



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Vancouver Library Capital Facility Area

For the period January 1, 2020 through December 31, 2022

Published December 28, 2023

Report No. 1033893



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**Office of the Washington State Auditor
Pat McCarthy**

December 28, 2023

Board of Councilors
Vancouver Library Capital Facility Area
Vancouver, Washington

Report on Financial Statements

Please find attached our report on the Vancouver Library Capital Facility Area's financial statements.

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

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

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INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Vancouver Library Capital Facility Area January 1, 2020 through December 31, 2022

Board of Councilors
Vancouver Library Capital Facility Area
Vancouver, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Vancouver Library Capital Facility Area, as of and for the years ended December 31, 2022, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 20, 2023.

We issued an unmodified opinion on the fair presentation of the District's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the District using accounting practices prescribed by state law and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) Manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However,

this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, sweeping initial "P".

Pat McCarthy, State Auditor

Olympia, WA

December 20, 2023

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Vancouver Library Capital Facility Area January 1, 2020 through December 31, 2022

Board of Councilors
Vancouver Library Capital Facility Area
Vancouver, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the Vancouver Library Capital Facility Area, as of and for the years ended December 31, 2022, 2021 and 2020, and the related notes to the financial statements, as listed in the financial section of our report.

Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the District has prepared these financial statements to meet the financial reporting requirements of state law and accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System (BARS) Manual*. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the Vancouver Library Capital Facility Area, and its changes in cash and investments, for the years ended December 31, 2022, 2021 and 2020, on the basis of accounting described in Note 1.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Vancouver Library Capital Facility Area, as of December 31, 2022, 2021 and 2020, or the changes in financial position or cash flows thereof for the years then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit unmodified and adverse opinions.

Matter Giving Rise to Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the financial statements are prepared by the District in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the BARS Manual described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and

Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS Manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the

United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023 on our consideration of the District's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized initial "P".

Pat McCarthy, State Auditor

Olympia, WA

December 20, 2023

FINANCIAL SECTION

Vancouver Library Capital Facility Area January 1, 2020 through December 31, 2022

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2022
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Schedule of Liabilities – 2020

**Vancouver Library Capital Facility Area
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022**

		Total for All Funds (Memo Only)	001 General	200 Debt Service Fund
Beginning Cash and Investments				
308	Beginning Cash and Investments	160,799	3,347	157,452
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	3,255,590	-	3,255,590
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	-	-
340	Charges for Goods and Services	-	-	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	15,387	35	15,352
Total Revenues:		<u>3,270,977</u>	<u>35</u>	<u>3,270,942</u>
Expenditures				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	2,800	-	2,800
Total Expenditures:		<u>2,800</u>	<u>-</u>	<u>2,800</u>
Excess (Deficiency) Revenues over Expenditures:		3,268,177	35	3,268,142
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	3,277,575	3,277,575	-
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		<u>3,277,575</u>	<u>3,277,575</u>	<u>-</u>
Other Decreases in Fund Resources				
594-595	Capital Expenditures	-	-	-
591-593, 599	Debt Service	3,277,575	3,277,575	-
597	Transfers-Out	3,277,575	-	3,277,575
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		<u>6,555,150</u>	<u>3,277,575</u>	<u>3,277,575</u>
Increase (Decrease) in Cash and Investments:		(9,398)	35	(9,433)
Ending Cash and Investments				
50821	Nonspendable	-	-	-
50831	Restricted	151,401	3,382	148,019
50841	Committed	-	-	-
50851	Assigned	-	-	-
50891	Unassigned	-	-	-
Total Ending Cash and Investments		<u>151,401</u>	<u>3,382</u>	<u>148,019</u>

The accompanying notes are an integral part of this statement.

