
CLARK COUNTY WASHINGTON



proud past, promising future

CLARK COUNTY
WASHINGTON

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED DECEMBER 31, 2007**

CLARK COUNTY WASHINGTON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED DECEMBER 31, 2007

Greg Kimsey, Clark County Auditor

John Ingram, CFA
Sandra Hall

Mary Jo Zieman, CPA
Thomas G. Scullion, CPA

Clark County Auditor's Office – Financial Services
Clark County Treasurer's Office



For an alternative format, contact the Clark County
ADA Compliance Office. **V** (360) 397-2025;
TTY (360) 397-2445; **E-mail** ADA@clark.wa.gov

**CLARK COUNTY, WASHINGTON
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

TABLE OF CONTENTS

Fiscal Year Ended December 31, 2007

	Page
I. INTRODUCTORY SECTION:	
Letter of Transmittal	1
Certificate of Achievement for Excellence in Financial Reporting	5
Elected Officials	6
Organizational Chart	7
 II. FINANCIAL SECTION:	
Independent Auditor's Opinion	9
Management's Discussion and Analysis	11
Basic Financial Statements:	
Description of Basic Financial Statements	27
Government-wide Financial Statements:	
Statement of Net Assets	29
Statement of Activities	30
Fund Financial Statements:	
Balance Sheet – Governmental Funds	31
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	32
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	33
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	34
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	35
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Other Major Funds	36
Statement of Net Assets – Proprietary Funds	39
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	40
Statement of Cash Flows – Proprietary Funds	41
Statement of Fiduciary Net Assets – Fiduciary Funds	43
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	44
Notes to Financial Statements	45
Required Supplementary Information	
Other Post Employment Benefit Schedules of Funding Progress	85
Modified Approach for Reporting Infrastructure Capital Assets	86
Notes to Required Supplementary Information	87
Combining and Individual Governmental Fund Statements and Schedules:	
Schedule of Revenues, Budget and Actual – General Fund	89
Schedule of Expenditures, Budget and Actual – General Fund	90
Combining Balance Sheet – Nonmajor Governmental Funds	96
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	97
Description of Nonmajor Special Revenue Funds	98
Combining Balance Sheet – Nonmajor Special Revenue Funds	101
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	106

Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Special Revenue Funds	111
Description of Nonmajor Debt Service Funds	148
Combining Balance Sheet – Nonmajor Debt Service Funds	149
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds	150
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Obligation Bond Fund	151
Description of Nonmajor Capital Project Funds	152
Combining Balance Sheet – Nonmajor Capital Project Funds	153
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Project Funds	155
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Capital Project Funds	157
Combining Internal Fund Statements:	
Description of Internal Service Funds	169
Combining Statement of Net Assets – Internal Service Funds	170
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Internal Service Funds	172
Combining Statement of Cash Flows – Internal Service Funds	174
Combining Fiduciary Fund Statements:	
Description of Fiduciary Funds	177
Statement of Net Assets – Investment Trust Funds	179
Statement of Changes in Net Assets – Investment Trust Funds	180
Combining Balance Sheet – Agency Funds	181
Combining Statement of Changes in Assets and Liabilities – Agency Funds	183

III. STATISTICAL SECTION

Description of Statistical Section	187
Net Assets by Component	188
Changes in Net Assets	189
Fund Balances – Governmental Funds	190
Changes in Fund Balances – Governmental Funds	191
Tax Revenues by Source – Governmental Funds	192
Assessed and Estimated Value of Taxable Property	193
Principal Property Taxpayers	194
Property Tax Levies and Collections	195
Property Tax Rate – Direct and Overlapping Governments	196
Ratios of Outstanding Debt by Type	197
Ratio of General Bonded Debt Outstanding	198
Direct and Overlapping Governmental Activities Bonded Debt	199
Legal Debt Margin Information	200
Sanitary Sewer Revenue Bonds Coverage Test	201
Demographic and Economic Statistics	202
Principal Employers	203
Full-Time Equivalent Clark County Employees by Function/Program	204
Capital Asset Statistics by Function	205
Operating Indicators by Function	206



proud past, promising future

CLARK COUNTY
WASHINGTON

AUDITOR
GREG KIMSEY

June 27, 2008

To the Honorable Board of Commissioners and Citizens of Clark County:

In accordance with the provisions of Chapter 36.22 of the Revised Code of Washington, we are pleased to submit the Comprehensive Annual Financial Report (CAFR) of Clark County for the fiscal year ended December 31, 2007. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by independent auditors from the Office of the Washington State Auditor.

