarify the modified accrual recognition of certain liabilities and expenditures, in particular compensated absences. Interpretation No 6 states: "Liabilities for compensated absences . . . should be recognized as governmental fund liabilities to the extent that they mature each period. The accumulation of financial resources in a governmental fund for eventual payment of unmatured liabilities (for example, compensated absences) does not constitute an outflow of current financial resources or result in the recognition of an additional governmental fund liability or expenditure". Interpretation No. 6 stated that it did not intend either to promote or discourage funding policies followed by individual governments. Therefore the Board adopted a policy to remove any compensated absence liabilities from governmental funds and designate 25 per cent of fund balance for future compensated absence payouts.

Fund	Prior period adjustment amount
General Fund	\$5,502,690
County Roads	702,188
Mental Health	133,284
Community Services Grant	258,499
Other governmental funds	1,075,902
	\$7,672,563

A prior period adjustment of \$72,015,555 was recorded on the Government-Wide Statement of Activities. Governmental Accounting Standard Board Statement No. 33 – “*Accounting and Financial Reporting for Nonexchange Transactions*” was issued to help clarify for local governments about when (in which fiscal year) to report the results of nonexchange transactions involving cash and other financial and capital resources. Under GASB #33, a nonexchange transaction is when a government gives (or receives) value without directly receiving (or giving) equal value in return. Property taxes are an example of a nonexchange transaction and GASB #33 clarified the recording of property tax revenues and receivable.

We have been using guidance from the 1981 National Council on Government Accounting Interpretation (NCGA) No. 3 which indicated that we could record the amount for property tax receivable in the year when the taxes are assessed. For example, the County assesses taxes in 2004 for 2005. Under past practices we would record 2005 property taxes as receivable in 2004 and would also record an offset in deferred revenue, even though the revenue was not collected until the following year.

Under GASB #33, it further clarified NCGA Interpretation No. 3 on when to record property tax receivable and property tax revenues. In order to comply with GASB #33, we did not report the 2005 property tax assessment as receivables or as deferred revenue on the fund balance sheets or the government-wide statement of net assets in 2004. Since the change (from the previous year) in deferred revenue is added to the government-wide statement of activities as a conversion item, we recorded a \$72,015,555 prior period adjustment (due to the restatement of deferred revenue in 2003).

K. Related Parties Transaction

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 define by law. The CCPFD is made up of five directors. Two are appointed by the Clark County Commissioners, two appointed by the Vancouver City Council and one member appointed by the other directors.

In 2003, the CCPFD and the City of Vancouver Public Facilities District entered into an interlocal agreement to transfer ninety-seven percent of the State sales tax revenue received by the County PFD to the City's public facilities district to support the Vancouver Convention Center. The remainder of the sales tax revenue goes to support the construction and maintenance of the County Fairgrounds expo center.

Under the interlocal agreement, the Vancouver PFD agrees to pay the CCPFD each year 75% of the “surplus” revenues from the convention center project up to \$450,000 provided that payment doesn't exceed the amount the CCPFD transferred to the City PFD for that year. In addition, following the final payment on the Vancouver conference center bonds or the end of the sales and use tax collection, the CCPFD shall be paid annually 70% of the “surplus” revenue for the prior year up to a maximum 25% of the amount carried forward balance.

At the end of 2004, the CCPFD has a note receivable amount of \$757,000 plus accrued interest receivable of \$21,473 from the City PFD.

L. Special Items

The Sanitary Sewer Major Enterprise Fund reports a special item of \$7,341,480 for the advance payment from the City of Battle Ground to defease their portion of the sewer revenue bonds. The

City and Hazel Dell Sewer District are responsible for the principal and interest payments on the sewer revenue bonds, through a three way interlocal agreement.

M. Subsequent Events

On April 5, 2005 the County refinanced \$24,985,000 General Obligation debt issues to take advantage of lower interest rates. The refunding bonds include the 1997 G.O. bonds issued for the Tri-Mountain golf course, 1998 G.O. bonds issued for Conservation Futures and Jail Work Center and the 1999 G.O. bonds issued for the Fairgrounds Fire Facility.