**Vancouver Library Capital Facility Area
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021**

		Total for All Funds (Memo Only)	001 General	200 Debt Service Fund
Beginning Cash and Investments				
308	Beginning Cash and Investments	237,419	3,326	234,093
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	3,178,850	-	3,178,850
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	-	-
340	Charges for Goods and Services	-	-	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	7,205	21	7,184
Total Revenues:		<u>3,186,055</u>	<u>21</u>	<u>3,186,034</u>
Expenditures				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	5,300	-	5,300
Total Expenditures:		<u>5,300</u>	<u>-</u>	<u>5,300</u>
Excess (Deficiency) Revenues over Expenditures:		<u>3,180,755</u>	<u>21</u>	<u>3,180,734</u>
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	3,257,375	3,257,375	-
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		<u>3,257,375</u>	<u>3,257,375</u>	<u>-</u>
Other Decreases in Fund Resources				
594-595	Capital Expenditures	-	-	-
591-593, 599	Debt Service	3,257,375	3,257,375	-
597	Transfers-Out	3,257,375	-	3,257,375
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		<u>6,514,750</u>	<u>3,257,375</u>	<u>3,257,375</u>
Increase (Decrease) in Cash and Investments:		<u>(76,620)</u>	<u>21</u>	<u>(76,641)</u>
Ending Cash and Investments				
50821	Nonspendable	-	-	-
50831	Restricted	160,799	3,347	157,452
50841	Committed	-	-	-
50851	Assigned	-	-	-
50891	Unassigned	-	-	-
Total Ending Cash and Investments		<u>160,799</u>	<u>3,347</u>	<u>157,452</u>

The accompanying notes are an integral part of this statement.

**Vancouver Library Capital Facility Area
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020**

		Total for All Funds (Memo Only)	001 General	200 Debt Service Fund
Beginning Cash and Investments				
308	Beginning Cash and Investments	930,032	3,291	926,741
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	2,527,300	-	2,527,300
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	-	-
340	Charges for Goods and Services	-	-	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	22,249	35	22,214
Total Revenues:		<u>2,549,549</u>	<u>35</u>	<u>2,549,514</u>
Expenditures				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural/Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	9,586	-	9,586
Total Expenditures:		<u>9,586</u>	<u>-</u>	<u>9,586</u>
Excess (Deficiency) Revenues over Expenditures:		<u>2,539,963</u>	<u>35</u>	<u>2,539,928</u>
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	3,232,575	3,232,575	-
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		<u>3,232,575</u>	<u>3,232,575</u>	<u>-</u>
Other Decreases in Fund Resources				
594-595	Capital Expenditures	-	-	-
591-593, 599	Debt Service	3,232,575	3,232,575	-
597	Transfers-Out	3,232,575	-	3,232,575
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		<u>6,465,150</u>	<u>3,232,575</u>	<u>3,232,575</u>
Increase (Decrease) in Cash and Investments:		<u>(692,612)</u>	<u>35</u>	<u>(692,647)</u>
Ending Cash and Investments				
50821	Nonspendable	-	-	-
50831	Restricted	237,419	3,326	234,093
50841	Committed	-	-	-
50851	Assigned	-	-	-
50891	Unassigned	-	-	-
Total Ending Cash and Investments		<u>237,419</u>	<u>3,326</u>	<u>234,093</u>

The accompanying notes are an integral part of this statement.

Vancouver Library Capital Facility Area
Notes to Financial Statements
For the year ended December 31, 2022

Note 1 – Summary of Significant Accounting Policies

The Vancouver Library Capital Facility Area (VLCFA) 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 District, 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

Financial transactions of the VLCFA are reported in individual funds, each of which is considered a separate accounting entity. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The District's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following fund types are used by the District.

Vancouver Library Capital Facility Area
Notes to Financial Statements
For the year ended December 31, 2022

GOVERNMENTAL FUND TYPES:

General Fund

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

Debt Service Fund

The VLCFA debt service fund accounts for the financial resources that are restricted to expenditures for principal, interest and related costs on general long-term debt.

B. Basis of Accounting and Measurement Focus

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. Cash and Investments

See Note 4 – Deposits and Investments.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 1 year. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Long-Term Debt

See Note 3 – Long-Term Debt.

F. Restricted Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted when it is subject to limitations on use imposed by external parties. The voter approved tax levy limits

Vancouver Library Capital Facility Area
Notes to Financial Statements
For the year ended December 31, 2022

the use of these resources. When expenditures that meet limitations are incurred, the district intends to use restricted resources first.

