

ANNUAL REPORT CERTIFICATION

Vancouver Library Capital Facility Area

(Official Name of Government)

2936

MCAG No.

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

For the Fiscal Year Ended 12/31/2015

GOVERNMENT INFORMATION:

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AUDIT CONTACT or PREPARER INFORMATION and CERTIFICATION:

Audit Contact or Preparer Name and Title Mike Githens Finance Director

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I certify 12th day of May, 2016, that annual report information is complete, accurate and in conformity with the Budgeting, Accounting and Reporting Systems Manual, to the best of my knowledge and belief, having reviewed this information and taken all appropriate steps in order to provide such certification. I acknowledge and understand our responsibility for the design and implementation of controls to ensure accurate financial reporting, comply with applicable laws and safeguard public resources, including controls to prevent and detect fraud. Finally, I acknowledge and understand our responsibility for immediately submitting corrected annual report information if any errors or an omission in such information is subsequently identified.

Signatures

Mike Githens (mgithens@fvrl.org)

**Vancouver Library Capital Facility Area
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2015**

		Total for All Funds (Memo Only)	001 General	200 Debt Service Fund
Beginning Cash and Investments				
30810	Reserved	466,911	415	466,496
30880	Unreserved	-	-	-
388 & 588	Prior Period Adjustments, Net	(593)	-	(593)
Operating Revenues				
310	Taxes	3,595,202	-	3,595,202
330	Intergovernmental Revenues	-	-	-
340	Charges for Goods and Services	-	-	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	103,296	96,120	7,176
Total Operating Revenues:		<u>3,698,498</u>	<u>96,120</u>	<u>3,602,378</u>
Operating Expenditures				
570	Culture and Recreation	3,457	-	3,457
Total Operating Expenditures:		<u>3,457</u>	<u>-</u>	<u>3,457</u>
Net Operating Increase (Decrease):		<u>3,695,041</u>	<u>96,120</u>	<u>3,598,921</u>
Nonoperating Revenues				
370-380, 395 & 398	Other Financing Sources	-	-	-
391-393	Debt Proceeds	-	-	-
397	Transfers-In	-	-	-
Total Nonoperating Revenues:		<u>-</u>	<u>-</u>	<u>-</u>
Nonoperating Expenditures				
580, 596 & 599	Other Financing Uses	-	-	-
591-593	Debt Service	3,508,063	-	3,508,063
594-595	Capital Expenditures	96,007	96,007	-
597	Transfers-Out	-	-	-
Total Nonoperating Expenditures:		<u>3,604,070</u>	<u>96,007</u>	<u>3,508,063</u>
Net Increase (Decrease) in Cash and Investments:		<u>90,971</u>	<u>113</u>	<u>90,858</u>
Ending Cash and Investments				
5081000	Reserved	557,289	528	556,761
5088000	Unreserved	-	-	-
Total Ending Cash and Investments		<u>557,289</u>	<u>528</u>	<u>556,761</u>

The accompanying notes are an integral part of this statement.

Vancouver Library Capital Facility Area

Schedule 01

For the year ended December 31, 2015

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
2936	001	General	3081000	Reserved Cash and Investments-Beginning	\$415
2936	001	General	3611000	Investment Earnings	\$113
2936	001	General	3670000	Contributions and Donations from Nongovernmental Sources	\$96,007
2936	200	Debt Service Fund	3081000	Reserved Cash and Investments-Beginning	\$466,496
2936	200	Debt Service Fund	3111000	Property Tax	\$3,595,202
2936	200	Debt Service Fund	3611000	Investment Earnings	\$7,176
2936	001	General	5947260	Capital Expenditures/Expenses - Libraries	\$96,007
2936	001	General	5081000	Reserved Cash and Investments - Ending	\$528
2936	200	Debt Service Fund	588800000	Prior Period(s) Adjustment(s)	\$593
2936	200	Debt Service Fund	5721040	Administration	\$3,457
2936	200	Debt Service Fund	5917270	Debt Repayment - Libraries	\$1,955,000
2936	200	Debt Service Fund	5927280	Interest and Other Debt Service Cost - Libraries	\$1,553,063
2936	200	Debt Service Fund	5081000	Reserved Cash and Investments - Ending	\$556,761

**Vancouver Library Capital Facility Area
Schedule of Liabilities
For the Year Ended December 31, 2015**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligations						
251.12	GO Bonds	12/1/2026	7,195,000	-	470,000	6,725,000
251.12	GO Bonds	12/1/2028	28,790,000	-	1,485,000	27,305,000
Total General Obligations:			35,985,000	-	1,955,000	34,030,000
Total Liabilities:			35,985,000	-	1,955,000	34,030,000

Vancouver Library Capital Facility Area
Notes to Financial Statements
December 31, 2015

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

The Vancouver Library Capital Facility Area was established with a special election of the voters in November 2005. The governing body of the VLCFA as designated by RCW 27.15.030 is comprised of three members of the county legislative authority. The VLCFA is a special-purpose government, which was established to finance, acquire, construct and equip a replacement main library, further equip the Vancouver Mall Library and finance, acquire, construct and equip a replacement library for the Cascade Park Library. The District uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

The district reports financial activity in accordance with the Cash Basis Budgeting, Accounting and Reporting System (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The Schedule of Liabilities is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

A. Fund Accounting

The accounts of the Vancouver Library Capital Facility Area are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprises its cash, investments, revenues, and expenditures as appropriate. The District's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by the District.

