

# 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 12/31/2016

## GOVERNMENT INFORMATION:

Official Mailing Address 1007 E Mill Plain Boulevard

Vancouver, WA 98663

Official Website Address \_\_\_\_\_

Official E-mail Address mgithens@fvrl.org

Official Phone Number 360-906-5061

## AUDIT CONTACT or PREPARER INFORMATION and CERTIFICATION:

Audit Contact or Preparer Name and Title Mike Githens Finance Director

Contact Phone Number 360-906-5061

Contact E-mail Address mgithens@fvrl.org

I certify 25th day of May, 2017, 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, 2016**

		<b>Total for All Funds (Memo Only)</b>	<b>001 General</b>	<b>200 Debt Service Fund</b>
<b>Beginning Cash and Investments</b>				
30810	Reserved	557,289	528	556,761
30880	Unreserved	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-
<b>Revenues</b>				
310	Taxes	3,585,253	-	3,585,253
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	-	-
340	Charges for Goods and Services	-	-	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	16,807	6,658	10,149
Total Revenues:		<u>3,602,060</u>	<u>6,658</u>	<u>3,595,402</u>
<b>Expenditures</b>				
570	Culture and Recreation	3,100	-	3,100
Total Expenditures:		<u>3,100</u>	<u>-</u>	<u>3,100</u>
Excess (Deficiency) Revenues over Expenditures:		3,598,960	6,658	3,592,302
<b>Other Increases in Fund Resources</b>				
391-393, 596	Debt Proceeds	30,873,144	-	30,873,144
397	Transfers-In	-	-	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	-	-
381, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		<u>30,873,144</u>	<u>-</u>	<u>30,873,144</u>
<b>Other Decreases in Fund Resources</b>				
594-595	Capital Expenditures	6,606	6,606	-
591-593, 599	Debt Service	34,348,598	-	34,348,598
597	Transfers-Out	-	-	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	-	-
Total Other Decreases in Fund Resources:		<u>34,355,204</u>	<u>6,606</u>	<u>34,348,598</u>
<b>Increase (Decrease) in Cash and Investments:</b>		<b>116,900</b>	<b>52</b>	<b>116,848</b>
<b>Ending Cash and Investments</b>				
5081000	Reserved	674,189	580	673,609
5088000	Unreserved	-	-	-
<b>Total Ending Cash and Investments</b>		<b><u>674,189</u></b>	<b><u>580</u></b>	<b><u>673,609</u></b>

The accompanying notes are an integral part of this statement.

## Vancouver Library Capital Facility Area

Schedule 01

For the year ended December 31, 2016

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
2936	001	General	3081000	Reserved Cash and Investments - Beginning	\$528
2936	001	General	3611000	Investment Earnings	\$16
2936	001	General	3670000	Contributions and Donations from Nongovernmental Sources	\$6,642
2936	200	Debt Service Fund	3611000	Investment Earnings	\$10,149
2936	200	Debt Service Fund	3081000	Reserved Cash and Investments - Beginning	\$556,761
2936	200	Debt Service Fund	3111000	Property Tax	\$3,585,253
2936	200	Debt Service Fund	3920000	Premiums on Bonds Issued	\$4,758,144
2936	200	Debt Service Fund	3930000	Refunding Long-Term Debt Issued	\$26,115,000
2936	001	General	5947260	Capital Expenditures/Expenses - Libraries	\$6,606
2936	001	General	5081000	Reserved Cash and Investments - Ending	\$580
2936	200	Debt Service Fund	5081000	Reserved Cash and Investments - Ending	\$673,609
2936	200	Debt Service Fund	5721040	Administration	\$3,100
2936	200	Debt Service Fund	5917270	Debt Repayment - Libraries	\$2,035,000
2936	200	Debt Service Fund	5927280	Interest and Other Debt Service Cost - Libraries	\$1,113,524
2936	200	Debt Service Fund	5927280	Interest and Other Debt Service Cost - Libraries	\$218,147
2936	200	Debt Service Fund	5937280	Advance Refunding Escrow - Libraries	\$326,930
2936	200	Debt Service Fund	5997280	Payments to Refunded Debt Escrow - Libraries	\$30,654,997

