BASIC FINANCIAL STATEMENTS

The basic financial statements and note disclosure comprise the minimum acceptable fair presentation in conformity with Generally Accepted Accounting Principles (GAAP). Basic financial statements are designed to be lifted from the Financial Section of the Comprehensive Annual Financial Report (CAFR) for widespread distribution to users requiring less detailed information than is contained in the full CAFR. Basic Financial Statements include:

Government-wide Financial Statements

(1) **Government-wide Statement of Net Assets** – presents information on all County governmental and business-type assets and liabilities, with the difference reported as net assets.

(2) **Government-wide Statement of Activities** – presents information on all County governmental and business-type revenues and expenses, with the difference reported as change in net assets.

Fund Financial Statements

(3) **Balance Sheet - Governmental Funds** - presents the balance sheets for major funds and aggregated amounts for all other governmental funds.

(4) **Reconciliation of the Balance Sheet of Governmental Funds to the Government-wide Statement of Net Assets**

(5) **Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds** – presents information for each major fund and aggregated information for all other governmental funds.

(6) **Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-wide Statement of Activities**

(7) **Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual** – presents budget information, along with actual results, on separate statements for each major fund which has a legally adopted budget. Departmental information is included for the General Fund, in accordance with the County's legally adopted budget.

(8) **Statement of Net Assets – Proprietary Funds** – presents information on all assets and liabilities, with the difference reported as change in net assets, for each major enterprise fund and for the County's one non-major enterprise fund, as well as a separate column of information for internal service funds.

(9) **Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds** - presents information for each major enterprise fund and for the County's one non-major enterprise fund, as well as a separate column of information for internal service funds.

(10) **Statement of Cash Flows** - presents information on the sources and uses of cash for each major enterprise fund and for the County's one non-major enterprise fund, as well as a separate column of information for internal service funds.

(11) **Statement of Fiduciary Net Assets –** presents information on investment trust funds, the private-purpose trust fund, and agency fund assets and liabilities, with the difference reported as net assets.

(12) **Statement of Changes in Fiduciary Net Assets** - presents information on additions to and deductions from investment trust funds, the private-purpose trust fund, and agency funds, with the difference reported as change in net assets.

(13) **Notes to Financial Statements-** presents disclosure and further detail information to assist the reader in a better understanding of the financial statements and the data presented within them.

CLARK COUNTY, WASHINGTON
Statement of Net Assets
December 31, 2005

	Primary Government		
ASSETS	Governmental Activities	Business-type Activities	Total
Cash, cash equivalents & pooled investments	$ 152,683,383	$ 17,596,928	$ 170,280,311
Receivables	22,840,632	1,317,300	24,157,932
Internal balances	85,943	(85,943)	0
Inventories	1,367,774	0	1,367,774
Prepaids	88,931	30	88,961
Investments	13,708	0	13,708
Notes receivable	8,987,298	28,609,838	37,597,136
Deferred charges	1,414,311	0	1,414,311
Restricted assets - in safekeeping	4,304,219	0	4,304,219
Capital assets:			
Land, infrastructure and construction in progress	761,318,262	92,772,343	854,090,605
Other capital assets, net of depreciation	132,914,275	61,530,916	194,445,191
Total assets	1,086,018,736	201,741,412	1,287,760,148
LIABILITIES			
Accounts payable and other current liabilities	14,045,571	1,722,849	15,768,420
Accrued liabilities	5,506,156	232,699	5,738,855
Deposits payable	4,928,296	0	4,928,296
Due to other governments	324,403	957	325,360
Unearned revenue	2,672,722	28,609,838	31,282,560
Long term liabilities:			
Special assessment debt with governmental commitment due in more than one year	228,954	0	228,954
Other due within one year	8,566,851	1,842,870	10,409,721
Other due in more than one year	166,500,314	26,761,779	193,262,093
Total liabilities	202,773,267	59,170,992	261,944,259
NET ASSETS			
Invested in capital assets, net of related debt	746,201,389	125,897,386	872,098,775
Restricted for:			
Capital projects	23,139,165	0	23,139,165
Culture and recreation	24,037,337	0	24,037,337
Economic environment	26,803,781	0	26,803,781
Law and justice	2,255,559	0	2,255,559
Debt service- debt covenants	375,741	0	375,741
Transportation	8,584,925	0	8,584,925
Health and human services	14,515,278	0	14,515,278
General governmental	4,586,983	0	4,586,983
Unrestricted	32,745,311	16,673,034	49,418,345
Total net assets	$ 883,245,469	$ 142,570,420	$ 1,025,815,889

See accompanying notes to the financial statements

CLARK COUNTY, WASHINGTON
Statement of Activities
For the Year Ended December 31, 2005

		Program Revenues			Net (Expenses) Revenue and Changes in Net Assets Primary Government		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants & Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**
Primary Government:							
Governmental activities:							
General government	$ 44,712,472	$ 18,467,903	$ 4,553,659	$ 0	$ (21,690,910)	$ 0	$ (21,690,910)
Public safety	59,224,349	3,142,844	6,810,059	334,525	(48,936,921)	0	(48,936,921)
Judicial	12,678,807	4,470,551	2,176,719	0	(6,031,537)	0	(6,031,537)
Physical environment	1,374,132	5,409,049	1,072,606	0	5,107,523	0	5,107,523
Transportation	30,081,945	5,461,263	0	29,961,297	5,340,615	0	5,340,615
Economic environment	18,373,073	14,313,112	6,572,151	0	2,512,190	0	2,512,190
Health and human services	48,834,824	3,091,478	42,646,079	0	(3,097,267)	0	(3,097,267)
Culture and recreation	11,023,816	6,582,832	85,553	2,068,502	(2,286,929)	0	(2,286,929)
Interest on long term debt	7,170,928	0	0	0	(7,170,928)	0	(7,170,928)
Total governmental activities	233,474,346	60,939,032	63,916,826	32,364,324	(76,254,164)	0	(76,254,164)
Business-type activities:							
Solid waste	1,949,383	1,238,522	274,122	0	0	(436,739)	(436,739)
Water	3,886,053	4,796,928	39,701	525,441	0	1,476,017	1,476,017
Sewer	5,848,778	6,601,404	0	4,165,956	0	4,918,582	4,918,582
Total business-type activities	11,684,214	12,636,854	313,823	4,691,397	0	5,957,860	5,957,860
Total primary government	$ 245,158,560	$ 73,575,886	$ 64,230,649	$ 37,055,721	$ (76,254,164)	$ 5,957,860	$ (70,296,304)
General revenues:							
Taxes:							
Property					78,388,736	0	78,388,736
Sales					29,974,783	0	29,974,783
Excise and other					19,595,319	0	19,595,319
Interest and investment earnings					5,521,718	468,785	5,990,503
Gain/(loss) on sale of capital assets					1,522,532	(16,104)	1,506,428
Transfers					140,000	(140,000)	0
Total general revenues and transfers					135,143,088	312,681	135,455,769
Change in net assets					58,888,924	6,270,541	65,159,465
Net assets as of January 1					822,367,880	132,886,827	955,254,707
Prior period adjustment					1,988,665	3,413,052	5,401,717
Net assets as of January 1 - restated					824,356,545	136,299,879	960,656,424
Net asset as of December 31					$ 883,245,469	$ 142,570,420	$ 1,025,815,889

See accompanying notes to the financial statements

Clark County Washington
Balance Sheet
Governmental Funds
December 31, 2005

	Major Funds				
	General	**County Roads**	**Community Services Grants**	**Other Governmental Funds**	**Total**
ASSETS					
Cash, cash equivalents and pooled investments	$ 18,723,443	$ 6,537,875	$ 3,607,821	$ 108,128,114	$ 136,997,253
Deposit with fiscal agent	0	0	0	10,000	10,000
Deposit in trust	2,660,329	0	0	0	2,660,329
Taxes receivable	1,698,318	1,093,931	0	104,566	2,896,815
Special assessments receivable	0	0	0	684,416	684,416
Interest and penalties receivable	3,792,818	0	0	0	3,792,818
Accounts receivable	1,922,649	1,035,755	25,848	2,215,736	5,199,988
Due from other funds	66,638	66,498	338	755,301	888,775
Due from other governments	712,515	2,843,348	933,043	3,490,395	7,979,301
Inventories	0	0	0	157,246	157,246
Prepaid expenditure	23,589	0	15,280	40,712	79,581
Investments	13,668	0	0	40	13,708
Advance due from other funds	0	318,291	0	1,364,601	1,682,892
Notes receivable	206,246	640,091	7,919,119	221,842	8,987,298
Assets in safekeeping	0	0	0	4,304,219	4,304,219
Total assets	29,820,213	12,535,789	12,501,449	121,477,188	176,334,639
LIABILITIES AND FUND BALANCES					
Liabilities					
Warrants and anticipation notes payable	0	0	0	727,588	727,588
Vouchers payable	1,937,103	1,687,283	1,062,545	7,517,586	12,204,517
Due to other funds	166,415	162,246	54,510	162,156	545,327
Due to other governments	77,858	14,431	1,061	230,727	324,077
Accrued liabilities	3,682,778	519,606	171,399	1,025,043	5,398,826
Deposits payable	2,607,260	291,447	0	2,029,589	4,928,296
Matured long-term obligations	0	0	0	10,000	10,000
Deferred revenue	5,835,139	1,275,851	7,950,296	3,176,923	18,238,209
Advance due to other funds	0	0	0	1,364,601	1,364,601
Total liabilities	14,306,553	3,950,864	9,239,811	16,244,213	43,741,441
Fund Balances					
Reserved for:					
Prepaid items	23,589	0	15,280	40,712	79,581
Advances	0	318,291	0	1,364,601	1,682,892
Unreserved - designated for compensated absences reported in:					
General fund	1,065,826	0	0	0	1,065,826
Special revenue funds	0	288,148	90,478	329,529	708,155
Unreserved - designated for technology upgrades, low income housing and clinic, reported in:					
General fund	2,000,000	0	0	0	2,000,000
Special revenue funds	0	0	0	5,423,728	5,423,728
Unreserved, undesignated, reported in:					
General fund	12,424,245	0	0	0	12,424,245
Special revenue funds	0	7,978,486	3,155,880	38,642,396	49,776,762
Debt service funds	0	0	0	375,741	375,741
Capital project funds	0	0	0	59,056,129	59,056,129
Total fund balances	15,513,660	8,584,925	3,261,638	105,232,836	$ 132,593,059
Total liabilities and fund balance	$ 29,820,213	$ 12,535,789	$ 12,501,449	$ 121,477,049	

See accompanying notes to the financial statements

CLARK COUNTY, WASHINGTON
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
December 31, 2005

Total fund balances as shown on the Governmental Funds Balance Sheet:	$ 132,593,059
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. This amount reflects the initial investment in capital assets, net of depreciation, at 12/31/05 . (This amount does not include internal service fund capital assets in the amount of $12,996,809, which are included as a reconciling item in a note further down this page.)	881,235,728
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	16,979,798
Internal service funds are used to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	23,213,779
Accrued interest liabilities that are not due and payable in the current period are not reported in the funds, however, they are recorded in the Statement of Net Assets.	163,058
Long-term liabilities that are not due and payable in the current period are not reported in the funds, however, they are recorded in the Statement of Net Assets. (This amount does not include internal service fund long-term liabilities in the amount of $4,356,166, which are included as a reconciling item above).	(170,939,953)
Total net assets, as reflected on the Statement of Net Assets:	$ 883,245,469