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

Note 2 – Budget Compliance

The VLCFA adopts an annual appropriated budget for the Debt Service fund approved by the Clark County Commissioners. The 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 budgets were as follow:

Final			
Appropriated	Actual		
Amount	Expenditures	Variance	
\$ 3,349,713	\$ 3,280,375	\$ 69,338	

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

Note 3 – Long-Term Debt

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liability of the VLCFA and summarizes the VLCFA’s debt transactions for year ended December 31, 2022.

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

Vancouver Library Capital Facility Area
Notes to Financial Statements
For the year ended December 31, 2022

Year	Principal	Interest	Total
2023	\$ 2,575,000	\$ 736,300	\$ 3,311,300
2024	2,725,000	607,550	3,332,550
2025	2,890,000	471,300	3,361,300
2026	3,050,000	326,800	3,361,300
2027	2,620,000	204,800	2,824,800
2028	2,500,000	104,800	2,604,800
	<u>\$ 16,360,000</u>	<u>\$ 2,451,550</u>	<u>\$ 18,811,550</u>

Note 4 – Deposits and Investments

Investments are held in the Clark County Investment Pool. Deposits and investments at December 31, 2022 are as follows:

	VLCFA
Investments	\$ 151,401
Total	<u>\$ 151,401</u>

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 is an involuntary participant in the Clark County Investment Pool, an external investment pool operated by the Clark County Treasurer. The pool is not rated or registered with the Securities and Exchange Commission (SEC). Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. Investments in the pool are reported at fair value and the financial statement(s) report the investments at original cost, with interest reported when received. The fair value decrease at December 31, 2022 was \$(4,378) as reported on the investment fair market value statement.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the VLCFA would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The VLCFA deposits and certificates of deposit are mostly covered by the Federal Deposit Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

Vancouver Library Capital Facility Area
Notes to Financial Statements
For the year ended December 31, 2022

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

Note 5 – Other Disclosures

Interlocal Agreements

The Fort Vancouver Regional Library (FVRL) District, in collaboration with the VLCFA, 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 FVRL. The Library District will maintain the daily operations and staffing of the new libraries. Based on this agreement, the VLCFA has directed FVRL 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 FVRL for project management and administrative costs related to the development of the projects.

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

Note 6 – Property Tax

The Clark County Treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed at the end of each month. Property tax revenues are recognized when cash is received by VLCFA. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The VLCFA's regular levy for the year 2022 was \$0.123019134 per \$1,000 on an assessed valuation of \$26,663,128,681 for a total regular levy of \$3,280,075.

Vancouver Library Capital Facility Area
Notes to Financial Statements
For the year ended December 31, 2022

Note 7 – Risk Management

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

Vancouver Library Capital Facility Area
Notes to Financial Statements
For the year ended December 31, 2021

Note 1 – Summary of Significant Accounting Policies

The Vancouver Library Capital Facility Area (VLCFA) 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 District, 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

Financial transactions of the VLCFA are reported in individual funds, each of which is considered a separate accounting entity. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The District's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following fund types are used by the District.

Vancouver Library Capital Facility Area
Notes to Financial Statements
For the year ended December 31, 2021

GOVERNMENTAL FUND TYPES:

General Fund

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

Debt Service Fund

The VLCFA debt service fund accounts for the financial resources that are restricted to expenditures for principal, interest and related costs on general long-term debt.

B. Basis of Accounting and Measurement Focus

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. Cash and Investments

See Note 4 – Deposits and Investments.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5000 and an estimated useful life in excess of 1 year. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Long-Term Debt

See Note 3 – Long-Term Debt.

F. Restricted Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted when it is subject to limitations on use imposed by external parties. The voter approved tax levy limits

Vancouver Library Capital Facility Area
Notes to Financial Statements
For the year ended December 31, 2021

the use of these resources. When expenditures that meet limitations are incurred, the district intends to use restricted resources first.