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

	<u>2003</u>	<u>2004</u>
Roads Subsystem	81.5%	81.5% *
Stormwater Subsystem	93.5%	93.5% *
Bridges	92.7%	92.8%

Percentage of Infrastructure Assessed at Poor Condition

	<u>2003</u>	<u>2004</u>
Roads Subsystem	1.3%	1.3% *
Stormwater Subsystem	4.8%	4.8% *
Bridges	1.5%	2.9%

*Only the bridges had a complete assessment in 2004

Comparison of Needed-to-Actual Maintenance/Preservation

	<u>2003</u>	<u>2004</u>
Roads Subsystem		
Budgeted (needed)	\$13,251,413	\$13,224,097
Actual	\$12,810,773	\$12,385,797
% Spent	96.7%	93.7%
Amount Unspent	\$440,640	\$838,300
Stormwater Subsystem		
Budgeted (needed)	\$225,000	\$225,000
Actual	\$219,751	\$233,868
% Spent	97.7%	103.9%
Amount Unspent / (Overspent)*	\$5,249	(\$8,868)
Bridges		
Budgeted (needed)	\$354,052	\$354,052
Actual	\$224,944	\$245,114
% Spent	63.5%	69.2%
Amount Unspent	\$129,108	\$108,938

*Budget capacity from other stormwater activities was used for the additional maintenance costs.

Notes to Required Supplementary Information

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 roads subsystem, stormwater subsystem, and bridges, thereby forgoing depreciation of these assets (see Managements Discussion and Analysis: Modified Approach for Reporting Infrastructure Assets, within this document, regarding the requirements for using this method of reporting).

Full assessments of these infrastructure assets were completed in 2003 by County Staff. A complete assessment of bridges is done annually, whereas complete road and 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 the three infrastructure systems being reported using the modified approach and the condition level at which the County intends to preserve those assets.

Roads Subsystem

Measurement Scale and Basis for Condition Measurement

<u>Rating*</u>	
100	New road surface - no maintenance needed
90	Road surface is starting to show some environmental distress - may have some cracks that need filling
80	Road surface is showing pronounced environmental distress and may have some structural distress - may be ready for a seal
70	Road surface is showing some structural distress and numerous environmental distresses - needs a seal or a thin lift of overlay
60	Road surface shows consistent structural distresses and severe environmental distresses - needs a thin lift or structural overlay on access up to arterial routes
50	Road surface shows several structural and environmental distresses - needs a structural overlay (arterial/collector roads) or a cape seal (access roads)
40	Road surface is showing many structural distresses - needs a structural overlay or cape seal with substantial prep work
30	Road surface shows major structural distresses - close to a condition requiring reconstruction or base stabilization
20 or less	Poor condition: Road surface has little structural integrity left - needs reconstruction or base stabilization now

****The County has established an acceptable condition level of 70 for road subsystems, and intends to preserve the assets at or above this level.***

Stormwater Subsystem

Measurement Scale and Basis for Condition Measurement

<u>Rating*</u>	
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
0-24	Poor condition: Bridge is in poor shape - needs to be replaced soon

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

Definitions: A **structurally 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.

2003 was the first year in which the County elected to use the modified approach for reporting these subsystems of capital assets. GASB Statement #34 requires that condition assessments are performed at least every three years (once an entity has elected to report using the modified approach), and that the table showing the condition rating include data for the three most recent complete assessments. As additional assessments are completed in future years, comparative analysis will include the required three assessments.

The table of needed to actual maintenance/preservation includes comparison data for 2003 and 2004. As data becomes available a year to year analysis will eventually include five years of comparison, as required by GASB Statement #34.

Clark County, Washington
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2004