See accompanying notes to the financial statements

Clark County Washington

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	Major Funds				
	General Fund	County Roads	Community Service Grants	Other Governmental Funds	Total
Revenues:					
Property taxes	$ 47,388,984	$ 27,167,872	$ 0	$ 2,881,301	$ 77,438,157
Sales and use taxes	21,901,901	0	0	8,072,882	29,974,783
Excise and other taxes	4,654,506	299,684	0	14,641,129	19,595,319
Licenses & permits	1,194,436	259,333	41,160	8,377,675	9,872,604
Intergovernmental	13,661,089	11,994,956	6,077,416	44,079,990	75,813,451
Charges for services	16,566,443	3,542,252	1,795,620	21,695,561	43,599,876
Fines & forfeitures	3,061,753	4,300	0	184,718	3,250,771
Interest earnings	2,060,274	61,734	133,375	2,927,787	5,183,170
Donations	17,311	0	0	431,743	449,054
Other revenues	347,640	112,314	1,343,257	5,370,383	7,173,594
Total revenues	110,854,337	43,442,445	9,390,828	108,663,169	272,350,779
Expenditures:					
Current:					
General government	30,958,252	38,459	0	2,104,215	33,100,926
Public safety	52,412,239	199,225	0	7,659,981	60,271,445
Judicial	12,596,430	0	0	0	12,596,430
Physical environment	54,346	0	0	1,881,534	1,935,880
Transportation	68,282	48,322,054	0	413,164	48,803,500
Economic environment	141,030	0	9,323,657	8,976,039	18,440,726
Health and human services	615,510	0	0	44,861,110	45,476,620
Culture & recreation	3,706,824	0	0	3,055,436	6,762,260
Capital outlay	0	0	0	36,502,146	36,502,146
Debt service:					
Principal	13,396	0	0	7,771,823	7,785,219
Interest and other charges	9,339	14,781	2,375	7,261,292	7,287,787
Total expenditures	100,575,648	48,574,519	9,326,032	120,486,740	278,962,939
Excess (deficiency) of revenues over (under) expenditures	10,278,689	(5,132,074)	64,796	(11,823,571)	(6,612,160)
Other Financing Sources (Uses):					
Issuance of long term debt	0	3,287,500	0	5,715,000	9,002,500
Sale of capital assets	662,087	2,913,999	0	261,349	3,837,435
Refunding long term debt issued	888,750	0	0	24,096,250	24,985,000
Premiums on bonds	31,206	0	0	745,575	776,781
Payment to refunded debt escrow agent	(903,878)	0	0	(24,445,823)	(25,349,701)
Transfers in	7,790,327	2,764,580	1,141,784	24,424,410	36,121,101
Transfers out	(15,439,205)	(850,924)	(293,246)	(25,822,761)	(42,406,136)
Total other financing sources (uses)	(6,970,713)	8,115,155	848,538	4,974,000	6,966,980
Net change in fund balances	3,307,976	2,983,081	913,334	(6,849,571)	354,820
Fund balance as of January 1	12,016,252	4,306,592	2,518,190	111,408,540	130,249,574
Prior period adjustment	189,432	1,295,252	(169,886)	673,867	1,988,665
Fund balance as of January 1 - restated	12,205,684	5,601,844	2,348,304	112,082,407	132,238,239
Fund balance as of December 31	$ 15,513,660	$ 8,584,925	$ 3,261,638	$ 105,232,836	$ 132,593,059

See accompanying notes to the financial statements

CLARK COUNTY, WASHINGTON

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds To the Statement of Activities For the Year Ended December 31, 2005

Net change in fund balances as shown on Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance:	$ 354,820
Governmental funds report capital outlays as expenditures and proceeds from the sale of capital assets as revenues. In the Statement of Activities the cost of those assets is capitalized and depreciated over the period of the asset's useful life. When capital assets are disposed of, the difference between original cost and depreciation, and the proceeds are booked as a gain or (loss) on the sale. This entry takes into account the differences in how capital costs are treated between the Statement of Activities and the governmental fund statements.	35,628,788
The County receives contributions in the form of capital assets from developers and other donors. Because capital assets are not reported in governmental funds, neither are such contributions. Government-Wide Statements report capital assets in the Statement of Net Assets, and any contributions are reported in the Statement of Activities. This is the value of those capital contributions during the year.	20,018,645
Internal service fund expenses are allocated to other funds. The net expense of certain internal service fund activities is reported with governmental activities on the Statement of Activities.	1,720,624
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This entry is the net effect of these differences in the treatment of long-term debt issuance and payments.	(1,349,444)
Governmental funds report revenue in the current period for revenues deferred in prior periods since they were not available financing sources at the time. Government-wide statements record revenues at the time they are earned. This amount accounts for the change in deferred revenues during 2005.	950,579
Some expenses reported in the statement of activities do not require the use of current financial resources, and accordingly, are not reported as expenditures in governmental funds.	1,564,912
Change in net assets, as reflected on the Statement of Activities	$ 58,888,924

See accompanying notes to the financial statements

Clark County Washington
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2005

	Original 2005/2006 Budget	Final 2005/2006 Budget	Actual Year-To-Date	Variance with Final Budget Positive/ (Negative)
Revenues:				
Taxes	$ 144,548,095	$ 139,078,364	$ 73,945,391	$ (65,132,973)
Licenses & permits	2,282,520	2,282,520	1,194,436	(1,088,084)
Intergovernmental	23,331,863	29,287,301	13,661,089	(15,626,212)
Charges for services	32,789,288	35,788,938	16,566,443	(19,222,495)
Fines & forfeitures	7,046,926	7,046,926	3,061,753	(3,985,173)
Miscellaneous	3,946,234	4,883,734	2,425,225	(2,458,509)
Total revenues	213,944,926	218,367,783	110,854,337	(107,513,446)
Expenditures				
General government	69,949,814	70,892,670	30,958,252	39,934,418
Public safety	101,866,256	105,747,314	52,412,239	53,335,075
Judicial	24,528,148	25,007,200	12,596,430	12,410,770
Physical environment	102,276	109,693	54,346	55,347
Transportation	113,022	123,022	68,282	54,740
Economic environment	221,000	386,425	141,030	245,395
Health and human services	1,249,722	1,399,711	615,510	784,201
Culture and recreation	7,707,795	8,136,733	3,706,824	4,429,909
Debt service-principal	26,792	26,792	13,396	13,396
Debt service-interest	0	11,934	9,339	2,595
Total expenditures	205,764,825	211,841,494	100,575,648	111,265,846
Excess (deficiency) of revenues over expenditures	8,180,101	6,526,289	10,278,689	3,752,400
Refunding long term debt issued	580,000	1,565,456	888,750	(676,706)
Premium on refunding debt	0	0	31,206	31,206
Repayment of refunding debt	0	(973,792)	(903,878)	69,914
Sale of capital assets	961,636	961,636	662,087	(299,549)
Transfers in	16,705,799	15,906,124	7,790,327	(8,115,797)
Transfers out	(27,849,382)	(28,981,157)	(15,439,205)	13,541,952
Total other financing sources(uses)	(9,601,947)	(11,521,733)	(6,970,713)	4,551,020
Net change in fund balance	(1,421,846)	(4,995,444)	3,307,976	8,303,420
Fund Balance as of January 1	10,939,083	7,410,822	12,016,252	4,605,430
Prior Period Adjustment	0	0	189,432	189,432
Fund Balance as of January 1-restated	10,939,083	7,410,822	12,205,684	4,794,862
Fund balance as of December 31	$ 9,517,237	$ 2,415,378	$ 15,513,660	$ 13,098,282

See accompanying notes to the financial statements

Clark County Washington

County Roads

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget (GAAP Basis) and Actual

For the Year Ended December 31, 2005

	Original 2005/2006 Budget	Final 2005/2006 Budget	Actual Year -To- Date	Variance with Final Budget Positive / (Negative)
Revenues				
General property taxes	$ 55,214,614	$ 55,214,614	$ 27,167,872	$ (28,046,742)
Timber harvest	193,200	193,200	274,234	81,034
Excise and other taxes	14,458	14,458	25,450	10,992
Total taxes	55,422,272	55,422,272	27,467,556	(27,954,716)
Business licenses and permits	360,000	360,000	165,141	(194,859)
Non-business licenses and permits	109,748	109,748	94,192	(15,556)
Total licenses & permits	469,748	469,748	259,333	(210,415)
Federal entitlements	14,600	14,600	28,363	13,763
Federal grants -- indirect	7,845,000	11,219,000	2,989,316	(8,229,684)
State grants	6,801,000	12,389,000	3,141,777	(9,247,223)
State shared revenues	0	0	443	443
State entitlements	11,716,800	12,386,800	5,835,057	(6,551,743)
Total intergovernmental	26,377,400	36,009,400	11,994,956	(24,014,444)
Interfund revenues	2,273,563	2,273,563	1,672,026	(601,537)
Physical environment	1,434,055	1,434,055	1,178,525	(255,530)
General government fees	17,493	17,493	9,505	(7,988)
Economic environment	82,900	82,900	40,726	(42,174)
Transportation	1,287,217	1,287,217	641,470	(645,747)
Total charges for services	5,095,228	5,095,228	3,542,252	(1,552,976)
Fines and forfeitures	12,600	12,600	4,300	(8,300)
Total fines & forfeitures	12,600	12,600	4,300	(8,300)
Rents and royalties	48,280	48,280	15,452	(32,828)
Interest earnings	77,730	77,730	61,734	(15,996)
Other revenues	271,516	271,516	96,862	(174,654)
Total miscellaneous	397,526	397,526	174,048	(223,478)
Total revenues	87,774,774	97,406,774	43,442,445	(53,964,329)
Expenditures				
General government				
Other services and charges	29,374	29,374	25,471	3,903
Interfund payment for services	78,248	78,248	12,988	65,260
Total general government	$ 107,622	$ 107,622	$ 38,459	$ 69,163

See accompanying notes to the financial statements

Clark County Washington
County Roads
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2005

	Original 2005/2006 Budget	Final 2005/2006 Budget	Actual Year -To-Date	Variance with Final Budget Positive / (Negative)
Public Safety				
Personal services	$ 870,019	$ 870,019	$ 159,473	$ 710,546
Supplies	2,400	2,400	401	1,999
Other services and charges	10,800	10,800	2,913	7,887
Interfund payment for services	64,842	64,842	36,438	28,404
Total public safety	948,061	948,061	199,225	748,836
Transportation				
Personal services	27,239,436	27,377,211	12,150,541	15,226,670
Supplies	5,511,731	5,511,731	2,753,120	2,758,611
Other services and charges	13,647,331	13,687,331	6,545,394	7,141,937
Intergovernmental	0	0	2,918	(2,918)
Interfund payment for services	18,577,337	18,397,062	8,401,288	9,995,774
Capital outlays	29,076,155	42,706,236	18,468,793	24,237,443
Total transportation	94,051,990	107,679,571	48,322,054	59,357,517
Debt service: interest	189,520	189,520	14,781	174,739
Total expenditures	95,297,193	108,924,774	48,574,519	60,350,255
Excess (deficiency) of revenues over expenditures	(7,522,419)	(11,518,000)	(5,132,074)	6,385,926
Issuance of long-term debt	3,856,000	5,285,000	3,287,500	(1,997,500)
Sale of capital assets	1,587,421	1,587,421	2,913,999	1,326,578
Transfers in	4,498,923	6,737,923	2,764,580	(3,973,343)
Transfers out	(1,948,218)	(2,130,557)	(850,924)	1,279,633
Total other financing sources (uses)	7,994,126	11,479,787	8,115,155	(3,364,632)
Net change in fund balance	471,707	(38,213)	2,983,081	3,021,294
Fund balance as of January 1	1,891,263	2,949,713	4,306,592	1,356,879
Prior period adjustments	0	0	1,295,252	1,295,252
Fund balance as of January 1 -restated	1,891,263	2,949,713	5,601,844	2,652,131
Fund balance as of December 31	$ 2,362,970	$ 2,911,500	$ 8,584,925	$ 5,673,425

See accompanying notes to the financial statements

CLARK COUNTY, WASHINGTON
Community Services Grants
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2005