**Vancouver Library Capital Facility Area  
Schedule of Liabilities  
For the Year Ended December 31, 2016**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
<b>General Obligation Debt/Liabilities</b>						
251.12	GO Bonds	12/1/2026	6,725,000	-	6,210,000	515,000
251.12	GO Bonds	12/1/2028	27,305,000	-	24,010,000	3,295,000
251.12	GO Bonds	12/1/2028	-	26,115,000	-	26,115,000
<b>Total General Obligation Debt/Liabilities:</b>			<b>34,030,000</b>	<b>26,115,000</b>	<b>30,220,000</b>	<b>29,925,000</b>
<b>Total Liabilities:</b>			<b>34,030,000</b>	<b>26,115,000</b>	<b>30,220,000</b>	<b>29,925,000</b>

**Vancouver Library Capital Facility Area**  
**Notes to Financial Statements**  
**December 31, 2016**

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**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 Types*

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**

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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**

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

**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:

2016

	Final			
	Appropriated	Actual		
Fund	Amount	Expenditures	Variance	
Debt Svc	\$ 3,836,793	\$ 3,693,601	\$ 143,192	

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 and Investments**

See Note 2. Deposits and Investments.

**E. Capital Assets**

Capital assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of 2 years. Capital assets and inventory are recorded as capital expenditures when purchased.

**F. Reserved Portion of Ending Cash and Investments**

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

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Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties. The voter approved tax levy limits use of these resources. When expenditures that meet restrictions are incurred, the district intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of amounts required to be used for debt service on general obligation bonds.

**G. Long Term Debt**

See Note 3, Debt Service Requirements.

**H. Risk Management**

The District purchases insurance from commercial carriers to protect itself against general liability, employee dishonesty and automobile and property damages. The insurance is purchased through Biggs Insurance Services.

The District has had no settlements that exceeded insurance coverage for the past three years.

The District participates in the State of Washington Labor and Industries worker's compensation insurance program, however, management has elected to become self-insured through the Washington State Employment Security Department on a reimbursement basis. Unemployment claims are processed by the Washington State Employment Security Department. No reserve for self-insurance has been established as the potential liability is not considered to be material to the financial statements.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

It is the VLCFA's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds. .

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. All investments are insured, registered or held by the VLCFA or its agent in the government's name.

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

**Vancouver Library Capital Facility Area**  
**Notes to Financial Statements**  
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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.

All investments are held in the Clark County Investment Pool and reported at fair value. At December 31, 2016, the ending investment balance was \$673,609. Investments in the County's pool are not subject to categorization because specific instruments cannot be distinguished between those participating in the pool.

**NOTE 3 –DEBT SERVOCE REQUIREMENTS**

The accompanying Schedule of Long-Term Liabilities (09) provides more details of the outstanding debt and liability of the VLCFA and summarizes the VLCFA's debt transactions for the year ended December 31, 2016.

The debt service requirement for general obligation bond is as follows:

Year	Principal	Interest	Total
2017	\$ 2,125,000	\$ 1,238,650	\$ 3,363,650
2018	2,170,000	1,145,925	3,315,925
2019	2,160,000	1,063,975	3,223,975
2020	2,255,000	977,575	3,232,575
2021	2,370,000	887,375	3,257,375
2022-2026	13,725,000	2,934,525	16,659,525
2027-2028	5,120,000	309,600	5,429,600
	<u>\$ 29,925,000</u>	<u>\$ 8,557,625</u>	<u>\$ 38,482,625</u>

Debt Refunding

The VLCFA issued \$26,115,000 of general obligation refunding bonds to retire \$28,365,000 of existing 2007 and 2009 series bonds. This refunding was undertaken to reduce total debt service payments over the next 12 years by \$2,955,249. The financial statements reflect other financing sources of \$30,873,144 and other financing uses of \$31,200,074 pertaining to this transaction.

**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 2016 was 0.2230388383 per \$1,000 on an assessed valuation of \$16,141,852,364 for a total regular levy of \$3,600,260.



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

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**NOTE 5 – OTHER DISCLOSURES**

Interlocal Agreements

The Fort Vancouver Regional Library District, in collaboration with the VLCFA, has entered into an Interlocal Agreement to finance, acquire, construct and equip a replacement main library, near downtown Vancouver, further equip the Vancouver Mall Library and finance, acquire, construct and equip a replacement library for the Cascade Park Library. The VLCFA has the responsibility to oversee the construction of the building in conjunction with the Fort Vancouver Regional Library District. The Library District will maintain the daily operations and staffing of the new Libraries. Based on this agreement, the VLCFA has directed the Fort Vancouver Regional Library District to manage and administer the finances of the VLCFA with the participation of the Clark County Treasurer's Office as the ex-officio treasurer for the VLCFA. The VLCFA will reimburse the Fort Vancouver Regional Library District for project management and administrative costs related to the development of the projects.

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