Governmental Fund Type

General Fund: This fund is the primary operating fund of the VLCFA. It accounts for the financial resources of the District except those required or elected to be accounted for in another fund.

Vancouver Library Capital Facility Area
Notes to Financial Statements
December 31, 2015

Debt Service Fund Type

Debt Service Fund: The VLCFA uses a debt service fund for the accumulation of resources that are restricted, committed or assigned to pay principal, interest and related costs on general long-term debt.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid.

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

C. Budget

The VLCFA adopts an annual appropriated budget for Debt Service funds approved by the Clark County Commissioners. . This budget is appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end. The annual appropriated budget is adopted on the same basis of accounting as used for financial reporting.

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

2015

Fund	Final Appropriated Amount	Actual Expenditures	Variance
Debt Svc.	\$ 3,597,366	\$ 3,511,520	\$ 85,846

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

D. Cash

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

Vancouver Library Capital Facility Area
Notes to Financial Statements
December 31, 2015

E. Deposits

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

F. Assets

Capital assets are long-lived assets of the VLCFA and are recorded as expenditures when purchased. Capital assets are assets with an initial individual cost of more than \$10,000.

G. Reserved Fund Balance

The fund balance is reserved in the Debt Service fund for the payment requirements including interest of the general obligation bonds.

H. Long Term Debt

See Note 3, Long-Term Debt.

NOTE 2 – INVESTMENTS

The VLCFA investments are managed by the Clark County Treasurer's Office. The Clark County Treasurer acts as fiduciary for the VLCFA and administers an investment pool in which the VLCFA participates. This pool is not registered with the Securities and Exchange Commission. Regulatory oversight is provided by the Clark County Treasurer's Office Finance Committee, which by statute consists of the Treasurer, the Auditor and the Chair of the Board of County Commissioners. The committee approves the investment policy and makes all appropriate rules and regulations to carry out the provisions of RCW 36.48.010 through 36.48.060. The fair value of the district's position in the pool is the same as the value of the pool shares.

Qualified bank depositories are those specified by the Washington Public Deposit Protection Commission. Investments may be made in the form of banker's acceptances, US Treasury bills and certain other government district obligations. Clark County policy dictates that all investment instruments other than certificates of deposit and the Washington State Investment Pool be transacted on the delivery versus payment basis.

All investments are held in the Clark County Investment Pool. At December 31, 2015, the ending investment balance was \$557,289. Investments in the County's pool are not subject to categorization because specific instruments cannot be distinguished between those participating in the pool.

Vancouver Library Capital Facility Area
Notes to Financial Statements
December 31, 2015

NOTE 3 – LONG-TERM DEBT

The accompanying Schedule of Long-Term Liabilities (09) provides more details of the outstanding debt and liability of the VLCFA and summarizes the VLCFA's debt transactions for 2015. The debt service requirement for the fiscal year being reported and future payment requirements, including interest, for the general obligation bond is as follows:

Year	Principal	Interest	Total
2015	1,955,000	1,553,063	3,508,063
2016	2,035,000	1,474,863	3,509,863
2017	2,125,000	1,386,113	3,511,113
2018	2,230,000	1,293,388	3,523,388
2019	2,325,000	1,205,278	3,530,278
2020-2024	13,425,000	4,506,539	17,931,539
2025-2028	11,890,000	1,351,257	13,241,257
	\$ 35,985,000	\$ 12,770,501	\$ 48,755,501

NOTE 4 – PROPERTY TAX

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed in the month they are received.

Property tax revenues are recognized when cash is received by the VLCFA. Delinquent taxes are considered fully collectible because a lien affixes to the property after taxes are levied.

The VLCFA's voter approved bond levy rate for the year 2015 was 0.2380553052 per \$1,000 on an assessed valuation of \$15,111,471,670 for a total regular levy of \$3,597,366.

NOTE 5 – OTHER DISCLOSURES

Interlocal Agreements

The Fort Vancouver Regional Library District, in collaboration with the VLCFA, has entered into an Interlocal Agreement to finance, acquire, construct and equip a replacement main library, near downtown Vancouver, further equip the Vancouver Mall Library and finance, acquire, construct and equip a replacement library for the Cascade Park Library. The VLCFA has the

Vancouver Library Capital Facility Area
Notes to Financial Statements
December 31, 2015

responsibility to oversee the construction of the building in conjunction with the Fort Vancouver Regional Library District. The Library District will maintain the daily operations and staffing of the new Libraries. Based on this agreement, the VLCFA has directed the Fort Vancouver Regional Library District to manage and administer the finances of the VLCFA with the participation of the Clark County Treasurer's Office as the ex-officio treasurer for the VLCFA. The VLCFA will reimburse the Fort Vancouver Regional Library District for project management and administrative costs related to the development of the projects.

As designated in the interlocal agreement with the Fort Vancouver Regional Library District, any books, materials, periodicals, and electronic databases become the property of the Fort Vancouver Regional Library District upon full payment of the debt by the VLCFA.