	Original 2005/2006 Budget	Final 2005/2006 Budget	Actual Year -To- Date	Variance with Final Budget Positive (Negative)
Revenues				
Non-business licenses and permits	90,000	90,000	41,160	$ (48,840)
Total licenses & permits	90,000	90,000	41,160	(48,840)
Federal grants -- direct	9,080,000	9,080,000	2,373,970	(6,706,030)
Federal grants -- indirect	6,697,164	6,714,935	2,944,714	(3,770,221)
State grants	1,681,256	1,699,027	608,732	(1,090,295)
Intergovernmental revenues	352,008	352,008	150,000	(202,008)
Total intergovernmental	17,810,428	17,845,970	6,077,416	(11,768,554)
Interfund revenues	6,170,295	6,170,295	0	(6,170,295)
Economic environment	4,550,000	5,750,000	1,311,682	(4,438,318)
General government fees	800,000	800,000	483,938	(316,062)
Mental and physical health	2,450,156	2,450,156	0	(2,450,156)
Total charges for services	13,970,451	15,170,451	1,795,620	(13,374,831)
Interest earnings	2,000	2,000	133,375	131,375
Other revenues	80,000	80,000	1,343,257	1,263,257
Total miscellaneous	82,000	82,000	1,476,632	1,394,632
Total revenues	31,952,879	33,188,421	9,390,828	(23,797,593)
Expenditures				
Economic environment				
Personal services	5,432,615	5,110,042	1,947,697	3,162,345
Supplies	105,600	435,389	93,361	342,028
Other services and charges	24,822,324	24,593,432	7,125,648	17,467,784
Interfund payment for services	3,141,106	3,126,061	(517,027)	3,643,088
Capital outlay	500,000	863,892	673,978	189,914
Total economic environment	34,001,645	34,128,816	9,323,657	24,805,159
Debt service: interest	0	0	2,375	(2,375)
Total expenditures	34,001,645	34,128,816	9,326,032	24,802,784
Excess (deficiency) of revenues over expenditures	(2,048,766)	(940,395)	64,796	1,005,191
Other Financing Sources (Uses)				
Transfers in	1,833,568	2,058,568	1,141,784	(916,784)
Transfers out	(497,709)	(542,709)	(293,246)	249,463
Total other financing sources (uses)	1,335,859	1,515,859	848,538	(667,321)
Net change in fund balance	(712,907)	575,464	913,334	337,870
Fund balance as of January 1	6,711,412	1,442,031	2,518,190	1,076,159
Prior period adjustment	0	0	(169,886)	(169,886)
Fund balance as of January 1 - restated	6,711,412	1,442,031	2,348,304	906,273
Fund balance as of December 31	$ 5,998,505	$ 2,017,495	$ 3,261,638	$ 1,244,143

See accompanying notes to the financial statements

Clark County Washington
Statement of Net Assets
Proprietary Funds
December 31, 2005

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Major		Non-Major		
Assets	Sanitary Sewer	Clean Water	Solid Waste	Total	Internal Service Funds
Current assets					
Cash, cash equivalents and pooled investments	$ 3,572,204	$ 8,827,050	$ 5,197,674	$ 17,596,928	$ 13,015,801
Receivables, net	8,891	481,116	317,038	807,045	1,514,352
Due from other funds	0	1,730	0	1,730	484,193
Due from other governments	440,904	19,764	49,587	510,255	454,651
Inventory (at cost)	0	0	0	0	1,210,528
Prepaid expense	30	0	0	30	9,350
Total current assets	4,022,029	9,329,660	5,564,299	18,915,988	16,688,875
Noncurrent assets					
Contracts receivable	28,609,838	0	0	28,609,838	0
Capital assets:					
Land	115,102	31,016,860	12,315	31,144,277	44,721
Buildings	28,366	0	372,415	400,781	107,426
Improvements other than buildings	71,770,122	1,034,871	732,899	73,537,892	3,645,698
Machinery & equipment	245,878	65,804	82,267	393,949	22,993,307
Infrastructure	3,844,029	51,089,202	0	54,933,231	0
Construction in progress	10,273,092	265,772	0	10,538,864	417,846
Less accumulated depreciation	(11,408,754)	(4,775,684)	(461,297)	(16,645,735)	(14,212,189)
Total noncurrent assets	103,477,673	78,696,825	738,599	182,913,097	12,996,809
Total assets	107,499,702	88,026,485	6,302,898	201,829,085	29,685,684
Liabilities					
Current liabilities					
Warrants payable	0	0	0	0	6,760
Accounts payable	1,072,485	446,888	203,476	1,722,849	1,096,706
Due to other funds	11,670	50,449	25,554	87,673	741,698
Due to other governments	435	56	466	957	187
Accrued liabilities	165,677	40,926	26,096	232,699	270,388
Compensated absences	7,689	5,389	3,070	16,148	30,533
Bonds, notes and loans payable	1,826,722	0	0	1,826,722	450,000
Total current liabilities	3,084,678	543,708	258,662	3,887,048	2,596,272
Noncurrent liabilities					
Deferred revenue - HDSD	28,609,838	0	0	28,609,838	0
Compensated absences	84,582	64,275	33,771	182,628	505,633
Accrued Claims Payable	0	0	0	0	2,395,000
Advance due to other governments	1,298,271	0	0	1,298,271	0
Bonds, notes and loans payable (net of discounts)	25,280,880	0	0	25,280,880	975,000
Total noncurrent liabilities	55,273,571	64,275	33,771	55,371,617	3,875,633
Total liabilities	58,358,249	607,983	292,433	59,258,665	6,471,905
Net Assets					
Invested in capital assets, net of related debt	46,461,962	78,696,825	738,599	125,897,386	11,961,809
Unrestricted	2,679,491	8,721,677	5,271,866	16,673,034	11,251,970
Total net assets	$ 49,141,453	$ 87,418,502	$ 6,010,465	$ 142,570,420	$ 23,213,779

See accompanying notes to the financial statements

Clark County Washington
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2005

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Major		Non Major		
	Sanitary Sewer	Clean Water	Solid Waste	Total	Internal Service Funds
OPERATING REVENUES					
Charges for services:					
Sewer charges pledged as security for revenue bonds	$ 3,988,534	$ 0	$ 0	$ 3,988,534	$ 0
Other charges for services	2,612,870	4,655,877	1,206,000	8,474,747	15,625,310
Contributions from participants	0	0	0	0	2,468,533
Miscellaneous	0	96,694	0	96,694	0
Total operating revenues	6,601,404	4,752,571	1,206,000	12,559,975	18,093,843
OPERATING EXPENSES					
Personal services	969,032	1,113,637	656,672	2,739,341	6,199,446
Contractual services	1,013,098	498,482	695,609	2,207,189	6,248,630
Other supplies and expenses	297,254	1,966,496	255,908	2,519,658	9,344,915
Intergovernmental	96,203	152,761	312,660	561,624	0
Depreciation	1,439,780	154,677	28,534	1,622,991	2,120,002
Total operating expenses	3,815,367	3,886,053	1,949,383	9,650,803	23,912,993
Operating income (loss)	2,786,037	866,518	(743,383)	2,909,172	(5,819,150)
NONOPERATING REVENUES (EXPENSES)					
Interest and investment revenue	105,203	224,067	139,515	468,785	338,548
Operating grant revenue	0	39,701	274,122	313,823	0
Miscellaneous revenue	0	44,357	32,522	76,879	32,544
Intergovernmental revenue	0	0	0	0	466,040
Gain/(loss) on disposition of capital assets	0	(16,104)	0	(16,104)	113,206
Interest expense	(2,030,654)	0	0	(2,030,654)	(73,188)
Miscellaneous expense	(2,757)	0	0	(2,757)	0
Total non-operating revenues	(1,928,208)	292,021	446,159	(1,190,028)	877,150
Income (loss) before contributions and transfers	857,829	1,158,539	(297,224)	1,719,144	(4,942,000)
Capital contributions	4,165,956	525,441	0	4,691,397	237,589
Transfers in	0	0	0	0	7,352,918
Transfers out	0	(115,000)	(25,000)	(140,000)	(927,883)
Change in net assets	5,023,785	1,568,980	(322,224)	6,270,541	1,720,624
Net assets as of January 1	44,117,668	82,436,470	6,332,689	132,886,827	21,493,155
Prior period adjustments	0	3,413,052	0	3,413,052	0
Net assets as of January 1- restated	44,117,668	85,849,522	6,332,689	136,299,879	21,493,155
Net assets as of December 31	$ 49,141,453	$ 87,418,502	$ 6,010,465	$ 142,570,420	$ 23,213,779

See accompanying notes to the financial statements

Clark County Washington
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2005

	Business-type Activities -- Enterprise Funds				Governmental Activities
	Major		Non Major		
	Sanitary Sewer	Clean Water	Solid Waste	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers - inflows	$ 6,307,816	$ 4,955,338	$ 1,423,702	$ 12,686,856	$ 6,813,022
Receipts from customers - outflows	0	0	0	0	(52,684)
Receipts from interfund services provided	72,999	35,270	0	108,269	10,007,466
Payments to suppliers - inflows	0	0	0	0	31,809
Payments to suppliers - outflows	(608,107)	(1,463,311)	(1,016,227)	(3,087,645)	(14,994,510)
Payments to employees	(958,174)	(1,099,540)	(658,646)	(2,716,360)	(6,151,065)
Payments for interfund services used - inflows	0	0	0	0	17,661
Payments for interfund services used - outlflows	(202,558)	(1,859,631)	(155,217)	(2,217,406)	(1,377,461)
Payments on claims and judgments - inflows	0	0	0	0	157,061
Net cash provided (used) by operating activities	4,611,976	568,126	(406,388)	4,773,714	(5,548,701)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grants received	0	39,701	306,644	346,345	0
Interest paid on operating activities	0	0	0	0	(17,594)
Intergovernmental revenues	0	0	0	0	466,041
Proceeds from line of credit	0	0	0	0	387,937
Payments to line of credit	0	0	0	0	(307,868)
Transfers from other funds	0	0	0	0	7,361,414
Transfers to other funds	0	(115,000)	(25,000)	(140,000)	(927,883)
Proceeds from sale of non-capital equipment	0	0	0	0	26,716
Miscellaneous receipts	0	44,357	0	44,357	5,828
Miscellaneous payments	(2,757)	0	0	(2,757)	0
Net cash provided (used) by noncapital financing activities	(2,757)	(30,942)	281,644	247,945	6,994,591
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions	4,165,956	0	0	4,165,956	6,404
Purchases of capital assets	(5,624,922)	(449,249)	(31,070)	(6,105,241)	(2,104,819)
Proceeds from sales of capital assets	0	0	0	0	268,413
Principal paid on capital debt	(2,388,741)	0	0	(2,388,741)	(50,000)
Interest paid on capital debt	(1,479,461)	0	0	(1,479,461)	(55,595)
Net cash (used) by capital and related financing activities	(5,327,168)	(449,249)	(31,070)	(5,807,487)	(1,935,597)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest earnings	105,203	224,067	139,515	468,785	338,548
Net cash provided by investing activities	105,203	224,067	139,515	468,785	338,548
Net increase in cash and cash equivalents	(612,746)	312,002	(16,299)	(317,043)	(151,159)
Balances as of January 1	4,184,950	8,515,048	5,213,973	17,913,971	13,166,960
Balances as of December 31	$ 3,572,204	$ 8,827,050	$ 5,197,674	$ 17,596,928	$ 13,015,801

See accompanying notes to the financial statements

Clark County Washington
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2005

	Business-type Activities -- Enterprise Funds				Governmental Activities
	Major		Non-Major		
	Sanitary Sewer	Clean Water	Solid Waste	Totals	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	$ 2,786,037	$ 866,518	$ (743,383)	$ 2,909,172	$ (5,819,150)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	1,439,780	154,677	28,534	1,622,991	2,120,002
(Increase) decrease in accounts receivable	465	106,729	107,435	214,629	(968,848)
(Increase) decrease in prepaid expense	(30)	0	0	(30)	86,826
(Increase) decrease in due from other funds	69,456	35,270	0	104,726	(18,226)
(Increase) decrease in due from other governments	(294,053)	96,038	110,267	(87,748)	(453,367)
(Increase) decrease in inventory	0	0	0	0	(430,388)
Increase (decrease) in accounts/warrants payables	604,613	(752,263)	67,796	(79,854)	(81,212)
Increase (decrease) in due to other funds	5,368	49,711	25,108	80,187	(175,492)
Increase (decrease) in due to other governments	435	(94)	(171)	170	142
Increase (decrease) in accrued liabilities	(10,953)	(2,557)	(6,638)	(20,148)	140,550
Increase (decrease) in compensated absences	10,858	14,097	4,664	29,619	50,462
Net cash provided (used) by financing activities	$ 4,611,976	$ 568,126	$ (406,388)	$ 4,773,714	$ (5,548,701)
Noncash investing, capital, and financing activities					
Contribution of capital assets	$ 0	$ 4,392,638	$ 0	$ 4,392,638	$ 231,185

