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 the General Fund and for each major fund which has a 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, 2009

	Primary Government			Component Unit
ASSETS	Governmental Activities	Business-type Activities	Total Primary Government	Clark County Public Facilities District
Cash, cash equivalents & pooled investments	$ 153,167,719	$ 9,957,818	$ 163,125,537	$ 86,856
Investments	1,378,725	0	1,378,725	0
Net Receivables	41,002,153	1,289,967	42,292,120	62,885
Internal balances	9,899	(9,899)	0	0
Inventories	2,057,310	0	2,057,310	0
Prepaids	49,267	0	49,267	0
Notes receivable	20,037,634	18,989,125	39,026,759	2,996,185
Deferred charges	1,187,231	0	1,187,231	0
Net OPEB obligation (asset)	211,637	0	211,637	0
Restricted assets in safekeeping	6,416,727		6,416,727	0
Restricted cash/investment for revenue bonds	0	3,119,000	3,119,000	0
Equity interest in joint venture	700,978	0	700,978	0
Capital assets not being depreciated:				
Land, infrastructure and construction in progress	908,537,030	91,156,464	999,693,494	0
Capital assets net of accumulated depreciation	173,396,150	131,287,965	304,684,115	0
Total assets	1,308,152,460	255,790,440	1,563,942,900	3,145,926
LIABILITIES				
Accounts payable and other current liabilities	16,541,839	848,932	17,390,771	50,212
Accrued liabilities	7,274,114	295,557	7,569,671	0
Deposits payable	4,091,521	0	4,091,521	0
Claims and judgements payable	493,407	0	493,407	0
Due to other governments	275,119	1,077	276,196	0
Unearned revenue	6,540,195	19,351,422	25,891,617	0
Advance due to other governments	1,358,810	3,119,000	4,477,810	0
Long term liabilities:				
Special assessment debt with governmental commitment due in more than one year	18,954	0	18,954	0
Other due within one year	8,720,148	2,545,836	11,265,984	0
Other due in more than one year	157,407,702	17,116,920	174,524,622	0
Total liabilities	202,721,809	43,278,744	246,000,553	50,212
NET ASSETS				
Invested in capital assets, net of related debt	932,497,959	203,226,963	1,135,724,922	0
Restricted for:				
Capital projects	16,908,651	0	16,908,651	0
Culture and recreation	19,671,477	0	19,671,477	0
Economic environment	31,544,797	0	31,544,797	0
Law and justice	1,944,213	0	1,944,213	0
Debt service- debt covenants	463,747	3,119,000	3,582,747	0
Transportation	17,077,678	0	17,077,678	0
Health and human services	22,838,959	0	22,838,959	0
General governmental	4,437,459	0	4,437,459	0
Unrestricted	58,045,711	6,165,733	64,211,444	3,095,714
Total net assets	$ 1,105,430,651	$ 212,511,696	$ 1,317,942,347	$ 3,095,714

See accompanying notes to the financial statements

CLARK COUNTY, WASHINGTON
Statement of Activities
For the Year Ended December 31, 2009