The 2007 CAFR meets the requirements of Government Accounting Standards Board (GASB) Statement #34 with the inclusion of government-wide statements that are based on full accrual accounting and includes capital assets and long-term debt. In 2003, the County elected to implement the "Modified Approach" for reporting road systems, stormwater systems, and bridge infrastructure, as defined by GASB #34. Under GASB #34, eligible infrastructure capital assets are not required to be depreciated if they are being preserved under certain conditions. Further discussion about these changes are explained within the Management's Discussion and Analysis section of this CAFR, which immediately precedes the basic financial statements in the financial section of this report.

The CAFR consists of management's representations concerning the finances of the County. Consequently, responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of Clark County. Clark County has established a comprehensive internal control framework to provide a reasonable basis for making these representations. Management of the County has established internal controls that are designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's internal controls have been designed to provide reasonable assurance that the financial statements will be free from material misstatements. To the best of our knowledge and belief, the data presented is accurate in all material respects and disclosures.

The Comprehensive Annual Financial Report is developed to provide meaningful financial information to the public, legislative bodies, creditors, investors, and teachers and students of public finance. It is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter and a presentation of the County's organizational structure and elected officials. The financial section includes the independent auditor's report, management discussion and analysis, government-wide statements, fund statements, notes to the financial statements, and combining and individual fund financial

1300 Franklin Street • P.O. Box 5000 • Vancouver, WA 98666-5000

(360) 397-2310 • Fax (360) 397-6007 • www.clark.wa.gov/auditor

statements and schedules. The statistical section presents financial and demographic information, which is generally presented on a multi-year basis.

The Office of the Washington State Auditor conducts an annual audit of the financial statements of Clark County as required by state law. The goal of the independent audit is to provide reasonable assurance that the financial statements of the County for the fiscal year ended December 31, 2007, are free from material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the overall financial statement presentation. The auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Clark County's financial statements for fiscal year ended December 31, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Their examination is conducted in accordance with *generally accepted auditing standards, Government Auditing Standards* issued by the Comptroller of the United States, and the provisions of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Information related to this single audit, including the schedule of expenditures of federal awards and state/local financial assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, will be issued in a separate Single Audit Report issued by the Office of the Washington State Auditor .

GAAP requires that management provide a narrative introduction, overview, and analysis of financial condition and results of operations to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Clark County's MD&A can be found immediately following the report of the independent auditors.

Profile of Clark County

Clark County, incorporated in 1849, is located in the southwestern portion of the State of Washington, on the Columbia River, approximately 80 miles from the Pacific Ocean. The Columbia River forms the western and southern boundaries of the County and provides over 41 miles of river frontage. The North Fork of the Lewis River forms the northern boundary of the County and Skamania County and the Cascade Range forms the eastern boundary. The land area of the County encompasses 405,760 acres, approximately two-thirds of which lie in the foothills of the Cascade Range. Located directly across the Columbia River from Portland, Oregon and 150 miles south of Seattle, Clark County is one of the fastest growing areas in the Pacific Northwest. The Columbia River and the proximity of the Pacific Ocean have a strong influence on the economy, climate and recreational activities of the area.

The County enjoys a diversified and growing economy with a strong manufacturing base, as well as a solid commercial sector, valuable port activities and significant government and service sectors. Additionally, the County is well served by a variety of transportation facilities. Interstates 5 and 205 access the Portland area, and the Ports of Vancouver, Ridgefield, and Camas/Washougal offer port facilities which capitalize on the Columbia River's status as a fresh water, deep draft harbor between Canada and California. Transcontinental railroads, trucking firms, bus lines, and the Portland International Airport also serve the County.

Clark County is a statute county, which means that the organization of the County is prescribed by state statute. Locally elected officials include the County Assessor, Auditor, Clerk,

Prosecuting Attorney, Sheriff, Treasurer, nine Superior Court Judges, six District Court Judges, and a three member Board of County Commissioners. These elected officials govern the County and establish policies on the basis of the local community's needs and preferences. The Board of County Commissioners acts as the County's legislative body and appoints a County Administrator who acts as the chief administrative officer of the County and oversees eleven departments.

In accordance with GASB #14 "The Financial Reporting Entity", the County has identified five entities as a component unit. By virtue of its authority to exercise influence over its operations, the County has included the financial statements of the Industrial Revenue Bond Corporation, the Fairgrounds Site Management Group, Emergency Medical Service District, the Metropolitan Park District, and the Clark County Public Facilities District as blended component units reported as special revenue funds. The County also reports its investment in a governmental joint venture: Clark Regional Emergency Services Agency.