See accompanying notes to the financial statements

Clark County Washington

Statement of Fiduciary Net Assets

Fiduciary Funds

December 31, 2005

	Investment Trust Funds	Private Purpose Trust Fund	Agency Funds
Assets			
Cash, cash equivalents and pooled investments	$ 241,182,272	$ 65,079	$ 23,093,788
Cash and deposits in trust	0	0	88,254
Cash with fiscal agents	0	0	615,000
Accrued interest receivable	1,945,615	0	0
Receivables:			
Taxes	0	0	11,057,262
Other	0	0	1,233,376
From other funds	0	0	310,806
From local governments	0	0	46,286
Total receivables	0	0	12,647,730
Investments at fair value			
US treasury state and local government	46,831,401	0	0
Total investments	46,831,401	0	0
Total assets	289,959,288	65,079	36,444,772
Liabilities			
Warrants payable	0	0	16,234,448
Accounts payable and other liabilities	0	0	34,235
Due to other funds	0	0	218,896
Due to other governments	0	0	18,817,002
Accrued liabilities & deposits payable	0	0	203,615
Deposits payable	0	0	618,285
Advance due to other funds	0	0	318,291
Total liabilities	0	0	36,444,772
Net Assets			
Investments held in trust for pool participants	289,959,288	0	0
Investments held in trust for other purposes	0	65,079	0
Total net assets	$ 289,959,288	$ 65,079	$ 0

See accompanying notes to the financial statements

Clark County Washington

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

For the Year Ended December 31, 2005

	Investment Trust Funds	Private Purpose Trust Fund
Additions		
Contributions		
Additions by participants	$ 546,304,853	$ 0
Total contributions	546,304,853	0
Investment income		
Net decrease in fair value of investments	(478,675)	0
Interest, dividends, and other	0	1,740
Total investment income	(478,675)	1,740
Less investment activity expense	0	0
Net investment income	(478,675)	1,740
Total additions	545,826,178	1,740
Deductions		
Payments in accordance with trust agreements	0	1,200
Distributions to participants	497,929,000	0
Total deductions	497,929,000	1,200
Change in net assets	47,897,178	540
Net assets as of January 1	242,062,110	64,539
Net assets as of December 31	$ 289,959,288	$ 65,079

See accompanying notes to the financial statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Clark County have been prepared in conformance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Washington State Auditor's Office has further developed and implemented the Budgeting, Accounting, and Reporting System (BARS) designed to promote uniformity among the cities and counties of Washington. The following is a summary of significant accounting policies for Clark County.

A. Reporting Entity

The Comprehensive Annual Financial Report of Clark County includes the primary government, and one blended component unit for which the County is financially accountable. Blended component units are legally separate entities, but are in substance a part of the County's operations and therefore the data from this unit is combined with the data from the primary government.

Blended Component Unit
The *Industrial Revenue Bond Corporation of Clark County (IRBC*) was established in 1982 with the granting of its charter and appointment of its Board of Directors by the Clark County Board of Commissioners. The Board of County Commissioners comprises the Board of Directors for the public corporation. IRBC is responsible for encouraging industrial development by issuing industrial revenue bonds in accordance with the 1981 Economic Development Act of the State of Washington. Revenue bonds issued by the corporation are payable solely from revenues of the industrial development facility funded by the revenue bonds and are neither a liability nor a contingent liability of Clark County, the IRBC, or any other public entity. There is one bond issue outstanding at December 31, 2005, which amounts to $3,795,000. IRBC is reported as a special revenue fund. Complete statements for the component unit may be obtained from Clark County.

B. Government-wide and Fund Financial Statements

Government-wide financial statements consist of the statement of net assets and the statement of activities. These statements report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separate from business-type activities, which rely to a significant extent on fees and charges for support.

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

Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment
- Grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment

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

Fund financial statements are used to report additional and more detailed information about the primary government. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures are generally recorded when the related fund liability is incurred, as under accrual accounting. Exceptions to this general rule include unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Revenues susceptible to accrual are earned interest, certain charges for services, and intergovernmental revenues, such as grants, where program expenditures are the prime factor for determining reimbursement. Revenues such as sales based taxes, licenses, fines, and fees are not considered susceptible for accrual since they are not generally measurable until received. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives cash.

Clark County reports three major governmental funds.

- The *General Fund* is the County's primary operating fund. It is used to account for all activities of the general government not accounted for in another fund.
- The *County Roads Special Revenue Fund* accounts for the design, construction, and maintenance of County roads.
- The *Community Services Grants Special Revenue Fund* is a multi-grant fund used to finance a variety of community improvement and relief services, including assistance to the elderly, weatherization, special volunteers, and aid to the economically disadvantaged.

The County reports two major proprietary funds.

- The *Sanitary Sewer Fund* accounts for all sewer activity, including maintenance and operation of the County's sewer treatment plant and sewer capital construction projects.
- The *Clean Water Fund* accounts for activities related to the County's stormwater drainage systems, in accordance with the Federal Clean Water Act.

Additionally, the County reports the following fund types:

- *Internal service funds* account for equipment rental, elections, central support, self insurance, building maintenance, retirement benefit reserve, and data processing services provided to other departments, agencies of the government, and other governments on a cost reimbursement basis.
- The *private-purpose trust fund* accounts for resources legally held in trust for a private organization, the Childrens Home Society, to benefit homeless or orphaned children. Only earnings on investments may benefit this activity. The capital portion of the trust must be preserved intact. No resources are used to support the County's programs.
- *Investment trust funds* account for the external pooled and non-pooled investments held by the County Treasurer on behalf of external pool participants in the County's investment program. The pooled money is invested and monitored by the County and the external participants are generally government entities that do not have their own treasurer, such as fire and school districts.
- *Agency funds* are custodial in nature and do not present results of operations or have a measurement focus. These funds account for assets (such as property taxes collected on behalf of other governments) that the County holds for others in an agency capacity. Agency funds include fire, school, port, cemetery, air pollution, cities & towns, library, drainage district, and miscellaneous, clearing fund activities.

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sanitary sewer, solid waste, drainage utility, clean water system and the County's internal service funds are charges to customers for sales and services. The sanitary sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of personnel services, contractual services, other supplies and expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities, and Net Assets or Equity

1. *Deposits and Investments*

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

2. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Interfund balances between governmental funds and interfund balances between proprietary funds have been eliminated and were not included in the government-wide statement of net assets.

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

Sanitary Sewer and Clean Water Fund receivables are recorded for actual amounts billed to customers and not yet paid. Billings are recorded either monthly or annually and are based on set fee amounts that have been billed through December 31, 2005.

3. *Inventories and Prepaid Items*

Inventories are valued at cost using the average cost method. The cost of governmental fund-type inventories is recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. *Joint Venture*

The County is a party of one governmental fund joint venture agreement. This is accounted for using the equity method that reflects the County's investment in operations and net worth on the basis of contribution and participation. The equity interest primarily represents interest in capital assets and is reported in the Governmental Fund column of the Statement of Net Assets.

5. *Capital Assets*

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

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

The County has chosen the modified approach for reporting the road, bridge, and stormwater subsystems of infrastructure assets of the County. Under the modified approach, capital infrastructure assets are not required to report depreciation if an asset management system is used to document that infrastructure assets are being preserved at a condition level set by the government.

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

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

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

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

Machinery and equipment purchased on capital leases are treated as capital assets, indicating a constructive or actual transfer of the benefits and risks of ownership to the County, and are valued at the lesser of the fair value of the leased property or the net present value of the minimum lease payments required by the contract.

6. *Compensated Absences*

It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. Employees with a minimum of ten years of services are permitted to cash out a portion of their accrued sick leave based on a percentage of accumulated hours. The remainder of unpaid sick leave is not earned until taken by the employee, and therefore is recorded at the time used. All vacation pay and eligible sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. *Long-term Obligations*

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

8. *Fund Equity*

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

9. *Restricted Net Assets*

A portion of the County's net assets are subject to external legal restrictions (by the Revised Code of the State of Washington or by contractual agreements with outside parties) on how they may be used, and therefore are not available for general spending at the discretion of the County. An amount equal to these restricted assets, less related liabilities, is reported as restricted net assets (and identified as to purpose) on the government-wide Statement of Net Assets.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds." The details of the $16,979,798 are as follows:

Unavailable deferred revenue	$ 15,565,487
Deferred charges (issuance costs)	1,414,311
Net adjustment to increase total governmental funds to arrive at net assets governmental funds	$ 16,979,798

Another element of reconciliation explains that "long-term liabilities that are not due and payable in the current period are not reported in the funds". The details of this $170,939,953 are as follows:

Bonds payable	$ 148,605,000
plus deferred amount for issuance costs	2,564,381
Less deferred charge for refunding	(1,257,128)
Capital lease	1,048,210
Special assessment debt	228,954
Compensated absences	7,050,888
Advance due to other government	12,699,648
Net adjustment to reduce – *total governmental funds to* arrive at net assets – governmental activities	$ 170,939,953

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlay as expenditures. In the statement of activities the cost of those assets is capitalized and depreciated over the period of the asset's useful life. When capital assets are disposed of, the difference between original cost and depreciation, and the proceeds, is booked as a gain or (loss) on the sale." The details of this $35,628,788 difference are as follows:

Capital outlay	$	51,462,194
Depreciation expense		(8,894,234)
Disposition of capital assets (net book value)		(6,939,172)
Net adjustment to increase *net changes in fund balance – total governmental funds* to arrive at changes in net assets of governmental activities	$	35,628,788

Another reconciling item states "contributions in the form of capital assets from developers and other donors. Because capital assets are not reported in governmental funds, neither are such contributions. Government-Wide statements report capital assets in the Statement of net Assets, and any contributions are reported in the Statement of Activities" as revenue. The details of this $20,018,645 difference are as follows:

Road Systems contributed by Developers	$	17,966,341
Park land and improvements paid for by the City of Vancouver		2,052,304
Net adjustment to increase *net changes in fund balance – total governmental funds* to arrive at changes in net assets of governmental activities	$	20,018,645

Another element of that reconciliation states "the issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this $1,349,444 difference are as follows:

Issuance of general obligation bonds	$	30,700,000
Issuance of advance due to other government		3,287,500
plus premium on long term bonds		776,781
Deferred charges		(433,437)
Refunding costs		(996,181)
Principal repayments:		
General obligation debt		(31,063,149)
Advance due to other government		(793,675)
Special assessment debt		(35,000)
Capital lease		(93,395)
Net adjustment to decrease *net changes in fund balances – total governmental funds* to arrive at changes in net assets of governmental activities	$	1,349,444

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The biennial budget for Clark County is adopted in accordance with the provisions of the Revised

Code of Washington (RCW), as interpreted by the Budgeting, Accounting, and Reporting Systems (BARS) of the State of Washington, and on a basis consistent with generally accepted accounting principles. The Board of County Commissioners adopts biennial appropriations for the general, special revenue, and capital project funds. Budgetary constraints for debt service funds are determined by the terms of the debt instruments or enabling legislation.

During the budget process, each county official submits detailed estimates of anticipated revenues and expenditure requests for the ensuing budget years. The budget office compiles this data and makes it available for public comment in early October of the budget adoption year. A recommended budget is published in the third week of November with a public hearing held during the first week in December when the final budget is adopted.

The biennial budget is adopted and systematically monitored on the fund level for special revenue and capital project funds and on a department level for the General Fund. Personal service costs in each fund are controlled by position. The acquisition of capital items is approved on an item by item basis in accordance with a long-term capital acquisition plan.

Biennial budgets are amended during the budget years by supplemental appropriation resolutions that are approved by the Board during public meetings. Any revisions, which increase the total appropriation of any fund, are published in the official county newspaper (The Columbian) at least two weeks before the public hearing. Revisions approved by the Board during 2005 consisted of awards and modifications of grants, the release of contingency funds to specific programs, and enhanced revenues supporting expanded program requirements. Department heads may transfer budget amounts between certain categories of expenditures (supplies and services) without approval of the Board as long as they do not exceed their total department/fund.