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Grantor/ Pass-Through Grantor Program Title	CFDA No.	Other Identification No.	Direct Federal Expenditures	Indirect Federal Expenditures	Total Federal Expenditures
U.S Department of Agriculture					
National School Lunch Program	10.555	06-037-6848		63,554	63,554
WIC/USDA	10.557	N12206		670,818	670,818
WIC:Food Stamp Nutrition	10.561	N11772		82,528	82,528
Schools and Roads-Grants to States	10.665	N/A		19,365	19,365
Total Department of Agriculture			\$ -	\$ 836,265	\$ 836,265
U.S Department of Housing and Urban Development					
Community Development Block Grant/Entitlement	14.218	B-02/03-UC-53-0100	2,119,221		2,119,221
Community Development Block Grant/Entitlement	14.218	Program Income	374,621		374,621
Subtotal	14.218		2,493,842	-	2,493,842
Emergency Shelter Grants Program	14.231	03-42603- 06		25,903	25,903
Emergency Shelter Grants Program	14.231	04-42604- 06		67,297	67,297
Subtotal	14.231		-	93,200	93,200
HOME Investment Partnerships Program	14.239	M-02/03/04-UC-53-0204	2,320,557		2,320,557
HOME Investment Partnerships Program	14.239	Program Income	165,466		165,466
Subtotal	14.239		2,486,023	-	2,486,023
Multi-language Audio Food Safety Educ Program	14.241	35069		85,626	85,626
Total Department of HUD			\$ 4,979,865	\$ 178,826	\$ 5,158,691
U.S Department of Interior					
Payments in Lieu of Taxes	15.226	N/A		555	555
Challenge Cost Share	15.642	FY02-110		10,000	10,000
Total Department of Interior			\$ -	\$ 10,555	\$ 10,555
U.S. Department of Justice					
Juvenile Accountability Incentive Block Grant	16.523	0363-35944		17,397	17,397
Juvenile Accountability Incentive Block Grant	16.523	0363-35945		19,281	19,281
Juvenile Accountability Incentive Block Grant	16.523	0463-60012		33,146	33,146
Subtotal	16.523		-	69,824	69,824
Victims of Child Abuse	16.547	N/A		13,500	13,500
Forensic Science Improvement Grant	16.560	F03-68203001		13,315	13,315
Byrne Formula Grant Program	16.579	F03-67403005		60,004	60,004
Byrne Formula Grant Program	16.579	F04-67404005		58,141	58,141
Byrne Formula Grant Program	16.579	8276		110,661	110,661
Subtotal	16.579		-	228,806	228,806
Drug Court Discretionary Grant	16.585	2000-DC-VX-0068	44,387		44,387
Violence Against Women Formula Grant	16.588	F03-30303-008		29,253	29,253
Violence Against Women Formula Grant	16.588	F04-30304-008		5,378	5,378
Subtotal	16.588		-	34,631	34,631
Local Law Enforcement Block Grant	16.592	02-LB-BX-1205	88,308		88,308
Local Law Enforcement Block Grant	16.592	03-LB-BX-1279	31,335		31,335
Subtotal	16.592		119,643	-	119,643
State Criminal Alien Assistance Program	16.606	2004-AP-BX-0654	78,530		78,530
Bulletproof Vest Partnership Program	16.607	1121-0235		2,258	2,258
Public Safety Partnership and Community Policing	16.710	2001CKWX0177		80,583	80,583
NW High Intensity Drug Trafficking Areas	16.999	I3PNWP521	67,864		67,864
NW High Intensity Drug Trafficking Areas	16.999	I4PNWP521Z	18,653		18,653
NW High Intensity Drug Trafficking Areas	16.999	9923	30,000		30,000
Subtotal	16.999		116,517	-	116,517

Clark County, Washington
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2004

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Grantor/ Pass-Through Grantor Program Title	CFDA No.	Other Identification No.	Direct Federal Expenditures	Indirect Federal Expenditures	Total Federal Expenditures
Total Department of Justice			\$ 359,077	\$ 442,917	\$ 801,994
U.S. Department of Transportation					
St John's Rd (NE 50th Ave/NE 72nd Ave)	20.205	STPUL-4347(004)		441,030	441,030
NE 99th St @ NE 130th Ave	20.205	STPH-4410(001)		48,726	48,726
Padden Parkway - West	20.205	STPE-STPU-4380(002)		805,603	805,603
NE Hwy 99 Realignment	20.205	STPF-4253(010)		3,099,095	3,099,095
NE 162nd Ave (NE 39th St - NE Ward Rd)	20.205	STPUL-4451(011)		2,401,981	2,401,981
NE 139th St Overcrossing	20.205	AC-IMD-2004(073)		56,827	56,827
Subtotal			-	6,853,262	6,853,262
State and Community Highway Safety	20.600	N/A		3,496	3,496
State and Community Highway Safety	20.600	N/A		1,936	1,936
State and Community Highway Safety	20.600	N/A		1,500	1,500
State and Community Highway Safety	20.600	N/A		4,000	4,000
State and Community Highway Safety	20.600	N/A		840	840
Subtotal	20.600		-	11,772	11,772
Safety Incentive Grants for Use of Seatbelts	20.604	N/A		7,996	7,996
Safety Incentive Grants for Use of Seatbelts	20.604	N/A		2,008	2,008
Subtotal	20.604		-	10,004	10,004
Total Department of Transportation			\$ -	\$ 6,875,038	\$ 6,875,038
Environmental Protection Agency					
Nonpoint Source Implementation	66.460	G0200270		18,670	18,670
Sanitary Surveys	66.468	N11802		1,500	1,500
Total Environmental Protection Agency			\$ -	\$ 20,170	\$ 20,170
U.S. Department of Energy					
Weatherization Assistance for Low-Inc Persons	81.042	F03-434-406		52,688	52,688
Weatherization Assistance for Low-Inc Persons	81.042	F04-434-406		119,483	119,483
Subtotal	81.042		-	172,171	172,171
BPA Low-Income Weatherization Program	81.999	F03-446-406		139,996	139,996
Total Department of Energy			\$ -	\$ 312,167	\$ 312,167
U.S. Department of Education					
Safe and Drug-Free Schools/Communities	84.186	M04-67003006		46,767	46,767
Safe and Drug-Free Schools/Communities	84.186	M05-67004106		23,058	23,058
Total Department of Education			\$ -	\$ 69,825	\$ 69,825
U.S. Department of Health & Human Services					
Comprehensive Mental Health Svcs /Children	93.104	HS5-SM52262-06	994,994		994,994
Children's Oral Health	93.110	C08673		4,287	4,287
Project for Assistnce/Transition from Homelessness	93.150	0363-388858		58,278	58,278
Early Intervention Services	93.181	21400		83,066	83,066
FPRH Title X Contrracts	93.217	C08673		102,400	102,400
Consolidated Knowledge Devlpmt and Application	93.230	U79-SM54445-03	658,700		658,700
Consolidated Knowledge Devlpmt and Application	93.230	03-546		34,627	34,627
Subtotal	93.230		658,700	34,627	693,327
Substance Abuse and Mental Health Services-PRNS	93.243	H79-TI16303-01	25,033	-	25,033