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

Note 2 – Budget Compliance

The VLCFA adopts an annual appropriated budget for the Debt Service fund approved by the Clark County Commissioners. The 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 budgets were as follow:

Fund	Final Appropriated Amount	Actual Expenditures	Variance
Debt Svc.	\$ 3,259,875	\$ 3,257,375	\$ 2,500

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

Note 3 – Long-Term Debt

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liability of the VLCFA and summarizes the VLCFA’s debt transactions for year ended December 31, 2021.

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

Vancouver Library Capital Facility Area
Notes to Financial Statements
For the year ended December 31, 2021

Year	Principal	Interest	Total
2022	\$ 2,485,000	\$ 792,575	\$ 3,277,575
2023	2,575,000	736,300	3,311,300
2024	2,725,000	607,550	3,332,550
2025	2,890,000	471,300	3,361,300
2026	3,050,000	326,800	3,376,800
2027-2028	5,120,000	309,600	5,429,600
	\$ 18,845,000	\$ 3,244,125	\$ 22,089,125

Note 4 – Deposits and Investments

Investments are held in the Clark County Investment Pool. Deposits and investments at December 31, 2021 are as follows:

	VLCFA
Investments	\$ 160,799
Total	\$ 160,799

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 is an involuntary participant in the Clark County Investment Pool, an external investment pool operated by the Clark County Treasurer. The pool is not rated or registered with the Securities and Exchange Commission (SEC). Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. Investments in the pool are reported at fair value and the financial statement(s) report the investments at original cost, with interest reported when received. The fair value decrease at December 31, 2021 was \$(266) as reported on the investment fair market value statement.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the VLCFA would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The VLCFA deposits and certificates of deposit are mostly covered by the Federal Deposit Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

Vancouver Library Capital Facility Area
Notes to Financial Statements
For the year ended December 31, 2021

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

Note 5 – Other Disclosures

Interlocal Agreements

The Fort Vancouver Regional Library (FVRL) District, in collaboration with the VLCFA, 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 FVRL. The Library District will maintain the daily operations and staffing of the new libraries. Based on this agreement, the VLCFA has directed FVRL 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 FVRL for project management and administrative costs related to the development of the projects.

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

Note 6 – Property Tax

The Clark County Treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed at the end of each month. Property tax revenues are recognized when cash is received by VLCFA. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The VLCFA's regular levy for the year 2021 was \$0.130225965 per \$1,000 on an assessed valuation of \$24,452,688,834 for a total regular levy of \$3,184,375.

Vancouver Library Capital Facility Area
Notes to Financial Statements
For the year ended December 31, 2021

Note 7 – Risk Management

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

NOTE 8 – COVID-19

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions.

VLCFA proactively implemented safety measures, and operations have continued with most staff working remotely. Management continues to monitor the situation for any operational or financial effects and is ready to respond appropriately as needed. To date, the District has not experienced any direct financial impacts due to the pandemic.

The length of time these measures will continue to be in place, and the full extent of the financial impact on the District is unknown at this time.

Vancouver Library Capital Facility Area
Notes to Financial Statements
For the year ended December 31, 2020

Note 1 – Summary of Significant Accounting Policies

The Vancouver Library Capital Facility Area (VLCFA) 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 District, 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.

A. Fund Accounting

Financial transactions of the VLCFA are reported in individual funds, each of which is considered a separate accounting entity. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The District's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following fund types are used by the District.

Vancouver Library Capital Facility Area
Notes to Financial Statements
For the year ended December 31, 2020

GOVERNMENTAL FUND TYPES:

General Fund

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

Debt Service Fund

The VLCFA debt service fund accounts for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

B. Basis of Accounting and Measurement Focus

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. Cash and Investments

See Note 4 – Deposits and Investments.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5000 and an estimated useful life in excess of 1 year. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Long-Term Debt

See Note 3

Vancouver Library Capital Facility Area
Notes to Financial Statements
For the year ended December 31, 2020

F. Restricted Portion of Ending Cash and Investments

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

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

Note 2 – Budget Compliance

The VLCFA adopts an annual appropriated budget for the Debt Service fund approved by the Clark County Commissioners. The 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 budgets were as follow:

Fund	Final Appropriated Amount	Actual Expenditures	Variance
Debt Svc.	\$ 3,235,075	\$ 3,242,161	\$ (7,086)

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

Note 3 – Long-Term Debt

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liability of the VLCFA and summarizes the VLCFA’s debt transactions for year ended December 31, 2020.