B. <u>Deficit Fund Equity</u>

There was only one governmental fund with deficit fund balance as of December 31, 2005. The deficit of $1,364,054 in the *CRESA Emergency Services Communication Special Revenue Fund* was anticipated because of increased debt service payments. A funding plan is in place to reduce this deficit over the next several years.

The *Central Support Services Internal Service Fund* is the only internal service fund that exhibits deficit net asset as of December 31, 2005. The Central Support Services deficit of $646,109 exists because the full costs of services are not being recouped. The deficit in Central Support Services was reviewed during 2004 and a plan was developed to help reduce the deficit in future years. The deficit has been reduced from $1.1 million in 2004.

IV. DETAILED NOTES ON ALL FUNDS

A. <u>Deposits and Investments</u>

The Clark County Treasurer (Treasurer) is empowered by the State of Washington to act as the fiduciary agent for the County (as Treasurer) and other junior taxing districts (as ex-officio Treasurer), which includes the receipt, deposit and prudent investment of public funds as legally prescribed by the laws of the State.

<u>Implementation of GASB 40</u>
During 2005, Clark County implemented GASB 40, *Deposit and Investment Risk Disclosure*. Implementation of this standard eliminated the note disclosure of Category 1, 2 and 3 investments and concentrates on risk of investments.

<u>Deposits</u>

Cash on hand, demand deposits, and short term investments with original maturity of three months or less (money market accounts) are classified as cash and cash equivalents. Deposits consist of cash and cash equivalents on deposit with the Treasurer. As of December 31, 2005, the carrying value of deposits was $87,055,241 and the bank balance was $88,011,615.

All receipts received by the Treasurer are deposited into qualified bank depositories as specified by the Washington Public Deposit Protection Commission. All of the deposits are either covered by federal depository insurance or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission, and are classified under risk Category 1. Risk Category 1 reflects investments, which are insured, registered, or held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are either held by the financial institution's trust department or an agent in the County's name. Category 3 represents uninsured and unregistered investments for which securities are held by the financial institution, its trust department, or agent but not held in the County's name.

<u>Equity in Pooled Investments</u>

Investments may be made in the form of commercial paper, banker's acceptances, U.S. Treasury bills, notes, and certain other government agency obligations. County policy dictates that all investment instruments other than non-negotiable certificates of deposit and monies placed with the Washington State Local Government Investment Pool be transacted on the delivery versus payment basis.

County monies are invested by certain individual funds for the benefit of the respective fund in the Clark County External Investment Pool. Remaining County monies are aggregated in a residual account, and invested in the pool for the benefit of the General fund.

Pooled investments, during 2005, included Certificates of Deposit, Commercial Paper, Federal Agencies, Municipal bonds, monies invested with the Washington State Local Government Investment Pool and money market accounts. The carrying value of the County Pool on December 31, 2005 was $427,276,783 of which $72,385,823 is classified as deposits.

As of December 31, 2005, the County had the following investments, shown at fair value:

Investment Type		Fair Value	Weighted Average Maturity (Years)
Commercial Paper - Discount	$	19,946,208	0.06
Certificates of Deposit		70,000,000	0.34
Federal Agencies - Semi Annual		211,306,438	0.97
State Investment Pool		49,308,781	0.00
Municipal Bonds		2,484,401	1.37
	$	353,045,828	
Portfolio weighted average maturity			0.66

As required by state law, all investments made by the Treasurer's office are obligations of the U.S. Government, U.S. agency issues, obligations of the State of Washington, general obligations of Washington State municipalities, or certificates of deposit with Washington State banks and savings and loan institutions. All investments are stated at fair value.

<u>Outside Investments (Non-Pooled)</u>

Certain entities direct the Treasurer to invest funds into specific investment maturities outside of the Investment Pool. On December 31, 2005, the following specific investments were held outside the pool:

Investment Type		Carrying Amount
Registered Warrants	$	13,668
Money Market Accounts		8,519,326
Federal Agencies - Semi Annual		38,312,115
	$	46,845,109

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the County Treasurer manages exposure to declines in fair values from interest rates by limiting the weighted average maturity of its investment portfolio to maturities which will fulfill the cash flow needs of Clark County and its junior taxing districts. The securities in the portfolio are structured in a manner that ensures sufficient cash is available to meet anticipated cash flow needs, based on historical information. Any cash in excess of that necessary to meet anticipated liquidity needs may be invested with the following maturity limitations:

Type of Security	Maximum Maturity
Any single security (unless matched to a specific cash flow requirement)	5 years
Repurchase and Reverse Agreements	90 days
Commercial Paper	180 days
Banker’s Acceptances	185 days

The maximum average maturity of the external investment pool cannot exceed one and one half years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To limit risk, state law does not allow general governments to invest in corporate debt. The state law and county policy further limits risk by placing the following credit standards on securities:

Type of Security	Credit Standards
Bankers Acceptances	Highest short-term credit rating at the time of purchase
Commercial Paper	A1/P1 and “A” or equivalent
Repurchase Agreements and Reverse Repurchase Agreements	“A” if maturity is less than one week, or “AA” if maturity is greater than one week
Securities Lending Agreements	Long term rating of “A” or equivalent
Deposit Notes	A1/P1 and “AA” or equivalent
WA State Municipal Bonds	“A” or equivalent

The ratings of debt securities as of December 31, 2005 are:

Debt Security	S&P Rating
Fannie Mae (Federal National Mortgage Association)	AAA
Freddie Mac (Federal Home Loan Mortgage Corporation)	AAA
Federal Home Loan Bank	AAA
Federal Farm Credit Bank	AAA
Washington State Investment Pool	Not Rated
General Electric Capital Corp	A-1+
UBS Financial Services	A-1+

Concentration of Credit Risk

Concentration risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Treasurer's policy requires that the portfolio be structured to diversify investments to reduce the risk of loss by over-concentration of assets in a specific maturity, a specific issuer or a specific type of security. U.S. Treasuries and Federal Agencies (Fixed Rate) are not limited because they carry little credit risk. The specific limits of each eligible security are described below:

1) No more than 5% of the portfolio value will be invested in the securities of any single issuer with the following exceptions:
   a. US government obligations are not limited
   b. US agency obligations are limited to 25% per issuer
   c. Repurchase agreement counterparties are limited to 20% per overnight or 10% if greater than one day
   d. Non-negotiable certificates of deposit are limited to 10% per issuer
2) Limited to no more than 25% in either Commercial Paper or Bankers Acceptances
3) Limited to no more than 10% in Federal Agency Variable Rate Notes
4) Limited to no more than 65% in the Washington State Local Government Investment Pool
5) Limited to no more that 20% in Washington state municipal bonds
6) Limited to no more that 10% in deposit notes
7) Limited to no more than 25% in securities lending agreements
8) Limited to no more than 10% of the portfolio value in reverse repurchase agreements
9) Repurchase agreements are limited to no more than 100% overnight or 30% if maturity is greater than 30 days
10) Limiting the amount of exposure from non-negotiable certificates of deposit to no more than 40% of the total portfolio

The Treasurer has several investments in government sponsored and other private enterprises which are not explicitly backed by the federal government. Those securities that exceed 5% of the total investment portfolio market value are disclosed below:

Issuer	% of Investment Portfolio
Federal Home Loan Bank	14.2%
Fannie Mae (Federal National Mortgage Association)	16.4%
Key Bank	12.1%
Washington Mutual Bank	7.0%
Sterling Savings Bank	7.0%

Total Cash, Cash Equivalents and Pooled Investments

Clark County and other jurisdictional governments within the County had a total investment carrying value on December 31, 2005 of $474,121,892 for both pooled and non-pooled investments. A reconciliation of cash, cash equivalents and pooled investments and investments as shown on the fund statements is as follows:

Checking Accounts	$	6,150,093
Petty Cash		227,585
Deposit with Fiscal Agents		625,000
Deposits Held in Trust		2,748,583
Fair Value of Pooled Investments		353,187,620
Fair Value of Investments Out of Pool		46,845,109
Money Market (Pooled investments classified as deposits)		72,385,823
	$	482,169,813

Cash, cash equivalents, pooled investments	$	170,280,311
Cash, cash equivalents, pooled investments - fiduciary		265,044,393
Investments		46,845,109
	$	482,169,813

External Investment Pool

The Treasurer administers and maintains an External Investment Pool for County and other jurisdictional governments within the County. This Pool currently has an average maturity of approximately seven months.

The Treasurer's Office uses "Bloomberg", an on-line financial services system to determine the fair market value of securities purchased on behalf of the Clark County Investment Pool (Investment Pool). If Bloomberg does not price a particular security, the Treasurer's Office obtains three quotes from broker/dealers to determine the fair market value of the security on the specified date. Bloomberg has a pricing model called "Bloomberg Fair Value" (BFV), which establishes an investment's theoretical value, based on where similar bonds, as defined by credit quality and market sector, have traded. This value is not based on market price. BFV incorporates an option adjusted spread methodology in deriving the theoretical value.

The Treasurer's Office does not report any securities at amortized cost. All securities are reported using the security's fair market value. The Investment Pool is not SEC-registered. Authority to manage the Investment Pool is derived from the Revised Code of Washington (RCWs) in RCW 36.29.022.

Regulatory oversight is provided by the Finance Committee, which by statute consists of the Treasurer, the Auditor, and the Chair of the Board of County Commissioners. The committee approves the investment policy and makes all appropriate rules and regulations to carry out the provisions of RCW 36.48.010 through 36.48.060.

The Treasurer's Office uses an investment advisor, which is dependant on budgetary constraints. During 2005, the Treasurer contracted with Public Financial Management, Inc. to review the investment portfolio, and assist with the portfolio strategy on a quarterly basis. The Treasurer's Office utilizes an Intergovernmental Investment Pool Committee that is made up of some of the pool participants from the junior taxing districts within Clark County. This committee meets on a quarterly basis, and assists in sharing information to other pool members regarding the pool strategy and the need for cash management information from the participants. The Treasurer's Investment Strategy Committee is made up of the Treasurer, Deputy Treasurer, Finance Manager, Asset/Liability Manager, and Investment Officer, within the Treasurer's Office who meet weekly to discuss investment strategies, economic conditions, analysis of yield curve shifts, possible Federal Reserve Board actions, cash flow forecasts, and spreads on various securities. This committee also reviews the fair market value of the Investment Pool.

Participation in the Investment Pool is voluntary. All participants have the option of investing in the

Pool, or requesting specific investment amounts and maturity dates for investments outside of the pool. The Treasurer provides monthly fair value investment reports on a fund level to all participants through footnote disclosures. This information is based on the Net Asset Value of each share in the Pool, and is based on each funds' month-end investment balance. For 2005, the Treasurer's Office allocated and reported each participant's share of $831,197 in unrealized losses. The Treasurer allocated and reported the change in fair value on a quarterly basis during 2005, as a minimum.

An interlocal agreement is entered into with each pool participant that allows the Clark County Treasurer's Office to invest their funds in the pool. There are no specific legally binding guarantees given to participants to support the value of the shares.

Condensed Statement of Net Assets Year Ended December 31, 2005	
Assets	
Cash, cash equivalents and pooled investments	425,573,446
Accrued Interest Receivable	1,945,615
Total Assets	427,519,061
Liabilities	
Total liabilities	0
Net assets held in trust for pool participants	427,519,061

The carrying amount of investments is the same as the fair value. An overall interest rate on all investments is calculated. Investment interest rates ranged from 1.79% to 3.8%, and averaged 2.9% for the year. The average maturity dates range from 21 to 493 days.

Condensed Statement of Changes in Net Assets Year Ended December 31, 2005	
Changes in net assets resulting from operations	$ 11,712,560
Distributions to participants	(11,712,560)
Changes in net assets resulting from depositor transactions	10,395,735
Net Assets Available	
Beginning of Year	$ 417,123,326
End of Year	
Private Purpose Trust Fund	$ 65,079
Internal Funds	184,326,095
External Funds	243,127,887
Total net assets available	$ 427,519,061

B. Property Taxes

Property tax revenues are recognized when they become available, meaning due or past due, and receivable within the current period. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied during October for the ensuing year, and are payable in two installments on April 30th and October 31st. Delinquent property taxes accrue interest at twelve percent per annum and are assessed a penalty of from three to eleven percent, depending on the duration of delinquency.