The County's biennial budget serves as the foundation for financial planning and control. State law (RCW 36.40) establishes the general requirements of Clark County's biennial budget process. The law requires the County to initiate the budget process on or before the second Monday in July, by requesting budget estimates for the ensuing year from each County department. The County is required to present a compilation of these estimates, including revenue projections, to the Board of Commissioners upon or before the first Tuesday in September, or if the Board so chooses, the first Tuesday in November. A compilation of submissions is then prepared, and copies are made available to the public. The Commissioners must schedule a hearing on the budget for the first Monday on October, or if the Board so chooses, the first Monday in December. The budget hearing may be continued from day to day for no more than five days. At the conclusion of the hearing, the Board of Commissioners adopts the budget. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated budget has been 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 major capital projects are approved in accordance with a long-term capital acquisition plan.

Relevant Financial Policies

The County adopted a fiscal policy plan in 1982 and amended it in 1994. There are 17 fiscal policies in the plan which provides guidance for prudent management of the County's resources. These fiscal policies help provide high level direction over the County's finances and have been consistently applied during 2007.

Local Economy

Clark County was the fastest growing county in Washington (ranked by percentage change) between 1990 and 2000, with population growth of 45% for the ten years. Between 2001 and 2007, County population increased by an additional 17.7% and ranked second in the state by percentage change. Two forces contributed to this growth: high-tech manufacturing and migration from other areas, in particular, from Portland, Oregon. The county attracted many of these former Portland residents because of lower housing costs, available land, and good schools. One-third of the county's labor force commutes across the river to Portland everyday. The population for Clark County at year-end of 2007 was approximately 415,000.

The trend for the past few years in the local employment market has seen a higher unemployment rate than the State unemployment rate. This trend changed during 2005 and 2006 but is back again with the unemployment rate in Clark County at 5.5% at the end of 2007, up from 4.6% in 2006, (compared to 5.2% in December 2005 and 6.4% in 2004). The State unemployment rate was 4.8% at the end of 2007. Almost 12,000 Clark County residents were

looking for work at the end of 2007. The total Clark County resident work force numbered approximately 215,850 in December 2007.

The County experienced unprecedented growth in building construction activities in recent years. However, in 2007 there was a 12 percent decline in building permits, following a 25% decline in 2006, putting construction activity at the lowest it's been in the last 10 years. The average value of the single family building permits has decreased from \$239,442 in 2006 to \$209,511 in 2007. The sale of homes is also an indicator of the economic activity in the county. Over the past year, home sales have declined approximately 28 percent. This indicator, in conjunction with the slowdown in building permits indicates a significant change in the housing industry in the County.

Long-Term Financial Planning

The County has capital investments planned over the next several years for the following areas:

- Continued investment in technology infrastructure including a new assessment/taxation system (\$7.4M).
- The Sanitary Sewer Plant expansion and upgrade of interceptors with a project budget of \$71 million, estimated to be completed in 2009.
- In addition, the County conducted a feasibility study on expanding the jail capacity and is evaluating the results of the study.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Clark County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2006. Clark County has received this prestigious award for twenty-six consecutive years. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the County has received the GFOA Distinguished Budget Presentation Award for seventeen consecutive budget periods, most recently for its biennial budget document dated 2007/2008. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operating guide, and a communication device.

We express our appreciation to those who have devoted their time to the preparation of this report, especially the Financial Services staff in the Clark County Auditor's office and the Clark County Treasurer's office. We also recognize the professional efforts of the State Auditor's Office in their audit, and the direction and advice they provide us throughout the year.

Finally, we express our sincere appreciation to the Board of County Commissioners for their continued support, and their tireless efforts in working for the betterment of the community and in making Clark County a great place to live, work and play.

Respectfully submitted,

Greg Kimsey
Clark County Auditor

John Ingram
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Clark County
Washington

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

President

Jeffrey R. Emen

Executive Director

CLARK COUNTY, WASHINGTON

2007 ELECTED OFFICIALS

County Commissioners

District One

Betty Sue Morris

District Two

Marc Boldt

District Three

Steve Stuart

County Assessor

Linda Franklin

County Auditor

Greg Kimsey

County Clerk

Sherry Parker

Prosecuting Attorney

Art Curtis

County Sheriff

Garry Lucas

County Treasurer

Doug Lasher

Superior Court Judges

Court One

Roger Bennett

Court Two

John Wulle

Court Three

John Nichols

Court Four

Edwin Poyfair

Court Five

Robert Harris

Court Six

Barbara Johnson

Court Seven

James E. Rulli

Court Eight

Diane Woolard

Court Nine

Robert Lewis

District Court Judges

Court One

Vernon Schreiber

Court Two

James Swanger

Court Three

Darvin Zimmerman

Court Four

Kenneth Eiesland

Court Five

Richard Melnick

Court Six

John Hagensen



CLARK COUNTY ORGANIZATION CHART

VOTERS OF CLARK COUNTY