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets – Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit: Clark County Public Facilities District
Primary Government:									
Governmental activities:									
General government	$ 59,482,706	$ (5,626,763)	$ 19,047,368	$ 6,201,077	$ 0	$ (28,607,498)	$ 0	$ (28,607,498)	$ 0
Public safety	69,556,120	154,865	8,709,462	14,963,224	64,773	(45,973,526)	0	(45,973,526)	0
Judicial	17,141,169	0	12,218,873	3,163,879	0	(1,758,417)	0	(1,758,417)	0
Physical environment	2,875,734	0	6,117,781	987,187	0	4,229,234	0	4,229,234	0
Transportation	28,379,995	1,998,017	4,412,138	126,168	16,361,219	(9,478,487)	0	(9,478,487)	0
Economic environment	19,397,781	1,539,332	13,353,316	9,479,865	0	1,896,068	0	1,896,068	0
Health and human services	61,888,862	1,444,430	2,427,033	48,524,625	0	(12,381,634)	0	(12,381,634)	0
Culture and recreation	30,603,795	0	7,004,649	4,338,320	7,846,316	(11,414,510)	0	(11,414,510)	0
Interest on long term debt	6,349,962	0	0	0	0	(6,349,962)	0	(6,349,962)	0
Total governmental activities	295,676,124	(490,119)	73,290,620	87,784,345	24,272,308	(109,838,732)	0	(109,838,732)	0
Business-type activities:									
Solid waste	2,312,892	166,619	1,641,672	643,213	0	0	(194,626)	(194,626)	0
Water	5,958,734	154,708	4,824,588	365,291	829,703	0	(93,860)	(93,860)	0
Sewer	6,883,614	168,792	6,789,952	0	2,200,271	0	1,937,817	1,937,817	0
Total business-type activities	15,155,240	490,119	13,256,212	1,008,504	3,029,974	0	1,649,331	1,649,331	0
Total primary government	$ 310,831,364	$ 0	$ 86,546,832	$ 88,792,849	$ 27,302,282	(109,838,732)	1,649,331	(108,189,401)	0
Component Unit									
Public Facilities District	786,753	0	0	646,011	0	0	0	0	(140,742)
Total component unit	$ 786,753	$ 0	$ 0	$ 646,011	$ 0	0	0	0	(140,742)
General revenues:									
Property taxes						93,349,873	0	93,349,873	0
Sales taxes						25,991,421	0	25,991,421	665,990
Excise and other taxes						13,001,507	0	13,001,507	0
Interest and investment earnings						2,011,197	129,216	2,140,413	148,103
Transfers						(66,997)	66,997	0	0
Total general revenues and transfers						134,287,001	196,213	134,483,214	814,093
Change in net assets						24,448,269	1,845,544	26,293,813	673,351
Net assets as of January 1						1,078,601,701	211,859,586	1,290,461,287	2,422,363
Prior period adjustment						2,380,681	(1,193,434)	1,187,247	0
Net assets as of January 1 - restated						1,080,982,382	210,666,152	1,291,648,534	2,422,363
Net assets as of December 31						$ 1,105,430,651	$ 212,511,696	$ 1,317,942,347	$ 3,095,714