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

a) Washington state law in RCW 84.55.010 limits the growth of regular property taxes to six percent per year, after adjustments for new construction. If the assessed valuation increases by more than six percent due to revaluation, the levy rate will decrease.

b) The Washington state constitution limits the total regular property taxes to one percent of assessed valuation or $10 per $1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the one percent limit.

The County is also authorized to levy taxes in unincorporated areas for road construction and maintenance, which is subject to the same limitations as the levy for general government services. The maximum amounts which may be levied and the actual 2006 and 2005 levies for the General Fund and the County Roads Fund were (per $1,000 of assessed value):

	Maximum Levy	2006 Actual Levy	2005 Actual Levy
General Fund	$1.80	$1.34	$1.47
County Roads	$2.25	$1.83	$2.04

C. Receivables

Receivables as of December 31, 2005 for the County's individual major funds, nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts, are shown in the following table.

	Taxes	Accounts	Special Assessments	Due from other Governments	Interest & Penalties on Property Taxes	Total *
General Fund	$ 1,698,318	$ 1,922,649	$ 0	$ 712,515	$ 3,792,818	$ 8,126,300
County Roads	1,093,931	1,035,755	0	2,843,348	0	4,973,034
Community Services Grants	0	25,848	0	933,043	0	958,891
Nonmajor Governmental	104,566	2,215,736	684,416	3,490,395	0	6,495,113
Sanitary Sewer	0	8,891	0	440,904	0	449,795
Clean Water	0	481,116	0	19,764	0	500,880
Nonmajor Enterprise	0	317,038	0	49,587	0	366,625
Internal Service	0	1,514,352	0	454,651	0	1,969,003
sub-total	2,896,815	7,521,385	684,416	8,944,207	3,792,818	23,839,641
Fiduciary	11,057,262	1,233,376	0	46,286	0	12,336,924
Total Gross Receivables	$ 13,954,077	$ 8,754,761	$ 684,416	$ 8,990,493	$ 3,792,818	$ 36,176,565

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

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

	Unavailable	Unearned
Property taxes receivable (General Fund)	$1,698,318	
Interest & penalties on deliquent proptery taxes (General Fund)	3,792,818	
Property taxes receivable (Road Fund)	1,093,931	
Property taxes receivable (other Governmental funds)	104,566	
Revenues received but not yet earned		185,491
Notes and contracts receivable not yet due	7,919,119	
Telephone revenue (General Fund)	268,227	
Special assessments not yet due	684,416	
Grants received prior to meeting all eligibility requirements		2,487,231
Miscellaneous General Fund	4,092	
Total deferred/unearned revenue for governmental funds.	$15,565,487	$2,672,722

D. Capital Assets

Capital asset activity for the year ended December 31, 2005 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated				
Land	$ 176,307,285	$ 9,707,927	$ 2,350,284	$ 183,664,928
Infrastructure	436,831,655	55,274,388	290,923	491,815,120
Construction in progress	104,375,470	(16,939,607)	1,597,649	85,838,214
Total capital assets, not being depreciated	717,514,410	48,042,708	4,238,856	761,318,262
Capital assets, being depreciated:				
Buildings	102,443,652	18,079,776	148,071	120,375,357
Improvements other than buildings	53,777,034	625,293	3,808,024	50,594,303
Machinery and equipment	44,310,160	6,342,030	2,628,286	48,023,904
Infrastructure	3,764,923	2,540,172	0	6,305,095
Total capital assets being depreciated	204,295,769	27,587,271	6,584,381	225,298,659
Less accumulated depreciation for:				
Buildings	36,955,232	4,206,248	58,180	41,103,300
Improvements other than buildings	7,110,489	2,636,131	20,028	9,726,592
Machinery and equipment	23,065,781	4,003,129	1,837,516	25,231,394
Infrastructure *	16,154,370	168,728	0	16,323,098
Total accumulated depreciation	83,285,872	11,014,236	1,915,724	92,384,384
Total capital assets, being depreciated, net	121,009,897	16,573,035	4,668,657	132,914,275
Governmental activities capital assets, net	$ 838,524,307	$ 64,615,743	$ 8,907,513	$ 894,232,537

Depreciation expense was charged to functions as follows:	
General governmental services	$ 5,553,019
Judicial	193,533
Public Safety	1,028,221
Physical Environment	45,054
Transportation	730,445
Economic Environment	74,499
Mental and physical health	53,450
Culture and recreation	1,216,013
	8,894,234
Depreciation on capital assets held by the County's internal service funds is charged to various functions based upon their usage of the	2,120,002
Total governmental activities depreciation expense	$ 11,014,236

* Governmental Infrastructure assets were first added in 2001, with the implementation of GASB # 34.
All infrastructure was depreciated until 2003, when the County chose to report road, stormwater, and bridge

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

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets, not being depreciated				
Land	$ 27,205,785	$ 5,267,830	$ 1,329,338	$ 31,144,277
Infrastructure	49,612,456	$ 2,879,794	$ 1,403,048	51,089,202
Construction in progress	6,204,096	$ 6,071,016	$ 1,736,248	10,538,864
Total capital assets, not being depreciated	83,022,337	14,218,640	4,468,634	92,772,343
Capital assets, being depreciated:				
Buildings	400,781	0	0	400,781
Improvements other than buildings	76,056,311	30,452	2,548,871	73,537,892
Machinery and equipment	330,427	89,377	25,855	393,949
Infrastructure	1,268,292	2,575,737	0	3,844,029
Total capital assets being depreciated	78,055,811	2,695,566	2,574,726	78,176,651
Less accumulated depreciation for:				
Buildings	216,458	8,621	0	225,079
Improvements other than buildings	10,432,925	1,573,858	61,540	11,945,243
Machinery and equipment	172,205	52,385	15,033	209,557
Infrastructure *	4,306,707	28,537	69,388	4,265,856
Total accumulated depreciation	15,128,295	1,663,401	145,961	16,645,735
Total capital assets, being depreciated, net	62,927,516	1,032,165	2,428,765	61,530,916
Business-type activities capital assets, net	$ 145,949,853	$ 15,250,805	$ 6,897,399	$ 154,303,259

Depreciation expense was charged to functions as follows:

Sanitary Sewer **	$ 1,470,976
Solid Waste	37,749
Water Quality	154,676
Total business-type activities depreciation expense	$ 1,663,401

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

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

E. Commitments

The County has two projects with large capital commitments as of December 31, 2005 (new taxation/assessment technology and the expansion and improvements of the sewer treatment plant).

Project	Project Budget	Spent-to-date	Remaining commitment
Assessment/Taxation System	$ 5,400,000	$ 448,953	$ 4,951,047
Sewer Treatment Plant Expansion and Interceptor upgrades	$ 71,000,000	$ 10,614,698	$ 60,385,302

General obligation bonds finance most of the commitment for the assessment/taxation system system. Revenue bonds will finance most of the treatment plant expansion.

F. Interfund Receivables, Payables and Transfers

Interfund transactions usually involve the exchange of goods and services between funds in a normal business relationship. The composition of interfund receivables as of December 31, 2005, is shown in the following table:

Due to Other Funds	Due From Other Funds: General Fund	Road Fund	Comm. Services	Sanitary Sewer	Clean Water	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Total
General Fund		$6,041	$33,723	$716	$253	$18,794	$208	$6,903	$66,638
Road Fund					48,751	86		17,661	66,498
Comm.Service	48	145	12			133			338
Clean Water	19	1,711							1,730
Nonmajor governmental	9	26	20,775			34,584		699,907	755,301
Internal service	166,339	154,323		10,954	1,445	108,559	25,346	17,227	484,193
Total Due to/ Due from	$166,415	$162,246	$54,510	$11,670	$50,449	$162,156	$25,554	$741,698	$1,374,698

Interfund Advances – To Be Repaid in More than One Year

To	From	Amount
Road Fund	Road Guarantee Fiduciary Fund (part of “Other Agencies” in Agency Statements)	$ 318,291
REET Fund	CRESA Emergency Services	1,364,892
Total		$ 1,682,892

The Road Fund – Road Guarantee Fund advance is required by State law for the purpose of providing payments to bondholders should the special assessment collections be insufficient to provide for debt service obligations on the special assessment debt. The advance between the REET fund and CRESA Emergency Services fund is for financing the replacement of the 800 MHz backbone equipment and CAD/E911 equipment, with repayment to be paid by December 31, 2009.

Interfund transfers represent subsidies and contributions provided to operating funds and capital project funds with no corresponding debt or promise to repay. The purpose of the general fund transfers is to subsidize capital project activities and debt service. Transfers out of nonmajor governmental funds generally represent debt service and capital project funding. Interfund transfers between individual major funds, nonmajor governmental, nonmajor enterprise, and internal service funds of the County during the year ended December 31, 2005 are as follows:

Transfer out	General Fund	Road Fund	Comm. Services	Nonmajor Governmental	Internal Service	Total
General Fund			$1,096,784	$9,342,332	$5,000,089	$15,439,205
Road Fund	20,000			830,924		850,924
Comm. Services			45,000	248,246		293,246
Clean Water Fund	115,000					115,000
Nonmajor governmental	7,376,547	2,764,580		13,860,979	1,820,655	25,822,761
Nonmajor enterprise					25,000	25,000
Internal service funds	278,780			141,929	507,174	927,883
Total transfers	$7,790,327	$2,764,580	$1,141,784	$24,424,410	$7,352,918	$43,474,019

There were approximately $12 million in routine transfers from the general fund to other funds to subsidize operations in 2005. In addition, $14 million was transferred from various funds for debt services payments. The County Building Fund transferred $1.5 million to the Central Support Services Fund for reimbursement of maintenance and utilities costs. Several special revenue funds collect sales tax revenues that are then transferred to the General Fund to fund law and justice programs. In 2005, this amounted to $7.5 million.

Several non-routine and infrequent transfers in 2005 include; the General Fund transferred $250,000 to the Special Revenue Permanent Reserve Fund to increase reserves; the General Fund transferred $1 million to the Information Reserve Fund for technology projects; the Mental Health Fund transferred $1.5 million to the Community Health Building Fund for the new building; and the Road Fund received $2.6 million dollars for road projects completed in the traffic impact fee funds during 2005.

G. Leases

1. Operating Leases

The County is committed under various leases for buildings, office space, and other equipment. Such leases are considered to be operating leases for accounting purposes. Lease expenditures for the year ended December 31, 2005 amounted to approximately $1,500,000. The future minimum lease payments for these leases are:

Year Ending December 31	Amount
2006	759,000
2007	520,000
2008	535,000
2009	540,000
2010	545,000
Total	$ 2,899,000

2. Capital Leases

The County has entered into a lease agreement as lessee for financing energy, plumbing and lighting savings improvements in various county buildings, with an interest rate 4.34%. The leased assets and related obligations are accounted for in the statement of net assets. The net capital lease amount shown below reflects the assets continuing to be financed through the capital lease. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The minimum capital lease payments reflect the remaining capital obligations on these assets.