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

Vancouver Library Capital Facility Area
Notes to Financial Statements
For the year ended December 31, 2020

Year	Principal	Interest	Total
2021	2,370,000	887,375	3,257,375
2022	2,485,000	792,575	3,277,575
2023	2,575,000	736,300	3,311,300
2024	2,725,000	607,550	3,332,550
2025	2,890,000	471,300	3,361,300
2026-2028	8,170,000	636,400	8,806,400
	\$ 21,215,000	\$ 4,131,500	\$ 25,346,500

Debt Refunding

In 2016 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 proceeding 12 years by \$2,955,249. VLCFA will reduce its levy proportionally in ensuing years as the tax burden is reduced over the life of the bonds.

Note 4 – Deposits and Investments

Investments are held in the Clark County Investment Pool. Deposits and investments at December 31, 2020 are as follows:

	VLCFA
Bank Deposits	\$ -
Certificates of Deposit	\$ -
Investments	\$ 237,419
Total	\$ 237,419

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 is an involuntary participant in the Clark County Investment Pool, an external investment pool operated by the Clark County Treasurer. The pool is not rated or registered with the Securities and Exchange Commission (SEC). Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. Investments in the pool are reported at fair value and the financial statement(s) report the investments at original cost, with interest reported when received. The fair value decrease at December 31, 2020 was \$394 as reported on the investment fair market value statement.

Vancouver Library Capital Facility Area
Notes to Financial Statements
For the year ended December 31, 2020

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the VLCFA would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The VLCFA deposits and certificates of deposit are mostly covered by the Federal Deposit Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

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

Note 5 – Other Disclosures

Interlocal Agreements

The Fort Vancouver Regional Library (FVRL) District, in collaboration with the VLCFA, 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 FVRL. The Library District will maintain the daily operations and staffing of the new libraries. Based on this agreement, the VLCFA has directed FVRL 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 FVRL for project management and administrative costs related to the development of the projects.

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

Note 6 – Property Tax

The Clark County Treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed at the end of each month. Property tax revenues

Vancouver Library Capital Facility Area
Notes to Financial Statements
For the year ended December 31, 2020

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

The VLCFA's regular levy for the year 2020 was \$0.1093992865 per \$1,000 on an assessed valuation of \$23,268,661,811.61 for a total regular levy of \$2,545,575.

Note 7 – Risk Management

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

NOTE 8 – COVID-19

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities. COVID has not impacted the expenditures for the Vancouver Library Capital Facility Area.

**Vancouver Library Capital Facility Area
Schedule of Liabilities
For the Year Ended December 31, 2022**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.12	General Obligation Bonds	12/1/2028	18,845,000	-	2,485,000	16,360,000
	Total General Obligation Debt/Liabilities:		18,845,000	-	2,485,000	16,360,000
	Total Liabilities:		18,845,000	-	2,485,000	16,360,000

**Vancouver Library Capital Facility Area
Schedule of Liabilities
For the Year Ended December 31, 2021**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.12	General Obligation Bond	12/1/2028	21,215,000	-	2,370,000	18,845,000
	Total General Obligation Debt/Liabilities:		21,215,000	-	2,370,000	18,845,000
	Total Liabilities:		21,215,000	-	2,370,000	18,845,000

**Vancouver Library Capital Facility Area
Schedule of Liabilities
For the Year Ended December 31, 2020**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.12	General Obligation Bond	12/1/2028	23,470,000	-	2,255,000	21,215,000
	Total General Obligation Debt/Liabilities:		23,470,000	-	2,255,000	21,215,000
	Total Liabilities:		23,470,000	-	2,255,000	21,215,000

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

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

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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Other ways to stay in touch

- Main telephone:
(564) 999-0950
- Toll-free Citizen Hotline:
(866) 902-3900
- Email:
webmaster@sao.wa.gov