Clark County Washington
Balance Sheet
Governmental Funds
December 31, 2009

	Major Funds					
	General Fund	County Roads	Community Services Grants	Mental Health	Other Governmental Funds	Total
ASSETS						
Cash, cash equivalents and pooled investments	$ 10,147,665	$ 14,474,680	$ 5,375,733	$ 19,818,751	$ 89,542,205	$ 139,359,034
Deposit with fiscal agent	0	0	0	0	20,000	20,000
Deposit in trust	2,355,458	0	0	0	0	2,355,458
Taxes receivable	3,163,491	2,015,594	0	33,823	378,603	5,591,511
Special assessments receivable	0	0	0	0	62,849	62,849
Interest and penalties receivable	7,051,824	0	0	0	5,028	7,056,852
Accounts receivable	10,962,693	3,624,602	357,818	367,571	1,053,786	16,366,470
Due from other funds	2,361,502	296,980	4,009	493,549	1,229,291	4,385,331
Due from other governments	1,356,426	2,609,897	1,106,008	82,577	5,457,463	10,612,371
Prepaid expenditure	1,763	499	13,685	0	26,820	42,767
Investments	50,000	0	0	0	1,328,725	1,378,725
Notes receivable	228,260	597,103	19,209,582	0	2,689	20,037,634
Assets in safekeeping	0	0	0	0	6,416,727	6,416,727
Total assets	37,679,082	23,619,355	26,066,835	20,796,271	105,524,186	213,685,729
LIABILITIES AND FUND BALANCE						
Liabilities						
Warrants and anticipation notes payable	0	0	0	0	263,140	263,140
Vouchers payable	2,524,352	1,912,493	860,721	3,107,044	6,753,714	15,158,324
Due to other funds	1,282,764	796,817	4,206	614	3,372,024	5,456,425
Due to other governments	19,091	48,838	3,446	107	201,211	272,693
Claims and judgements payable	493,407	0	0	0	0	493,407
Accrued liabilities	4,336,229	695,943	95,293	146,465	795,913	6,069,843
Deposits payable	2,415,346	493,500	0	0	1,182,675	4,091,521
Matured long-term obligations	0	0	0	0	20,000	20,000
Deferred revenue	17,337,718	2,593,587	19,209,582	33,823	1,110,747	40,285,457
Advance due to other governments	0	0	0	62,094	1,296,716	1,358,810
Total liabilities	28,408,907	6,541,178	20,173,248	3,350,147	14,996,140	73,469,620
Fund Balance						
Reserved for prepaid items:						
General fund	1,763	0	0	0	0	1,763
Special revenue funds	0	499	13,685	0	26,820	41,004
Reserved for debt service	0	0	0	0	1,014,522	1,014,522
Unreserved - designated for compensated absences reported in:						
General fund	1,884,334	0	0	0	0	1,884,334
Special revenue funds	0	353,457	123,484	0	343,995	820,936
Capital project funds	0	0	0	0	3,682	3,682
Unreserved - designated reported in:						
Special revenue funds- for technology and housing	0	0	0	3,049,125	0	3,049,125
Unreserved, undesignated, reported in:						
General fund	7,384,078	0	0	0	0	7,384,078
Special revenue funds	0	16,724,221	5,756,418	14,396,999	45,713,210	82,590,848
Debt service funds	0	0	0	0	449,225	449,225
Capital project funds	0	0	0	0	42,976,592	42,976,592
Total fund balance	9,270,175	17,078,177	5,893,587	17,446,124	90,528,046	$ 140,216,109
Total liabilities and fund balance	$ 37,679,082	$ 23,619,355	$26,066,835	$ 20,796,271	$ 105,524,186	

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, 2009

Total fund balances as shown on the Governmental Funds Balance Sheet:	$ 140,216,109
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. (This amount does not include internal service funds capital assets amounting to $20,347,662).	1,062,286,496
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. Reported in deferred charges and unearned revenue.	35,144,130
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.	21,759,571
Accrued interest payments on debt service 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.	(536,300)
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 $12,707,449)	(153,439,355)
Total net assets, as reflected on the Statement of Net Assets:	$ 1,105,430,651