Net Capital Lease Amount	Governmental Activities
Building Improvements	$ 1,318,500
Less Accumulated Depreciation	88,026
	$ 1,230,474
Minimum Capital Lease Payments	
2006	141,929
2007	141,929
2008	141,928
2009	141,928
2010	141,928
2011-2013	425,786
2014	141,929
Total Minimum Lease Payments	1,277,357
Less Interest	(229,147)
Present Value of Minimum Lease Payments	$ 1,048,210

H. Long Term Debt

General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The beginning balance of outstanding general obligation bonds issued in prior years was $150,200,000. During the year, general obligation bonds totaling $30,700,000 were issued to finance the costs of acquiring, equipping, furnishing and constructing improvements to County facilities and to refund portions of the 1997,1998 and 1999B Limited Tax General Obligation Bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

Description	**Amount Outstanding**
$9,535,000 1996 Limited Tax General Obligation and Refunding Bonds due in annual installments of $210,000 to $240,000 through 2006; interest from 4.8% to 5.1%. This issue is being serviced by the Real Estate Excise Tax Capital Fund for the General Obligation Bonds. The Refunding Bonds are being serviced with revenues derived from the General Fund (75%) and the Sewer Enterprise Fund (25%). This issue was refunded in October, 2003.	240,000
$13,490,000 1996 Limited Tax General Obligation Bonds due in annual installments of $1,225,000 to $1,425,000 through 2006; interest from 4.8% to 5.1% This issue is being serviced by the "911" CRESA Special Revenue Fund. This issue was refunded in October, 2003.	1,425,000
$7,985,000 1997 Limited Tax General Obligation Bonds due in annual installments of $130,000 to $185,000 through 2007; interest from 4.455% to 4.65%. The Tri-Mountain Golf O & M Special Revenue Fund is servicing this issue. This issue was partially refunded in April 2005.	360,000
$20,415,000 1998 Limited Tax General Obligation Bonds due in annual installments of $320,000 to $1,250,000 through 2008; interest from 4.50%. The Conservation Futures II Capital Fund (51%) and the Real Estate Excise Tax Capital Fund (49%) service this issue. This issue was partially refunded in April 2005.	2,130,000
$6,400,000 1999 Limited Tax General Obligation Bonds due in annual installments of $235,000 to $425,000 through 2018; interest from 4.0% to 5.0%. This issue is being serviced by the Real Estate Excise Tax Capital Fund (89%), Tri-Mountain Golf O & M Special Revenue Fund (4%), and the General Fund (7%).	4,260,000
$3,000,000 1999 Limited Tax General Obligation Bonds due in annual installments of $90,000 to $135,000 through 2009; interest from 5.0% to 5.6%. The General Fund services this issue. This issue was partially refunded in April 2005.	510,000
$37,090,000 2001 Limited Tax General Obligation Bonds due in annual installments of $50,000 to $3,065,000 through 2026, interest from 4.125% to 5.125%. This issue is being serviced by the Real Estate Excise Tax Capital Fund.	36,935,000
$2,780,000 2002 Limited General Obligation Refunding Bonds due in annual installments of $85,000 to $665,000 through 2013, interest from 3.0% to 4.3%. This issue is being serviced by the General Fund.	1,100,000

$11,835,000 2003 Limited Tax General Obligation and General Obligation Refunding Bonds due in annual installments of $210,000 to $2,040,000 through 2023, interest from 2.0% to 4.75%. The $7,440,000 new issue is being serviced by the General Fund, Tri-Mountain Golf O & M Special Revenue Fund, Central Support Services Fund, and CAD 800 MHz System Replacement Fund. The $4,395,000 1994 LTGO refunding issue is being serviced by Conservation Futures Capital Project Fund and "911" CRESA Special Revenue Fund.	10,420,000
$5,395,000 2003 Limited Tax General Obligation Refunding Bonds due in annual installments of $60,000 to 615,000 through 2016, interest from 2.0% to 4.1%. This issue is being serviced by the Capital Project Real Estate Excise Tax Fund and the "911" CRESA Special Revenue Fund. This issue refunded portions of the 1996A and 1996B LTGO issues.	5,260,000
$55,620,000 2004 Limited Tax General Obligation bonds due in installments of $500,000 to $3,845,000 through 2034, interest from 3.0% to 5.25%. This issue is being serviced by the General Fund, the Health District Campus Facility Capital Projects Fund, the Exhibition Hall Dedicated Special Revenue Fund and the Conservation Futures Capital Project Fund.	55,120,000
$1,810,000 2004 Limited Tax General Obligation bonds due in installments of $165,000 to $235,000 through 2013, interest from 4.0% to 4.63%. This issue is being serviced by the CHIF Special Revenue Fund.	1,645,000
$24,520,000 2005 Limited Tax General Obligation Refunding bonds due in annual installments of $80,000 to $2,225,000 through 2027, interest from 3.0% to 5.0%. The Conservation Futures II Capital Fund, Real Estate Excise Tax Capital Fund, the General Fund, Building Construction Capital Fund and Tri-Mountain Golf O & M Special Revenue Fund service this issue. This issue refunded portions of the 1997, 1998 and 1999B LTGO issues.	24,520,000
$5,715,000 2005B Limited Tax General Obligation bonds due in annual installments of $80,000 to $345,000 through 2035, interest from 3.7% to 6%. The Health District Campus Facility Capital Fund services this issue.	5,715,000

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

Year Ending December 31	Governmental Activities Principal	Governmental Activities Interest
2006	$ 6,435,000	$ 7,140,449
2007	5,705,000	6,538,866
2008	5,605,000	6,346,906
2009	5,790,000	6,141,965
2010	5,630,000	5,944,461
2011-2015	30,710,000	26,264,194
2016-2020	32,605,000	18,574,063
2021-2025	33,645,000	10,856,115
2026-2030	16,500,000	3,322,485
2031-2035	7,015,000	880,088
Totals	$ 149,640,000	$ 92,009,592

Special Assessment Bonds

The government also issues special assessment bonds for the construction of roads and like improvements in certain areas. These bonds will be repaid from amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the County must provide the resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. At December 31, 2005, special assessment receivables of $147,201 were considered delinquent. The special assessment bonds outstanding are as follows:

Description	**Amount Outstanding**
$582,338 R.I.D. No. 15/16 Special Assessment Bond due in 2014; interest at 5.5% to 7%. These bonds are being serviced by R.I.D. No. 15/16 Debt Service Fund from special assessments levied.	145,000
$198,261 R.I.D. 17 Special Assessment Bonds due in 2016; interest at 4% to 6.3%. These bonds are serviced by R.I.D. No. 17 Debt Service Fund from special assessments.	45,000
$73,954 R.I.D. 18 Special Assessment Bonds due in 2019; interest at 6.35%. These bonds are serviced by R.I.D. No.18 Debt Service Fund from special assessments and will be repaid over 15 years.	38,954

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

Year Ending December 31	Principal	Interest
2006	$ 0	$ 15,457
2007	0	15,456
2008	0	15,457
2009	0	15,457
2010	0	15,455
2011-2015	145,000	67,131
2016-2020	83,954	12,726
Totals	$ 228,954	$ 157,139

Revenue Bonds

The County also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. The beginning balance of outstanding bonds issued in prior years was $28,975,000. These bonds are serviced by the Sanitary Sewer enterprise fund as follows:

Description	**Amount Outstanding**
$45,395,000 1996 Sewer Fund Revenue Bonds due in annual installments of $1,610,000 to $2,085,000 through 2006; interest from 4.85% to 6.0%.	1,710,000
$5,425,000 2001 Refunding Sewer Revenue bonds due in annual installments of $80,000 to $640,000 through 2015; interest from 3.2% to 4.75%.	4,380,000
$25,765,000 2001 Refunding Sewer Revenue bonds due in annual installments of $245,000 to $3,155,000 through 2016; interest from 3.2 % to 5.25%.	20,930,000

Revenue bond debt service requirements to maturity are as follows:

Year Ending December 31		Principal		Interest
2006	$	2,070,000	$	1,339,750
2007		2,050,000		1,222,750
2008		2,150,000		1,124,000
2009		2,250,000		1,026,400
2010		2,360,000		911,488
2011-2015		13,555,000		2,815,563
2016		2,585,000		135,712
Totals	$	27,020,000	$	8,575,663

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

Advance Due to Other Governments

The County also receives loans from other governments. During 2005, the County drew down from three existing loans for a total increase of $3,287,500. In addition, the County received one additional loan authorized at $1,000,000. During 2005, only $750,000 has been received. All of these funds were used for county road projects during 2005. With the acceptance of these loans, the County has fifteen low-interest (.05% and 2%) loans from the State Department of Community Development Public Works Trust Fund that will be repaid within 20 years in annual installments on each loan ranging from $12,695 to $187,500. The funds from these loans were used for sewer improvement projects or county road projects. These loans will be paid back by the Sewer Enterprise Fund and the County Road Fund.

Additionally, a loan from the State Department of Transportation for Chelatchie Railroad improvements is also outstanding. This loan is interest free with annual payments of $13,397 ending in 2008. Advances Due to Other Governments for debt service requirements to maturity are as follows:

		Governmental Activities				Business-type Activities		
Year Ending December 31		Principal		Interest		Principal		Interest
2006	$	987,797	$	57,210	$	286,885	$	17,303
2007		862,798		242,175		286,885		13,966
2008		862,797		238,866		286,885		10,629
2009		849,400		235,556		240,058		7,292
2010		849,402		232,248		153,215		4,891
2011-2015		3,309,502		174,092		335,910		5,481
2016-2020		3,309,502		91,354		0		0
2021-2025		1,668,450		15,777		0		0
Totals	$	12,699,648	$	1,287,278	$	1,589,838	$	59,562

Prior Year Defeasance of Debt

In prior years, the County defeased certain sewer revenue and general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for defeased bonds are not included in the County's financial statements. At December 31, 2005, $63,610,000 of bonds outstanding is considered to be defeased.

Advance and Current Refundings

The government issued $24,985,000 of 2005 general obligation bonds to provide resources to purchase securities that were placed in an irrevocable trust. The 2005 issue was for the purpose of generating resources for all future debt service payments of the 1997, 1998 and 1999B Limited General Obligation Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price of the new debt exceeded the net carrying amount of the old debt by $1,149,703. This amount is being netted against the new debt and amortized over the remaining life of the old debt. This advance refunding was undertaken to reduce total debt service payments over the next 22 years by $1,093,448 million. This issue resulted in an economic gain from a present value perspective of $791,831.

Changes in Long Term Liabilities

The following is a summary of the long-term debt transactions of Clark County for the year ended December 31, 2005:

	Beginning Balance	New Issues	Retirements	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
General obligation bonds	$ 150,053,149	$ 30,700,000	$ 31,113,149	$ 149,640,000	$ 6,435,000
Special assessment bonds	263,954	0	35,000	228,954	0
Less deferred amounts					
For issuance discounts/premiums	1,831,335	776,780	43,734	2,564,381	43,734
On refunding	(260,947)	(1,149,703)	(153,522)	(1,257,128)	(153,522)
Total bonds payable	151,887,491	30,327,077	31,038,361	151,176,207	6,325,212
Capital lease	1,141,605	0	93,395	1,048,210	97,492
Claims and judgements	2,627,939	548,225	391,164	2,785,000	390,000
Advances due to other governments	10,205,823	3,287,500	793,675	12,699,648	987,797
Compensated absences	9,264,563	10,117,091	11,794,600	7,587,054	766,350
Governmental activity long term liabilities	$ 175,127,421	$ 44,279,893	$ 44,111,195	$ 175,296,119	$ 8,566,851

Business-type activities	Beginning Balance	New Issues	Retirements	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	$ 146,851	$ 0	$ 146,851	$ 0	$ 0
Revenue bonds	28,975,000	0	1,955,000	27,020,000	2,070,000
Less deferred amounts					
For issuance discounts/premiums	390,016	0	31,196	358,820	32,620
On refunding	(1,125,571)	0	(562,786)	(562,785)	(562,783)
Total bonds payable	28,386,296	0	1,570,261	26,816,035	1,539,837
Capital leases	0	0	0	0	0
Advance due to other governments	1,876,724	0	286,886	1,589,838	286,885
Compensated absences	169,157	301,860	272,241	198,776	16,148
Business-type activity long term liabilities	$ 30,432,177	$ 301,860	$ 2,129,388	$ 28,604,649	$ 1,842,870

For governmental activities, claims and judgments are generally liquidated by the General Liability Internal Service Fund and compensated absences are liquidated by the funds incurring the liability. The County is limited to a non-voted debt capacity of 1½% and a voted debt capacity of 2½% of the assessed valuation. At December 31 2005, the remaining non-voted capacity was $381,047,122 and the remaining voted and non-voted capacity was $855,999,250.

I. <u>Short Term Debt</u>

During the year, the County obtained a tax anticipation note authorized at $5,000,000 for the purpose of paying expenditures of the General Fund and other funds pending the receipt of taxes and other revenues. This note is drawn down as needed, similar to a line of credit. The following funds shared in the borrowing: GIS, Tri Mountain, Community Services, Prevention, Youth & Family, Grants Management, Housing Facilities, Alcohol and Drug Abuse, Children's Care, Elections, and General Services.