Clark County, Washington
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2004

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Grantor/ Pass-Through Grantor Program Title	CFDA No.	Other Identification No.	Direct Federal Expenditures	Indirect Federal Expenditures	Total Federal Expenditures
Department of Health & Human Services-con't.					
Vaccine - Federal	93.268	N/A		1,446,404	1,446,404
Immunization	93.268	C08673		86,764	86,764
Subtotal	93.268		-	1,533,168	1,533,168
CDC-Investigation & Technical Assistance	93.283	C08673		827,021	827,021
CC2010: STEPS Grant	93.283	N/A		73,093	73,093
Subtotal	93.283		-	900,114	900,114
Alternative Response System	93.556	363-24007		50,237	50,237
CSHCN Work First	93.558	0169-81213		15,450	15,450
Child Support Enforcement	93.563	2110-81160		1,092,258	1,092,258
Low-Income Home Energy Assistance	93.568	F04-34004-058		1,344,756	1,344,756
Low-Income Home Energy Assistance	93.568	F05-34005-058		172,976	172,976
Low-Income Home Energy Assistance	93.568	F04-431-406		243,841	243,841
Subtotal	93.568		-	1,761,573	1,761,573
Community Services Block Grant	93.569	F03-32103-007		30,038	30,038
Community Services Block Grant	93.569	F04-32104-007A		196,732	196,732
Subtotal	93.569		-	226,770	226,770
HCCW Infant Toddler IAR	93.575	C08673		12,940	12,940
Refugee & Entrant Assistance	93.576	0363-22061		201,230	201,230
Medicaid Infrastructure Grants	93.768	0463-45140		3,141	3,141
Medicaid Match	93.778	0069-42085		142,510	142,510
Foster Care Passport	93.778	21114		56,784	56,784
FP: Take Charge	93.778	0161-03342		324,608	324,608
Subtotal	93.778		-	523,902	523,902
Centers for Medicare and Medicaid Services	93.779	0363-32700		8,463	8,463
HIV Emergency Relief Project	93.914	4600004016		182,695	182,695
Ryan White Title II	93.917	N10096		101,115	101,115
HIV Contracts (CDC ConCon)	93.940	C08673		321,979	321,979
Block Grant-Community Mental Health Services	93.958	0369-23142/0463-59331		198,365	198,365
Block Grants-Prevent/Trtmt of Substance Abuse	93.959	8276		856,619	856,619
Preventive Health Services-STD	93.977	C08673		38,494	38,494
PHBG	93.991	C08673		17,769	17,769
MCHBG/MCH	93.994	C08673		121,051	121,051
Total Department of Health & Human Services			\$ 1,678,727	\$ 8,449,991	\$ 10,128,718
U.S. Dept of Homeland Security					
Emergency Food & Shelter National Board Program	97.024	21-8868-00	\$ 317,307	\$ -	\$ 317,307
Total Federal Financial Assistance			\$ 7,334,976	\$ 17,195,754	\$ 24,530,730

CLARK COUNTY, WASHINGTON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(AND STATE/LOCAL FINANCIAL ASSISTANCE)

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 540,087 and is presented in this schedule. The amount of principal and interest received in loan repayments for the year was \$586,349.