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, 2009

	Major Funds					
	General Fund	**County Roads**	**Community Service Grants**	**Mental Health**	**Other Governmental Funds**	**Total**
Revenues:						
Property taxes	$ 55,519,615	$ 30,027,193	$ 0	$ 587,568	$ 6,376,942	$ 92,511,318
Sales and use taxes	11,389,108	0	0	0	14,602,313	25,991,421
Excise and other taxes	5,505,952	72,181	0	2,737	7,420,637	13,001,507
Licenses & permits	2,359,395	273,603	38,505	0	4,841,477	7,512,980
Intergovernmental	23,361,869	20,264,131	9,234,382	31,610,070	23,399,560	107,870,012
Charges for services	18,714,139	5,770,770	3,483,244	63,970	13,974,672	42,006,795
Fines & forfeitures	3,386,425	0	0	0	235,950	3,622,375
Interest earnings	655,620	152,029	97,769	204,896	807,659	1,917,973
Donations	215,828	126,168	0	0	424,564	766,560
Other revenues	262,494	63,873	456,410	191,334	7,900,584	8,874,695
Total revenues	121,370,445	56,749,948	13,310,310	32,660,575	79,984,358	304,075,636
Expenditures:						
Current:						
General government	35,713,625	72,898	0	0	2,933,511	38,720,034
Public safety	62,705,968	131,670	0	0	5,990,240	68,827,878
Judicial	16,443,048	0	0	0	0	16,443,048
Physical environment	1,330,562	0	0	0	1,425,308	2,755,870
Transportation	522,812	29,625,639	0	0	0	30,148,451
Economic environment	1,638,404	1,288,110	12,106,330	0	5,881,683	20,914,527
Health and human services	876,479	0	760,600	33,121,904	27,611,025	62,370,008
Culture & recreation	3,244,948	1,263,544	0	0	11,014,074	15,522,566
Capital outlay:						
General government	336,427	0	0	0	3,497,722	3,834,149
Public safety	42,796	0	0	0	0	42,796
Physical environment	62,734	0	0	0	0	62,734
Transportation	226,035	20,554,866	0	0	79,463	20,860,364
Health and human services	8,561	0	0	0	0	8,561
Culture & recreation	0	5,011,767	0	0	14,476,458	19,488,225
Debt service:						
Principal	13,396	0	0	0	6,993,882	7,007,278
Interest and other charges	20,967	4,335	444	17	6,206,142	6,231,905
Total expenditures	123,186,762	57,952,829	12,867,374	33,121,921	86,109,508	313,238,394
Excess (deficiency) of revenues over (under) expenditures	(1,816,317)	(1,202,881)	442,936	(461,346)	(6,125,150)	(9,162,758)
Other Financing Sources (Uses):						
Issuance of long term debt	0	1,030,000	0	0	0	1,030,000
Sale of capital assets	329,194	413,415	0	2,842	15,993	761,444
Insurance recoveries	0	0	0	0	(5,220)	(5,220)
Transfers in	14,237,278	5,756,255	1,350,845	2,051,195	29,211,049	52,606,622
Transfers out	(14,290,474)	(1,871,432)	(247,063)	(300,000)	(43,997,197)	(60,706,166)
Total other financing sources (uses)	275,998	5,328,238	1,103,782	1,754,037	(14,775,375)	(6,313,320)
Net change in fund balances	(1,540,319)	4,125,357	1,546,718	1,292,691	(20,900,525)	(15,476,078)
Fund balance as of January 1	10,810,494	12,952,820	4,346,869	16,153,433	111,556,926	155,820,542
Prior period adjustment	0	0		0	(128,355)	(128,355)
Fund balance as of January 1 - restated	10,810,494	12,952,820	4,346,869	16,153,433	111,428,571	155,692,187
Fund balance as of December 31	$ 9,270,175	$ 17,078,177	$ 5,893,587	$ 17,446,124	$ 90,528,046	$ 140,216,109

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, 2009

Net change in fund balances as shown on Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance:	$ (15,476,078)
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 these 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 less 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.	21,133,527
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.	3,420,081
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.	(587,111)
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.	5,780,824
Governmental funds report revenue in the period they are available as financing sources. Government-wide statements record revenues at the time they are earned. This amount accounts for the change in deferred revenues during the fiscal year.	10,579,227
Governmental funds do not report interest in a joint venture where the government's participation is intended to assist in providing services, as is the case with the County's investment in the Clark Regional Emergency Services Agency. However, the equity interest is reported in the Statement of Net Assets.	(233,732)
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. Increases in other post employment benefit and compensated absence liabilities are examples of accrued expenditures included in this amount.	(168,469)
Change in net assets, as reflected on the Statement of Activities	$ 24,448,269