Also, the County obtained a $10,000,000 tax anticipation note for the purpose of paying expenditures of the County's Road Fund pending the receipt of taxes and grants.

Additionally, several funds issued registered warrants to provide resources in advance of property tax collections and grant receipts. Short term debt activities for the year ended December 31, 2005 was as follows:

	Beginning Balance	Proceeds	Repayment
Tax Anticipation Note (line of credit)	$ 1,312,502	$ 9,408,574	$ 10,000,396
Road Line of Credit	0	7,560,446	7,560,446
Registered Warrants			
GIS Fund	0	58,501	58,501
Child Abuse Intervention	0	6,908	0
Weed Management Fund	0	15,161	15,161
Prevention Fund	0	1,001	1,001
Community Service Grants	0	108,858	108,858
Community Dev Block	0	12,927	12,927
Elections	0	25,283	18,523
Substance Abuse	0	67,758	67,758
General Services	0	288,358	288,358
Total Short term Debt	$ 1,312,502	$ 17,553,775	$ 18,131,929

V. OTHER INFORMATION

A. <u>Pension Plans</u>

Substantially all County full time employees and qualifying part-time employees participate in one of the following statewide public employee retirement systems administered by the Washington Department of Retirement Systems (DRS), under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380. The following disclosures are made pursuant to GASB Statement 27, *Accounting for Pensions by State and Local Government Employers*.

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

<u>Plan Description</u>

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

Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not in national higher education retirement programs; judges of district and municipal courts; and employees of local governments. PERS participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statue and may be amended only by the State Legislature.

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

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

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

There are 1,169 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2004:

Retirees and Beneficiaries Receiving Benefits	66,846
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	21,031
Active Plan Members Vested	103,039
Active Plan Members Non-vested	53,217
Total	**244,133**

Funding Policy

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

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2005, were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	2.44%	2.44%	2.44%
Employee	6.00%	2.25%	***

* The employer rates include the employer administrative expense fee currently set at 0.19%.
** Plan 3 defined benefit portion only.
*** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

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

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2005	$125,893	$1,260,802	$141,311
2004	$ 100,454	$ 869,700	$ 97,071
2003	$ 100,121	$ 840,881	$ 57,722

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

Plan Description

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

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

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

The final average salary is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last 10 years of service. If membership was established in LEOFF after February 18, 1974, the service retirement benefit is capped at 60 percent of final average salary. A cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index).

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

There are 369 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2004:

Retirees and Beneficiaries Receiving Benefits	8,542
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	528
Active Plan Members Vested	12,079
Active Plan Members Non-vested	3,523
Total	**24,672**

<u>Funding Policy</u>

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

The required contribution rates expressed as a percentage of current-year covered payrolls, as of December 31, 2005, were as follows:

	LEOFF Plan 1	LEOFF Plan 2
Employer*	0.19%	4.39%
Employee	0.00%	6.99%
State	N/A	2.79%

* The employer rates include the employer administrative expense fee currently set at 0.19%.
** The employer rate for ports and universities is 7.18%.

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

	LEOFF Plan 1	LEOFF Plan 2
2005	$470	$358,410
2004	$588	$285,522
2003	$884	$256,006

B. Deferred Compensation Plan

The County maintains a deferred compensation plan for all full-time employees in accordance with the provisions of Internal Revenue Code (IRC) Section 457. Section 457 requires that the assets and income of the plan be held in trust for the exclusive benefit of participants and their beneficiaries. Monthly contributions to the plan are deducted from the wages of employees who choose to participate as prescribed by federal law and regulations. The contributions are deposited with a third party in the County's name and in trust on behalf of the County's employees.

The County has adopted Governmental Accounting Standard Board Statement No.32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The County has little administrative involvement and does not perform the investing functions for this plan, therefore, this plan is not shown in the County's financial statements.

As of December 31, 2005, 1104 participants were enrolled having accumulated deposits with a fair value of $34,068,385.

C. Post Employment Health Care Benefits

In addition to the pension benefits described, the County provides all of the health insurance benefits for retired public safety employees. Substantially all County LEOFF I employees may become eligible for these benefits if they reach normal retirement age while working for the County. These benefits are 100 percent provided by the County in order to meet State statutory requirements under the LEOFF I system whereby the County pays their medical premiums for life.

There are 55 retired participants eligible to receive these benefits. The County's contributions are financed on a pay-as-you-go basis, i.e., the cost of retiree medical benefits are recognized as an expense when premiums are paid. In 2005, $412,655 of the $616,873 total expense was recognized in the Retirement/Benefits Reserve Fund for post employment health care.

D. Joint Ventures

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

The County's share of 2005 net loss was $ 4,887 for a total equity interest of $450,604 at the end of

2005. Long term liabilities of $6,209,002 in CRESA consist of a pension fund liability, which is fully funded and a capital lease payable liability.

E. Assets In Safekeeping

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

F. Transportation Impact Fees

In 1990, Clark County adopted an impact fee ordinance to ensure that adequate facilities are available to serve new growth and development. An impact fee is levied on developers as a condition of issuance of a building permit or development approval. In addition, the developer may be entitled to a non-refundable credit against the applicable impact fee component for the fair value of appropriate dedications of land, improvements, or construction of system improvements provided by the developer. The amount of such dedications in 2005 was $215,627. In the event that the amount of the credit is calculated to be greater than the amount of the impact fee due, the developer may apply the excess credit toward impact fees imposed on other developments within the same service area. The amount of credits applied toward impact fees in 2005 was $822,371. The amount of credits that may be applied against future impact fees was $4,272,528 at December 31, 2005.

G. Risk Management

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

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

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

Claims filed with the Pool are subject to the deductible amount selected by the filing county. Member deductibles range from $10,000 to $500,000 per occurrence. The Pool, which is primarily funded by annual assessments contributed by its member counties, acquires from unrelated underwriters reinsurance with a self-insured retention of $100,000 per occurrence and excess insurance. The member counties are responsible for amounts within their deductibles for each claim, and the Pool is responsible for any difference remaining up to the $100,000 self-insured retention. The reinsurance and excess insurance carriers cover all losses exceeding the greater of the Pool's retention or the member county's deductible to the maximum limits of their policies, presently either $20 million or $25 million depending upon the member county.

Claim reserves are established for the Pool's retention layer for both reported and unreported insured events and include estimates of the undiscounted future cash payments of losses and related claim adjustment expenses. The following table presents the changes in the Pool's aggregate claim reserves:

FOR YEARS ENDING SEPTEMBER 30,	**2005**	**2004**
Unpaid claims and claim adjustment expenses at year's beginning	$11,349,474	$10,182,042
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	1,327,012	1,442,149
Change in provision for insured events of prior years	(1,057,001)	1,608,619
Total incurred claims and claim adjustment expenses	$11,619,485	$13,234,810
Payments for claims and claim adjustment expenses:		
Attributable to insured events of the current year	0	68,432
Attributable to insured events of prior years	1,927,885	1,816,904
Total Payments	$ 1,927,885	$ 1,885,336
Total unpaid claims and claim adjustment expenses at year end	$ 9,691,600	$11,349,474

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

Under RCW 48.62.141 and the Interlocal Agreement, contingent liability of participants in the program is established if a program's assets are insufficient to cover the program's liabilities. Deficits of the Pool are financed through retroactive assessments of the member counties. The Pool's overall reassessments receivable balance as of December 31, 2005 is $1,621,429. Clark County has not been subjected to any reassessments.

1. General Liability Insurance

The claims and judgment liability of the fund is reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Nonincremental claims adjustment expenses have not been included in the calculation for claims and judgments.

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

	2005	2004
Beginning claims liability	$2,627,939	$2,681,520
Claims incurred during the year and changes in estimates for claims of prior periods (including IBNRs)	548,225	543,973
Payments made on claims	(391,164)	(597,554)
Ending claims liability	$2,785,000	$2,627,939

As of December 31, 2005, the County had current assets in the General Liability Insurance Fund of $3.0 million.

2. Other Self-Insurance Funds

The County is self-funded for unemployment insurance claims and for most industrial insurance (worker's compensation) claims. Current assets set aside at December 31, 2005 for these claims are $2.7 million and $300,000 respectively. There were no significant claims outstanding against these assets at December 31, 2005. The County maintains a $600,000 commercial policy for excess worker's compensation claims, increased from $400,000 in 2004. In 2004, there was claim that exceeded the insurance coverage by $159,802. There were no other settlements that exceeded the insurance coverage for each of the prior two years.

H. Contingent Liabilities

The County participates in several Federal, State, and local grant programs. These grants are subject to an annual audit examination that includes compliance with granting agency terms and provisions, and with Federal and State regulations. Failure to adequately comply with the provisions could result in a requirement to repay funds to the granting agency. Disallowed expenditures cannot be determined at this time, although it is expected that such amounts would be immaterial. The County has been named as a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the County is of the opinion that present reserves are available to adequately cover potential settlements without adversely affecting the financial condition of the County.

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

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

J. Prior Period Adjustments

A net prior period adjustment of $189,432 was recorded in the General Fund Major Fund for recording fees that had been distributed incorrectly to various funds in prior years. Recording fees are split between several different funds and the allocation of revenues from invoiced customers was not being computed correctly.

A net prior period adjustment of $1,295,252 was recorded to the County Road Major Special Revenue Fund for State Department of Transportation grant revenues that related to costs incurred in prior years of $1,057,288. The DOT grants limit the amount that can be billed by phase (design, engineering, construction, etc.). However, on the last billing we are allowed to recover as much of our eligible costs as possible by applying the balances remaining in one phase against any phase in which we spend out the amount authorized. In addition, $140,659 revenue received from the State Transportation Improvement Board for final payment of expenses incurred for the Covington Road project incurred prior to 2005. An prior year adjustment was made for $97,305 for reclassification of liability accounts for interest to revenue for prior periods.

The Community Services Grant Major Special Revenue Funds reported a net prior year adjustment of ($169,886) for the following: ($95,193) was to close the accrued leave liability accounts per the 2004 Board policy; ($74,693) for recording fees that had been distributed incorrectly from the

General Fund in prior years.

The Building Construction Capital Fund reports a prior year adjustment of ($452,861) for construction retainage that was recorded as revenue in 2004 but should have been recorded as a construction retainage liability.

The Real Estate Excise Tax (REET) Capital Fund reports a prior year adjustment of $1,044,207 relating to the 2004 prior year adjustment of $522,103 to reduce the liability for the public share match for parks impact fees collections since 2000 but has subsequently received grants to meet the public match obligation. The 2004 prior year adjustment incorrectly increased the liability rather than reducing the liability.

Parks Dedicated ¼% REET Capital Project fund reports a prior period adjustment of $82,521 relating to State Office of Interagency Committee grants for parks projects that are typically awarded a year or so after the parks projects are completed. Therefore, these reimbursements relate to expenditures from prior years.

A prior period adjustment of $3,413,052 was recorded in the Clean Water Enterprise Major Fund. This represents storm water detention facilities and land that were recognized as capital assets in 2005, but were contributed to the County by developers in prior years.

K. Related Parties Transaction

In 2002, Clark County formed the Clark County Public Facilities District (CCPFD) to collect a portion of state sales and use taxes within the public facilities district. These revenues are to be used solely to acquire, collect, own, remodel, maintain, and equip regional centers as define by law. The CCPFD is made up of five directors. Two are appointed by the Clark County Commissioners, two appointed by the Vancouver City Council and one member appointed by the other directors.

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

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

At the end of 2005, the CCPFD has a note receivable amount of $1,536,293 plus accrued interest receivable of $83,793 from the City PFD.

L. Subsequent Events

In January 2006, the County issued $36,285,000 Limited Tax General Obligation Refunding Bonds to take advantage of lower interest rates. These refunding bonds were used to refund 1999 Limited Tax General Obligation Bonds, serviced by the Real Estate Excise Tax Fund (89%), the Tri Mountain Golf O & M (4%) and the General Fund (7%) and to refund 2001 Limited Tax General Obligation bonds, serviced by the Real Estate Excise Tax Capital Fund.