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, 2009

	Original 2009/2010 Budget	Final 2009/2010 Budget	Actual Year-To-Date	Variance with Final Budget Positive/
Revenues:				
Taxes	$ 149,293,978	$ 145,107,377	$ 72,414,675	$ (72,692,702)
Licenses & permits	4,237,934	4,723,470	2,359,395	(2,364,075)
Intergovernmental	44,313,260	47,376,325	23,361,869	(24,014,456)
Charges for services	39,679,158	38,027,308	18,714,139	(19,313,169)
Fines & forfeitures	8,475,238	6,954,669	3,386,425	(3,568,244)
Miscellaneous	7,905,966	3,289,804	1,133,942	(2,155,862)
Total revenues	253,905,534	245,478,953	121,370,445	(124,108,508)
Expenditures				
Current:				
General government	77,999,470	74,073,976	35,713,625	38,360,351
Public safety	128,244,104	122,929,396	62,705,968	60,223,428
Judicial	32,415,783	31,208,023	16,443,048	14,764,975
Physical environment	3,327,549	5,024,826	1,330,562	3,694,264
Transportation	2,046,105	1,860,968	522,812	1,338,156
Economic environment	3,742,099	3,765,280	1,638,404	2,126,876
Health and human services	1,602,621	1,690,567	876,479	814,088
Culture and recreation	7,130,590	5,611,351	3,244,948	2,366,403
Capital outlay:				
General government	0	233,945	336,427	(102,482)
Public safety	0	88,977	42,796	46,181
Physical environment	0	0	62,734	(62,734)
Transportation	0	1,624,562	226,035	1,398,527
Health and human services	0	10,000	8,561	1,439
Debt service-principal	26,792	0	13,396	(13,396)
Debt service-interest	0	0	20,967	(20,967)
Total expenditures	256,535,113	248,121,871	123,186,762	124,935,109
Excess (deficiency) of revenues over expenditures	(2,629,579)	(2,642,918)	(1,816,317)	826,601
Sale of capital assets	1,821,888	1,821,888	329,194	(1,492,694)
Transfers in	28,997,779	28,997,779	14,237,278	(14,760,501)
Transfers out	(26,923,629)	(26,343,449)	(14,290,474)	12,052,975
Total other financing sources(uses)	3,896,038	4,476,218	275,998	(4,200,220)
Net change in fund balance	1,266,459	1,833,300	(1,540,319)	(3,373,619)
Fund Balance as of January 1	11,294,000	11,294,000	10,810,494	(483,506)
Fund balance as of December 31	$ 12,560,459	$ 13,127,300	$ 9,270,175	$ (3,857,125)

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, 2009

	Original 2009/2010 Budget	Final 2009/2010 Budget	Actual Year -To- Date	Variance with Final Budget Positive / (Negative)	
Revenues					
General property taxes	$ 62,939,046	$ 62,939,046	$ 30,027,193	$(32,911,853)	
Timber harvest	400,000	400,000	57,716	(342,284)	
Excise and other taxes	40,000	40,000	14,465	(25,535)	
Total taxes	63,379,046	63,379,046	30,099,374	(33,279,672)	
Business licenses and permits	280,000	280,000	119,336	(160,664)	
Non-business licenses and permits	177,090	177,090	154,267	(22,823)	
Total licenses & permits	457,090	457,090	273,603	(183,487)	
Federal entitlements	14,600	14,600	7,113	(7,487)	
Federal grants -- indirect	9,266,000	9,473,625	2,170,963	(7,302,662)	
State grants	10,249,000	10,292,875	5,487,172	(4,805,703)	
State entitlements	12,588,337	12,588,337	6,212,790	(6,375,547)	
Interlocal grants and entitlements	0	0	5,830,235	5,830,235	
Interovernmental	0	0	410,641	410,641	
ARRA grants	0	2,500,000	145,217	(2,354,783)	
Total intergovernmental	32,117,937	34,869,437	20,264,131	(14,605,306)	
General government fees	17,494	17,494	7,905	(9,589)	
Physical environment	2,851,000	2,851,000	1,697,035	(1,153,965)	
Transportation	24,656,144	24,656,144	1,542,176	(23,113,968)	
Economic environment	261,000	261,000	706,568	445,568	
Interfund revenues	8,595,571	8,137,636	1,817,086	(6,320,550)	
Total charges for services	36,381,209	35,923,274	5,770,770	(30,152,504)	#
Fines and forfeitures	12,600	12,600	0	(12,600)	
Total fines & forfeitures	12,600	12,600	0	(12,600)	
Interest earnings	161,880	161,880	152,029	(9,851)	
Rents and royalties	29,280	29,280	49,119	19,839	
Donations	30,000	30,000	126,168	96,168	
Other revenues	357,516	357,516	14,754	(342,762)	
Total miscellaneous	578,676	578,676	342,070	(236,606)	
Total revenues	132,926,558	135,220,123	56,749,948	(78,470,175)	
Expenditures					
General government					
Other services and charges	30,774	30,774	46,429	(15,655)	
Interfund payment for services	76,848	76,848	26,469	50,379	
Total general government	107,622	107,622	72,898	34,724	
Public Safety					
Personal services	367,700	98,533	100,111	(1,578)	
Supplies	850	68	68	0	
Other services and charges	5,624	3,723	1,603	2,120	
Interfund payment for services	1,440,683	44,174	29,888	14,286	
Total public safety	$ 1,814,857	$ 146,498	$ 131,670	$ 14,828	

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, 2009

	Original 2009/2010 Budget	Final 2009/2010 Budget	Actual Year -To- Date	Variance with Final Budget Positive / (Negative)
Transportation				
Personal services	$ 23,238,703	$ 28,640,292	$ 13,679,374	$ 14,960,918
Supplies	9,000,512	6,332,609	2,533,330	3,799,279
Other services and charges	17,068,888	17,934,461	3,570,028	14,364,433
Interfund payment for services	14,789,495	22,055,122	9,842,907	12,212,215
Capital outlays	44,711,754	45,111,754	20,554,866	24,556,888
Total transportation	108,809,352	120,074,238	50,180,505	69,893,733
Economic Environment				
Personal services	3,945,503	1,798,641	1,013,819	784,822
Supplies	137,900	37,636	415	37,221
Other services and charges	276,600	63,446	13,096	50,350
Interfund payment for services	1,082,781	445,999	260,780	185,219
Total economic environment	5,442,784	2,345,722	1,288,110	1,057,612
Culture and recreation				
Personal services	3,484,482	1,376,423	799,115	577,308
Supplies	0	0	34,836	(34,836)
Other services and charges	0	0	245,985	(245,985)
Interfund payment for services	0	0	183,608	(183,608)
Capital outlays	17,536,000	12,119,324	5,011,767	7,107,557
Total culture and recreation	21,020,482	13,495,747	6,275,311	7,220,436
Debt service: interest	189,520	189,520	4,335	185,185
Total expenditures	137,384,617	136,359,347	57,952,829	78,406,518
Excess (deficiency) of revenues over expenditures	(4,458,059)	(1,139,224)	(1,202,881)	(63,657)
Issuance of long-term debt	9,760,000	9,760,000	1,030,000	(8,730,000)
Sale of capital assets	2,201,400	2,201,400	413,415	(1,787,985)
Transfers in	6,040,334	16,756,435	5,756,255	(11,000,180)
Transfers out	(3,575,269)	(4,094,785)	(1,871,432)	2,223,353
Total other financing sources (uses)	14,426,465	24,623,050	5,328,238	(19,294,812)
Net change in fund balance	9,968,406	23,483,826	4,125,357	(19,358,469)
Fund balance as of January 1	(2,100,000)	5,598,074	12,952,820	7,354,746
Fund balance as of December 31	$ 7,868,406	$ 29,081,900	$ 17,078,177	$(12,003,723)

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, 2009

	Original 2009/2010 Budget	Final 2009/2010 Budget	Actual Year -To- Date	Variance with Final Budget Positive (Negative)
Revenues				
Non-business licenses and permits	$90,000	$90,000	$ 38,505	$ (51,495)
Total licenses & permits	90,000	90,000	38,505	(51,495)
Federal grants -- direct	12,480,000	12,114,310	2,459,968	(9,654,342)
Federal grants -- indirect	6,774,936	9,752,600	5,794,692	(3,957,908)
State grants	3,899,028	3,899,028	843,909	(3,055,119)
Intergovernmental revenues	1,552,008	1,552,008	0	(1,552,008)
ARRA	0	1,309,141	135,813	(1,173,328)
Total intergovernmental	24,705,972	28,627,087	9,234,382	(19,392,705)
General government fees	8,150,000	8,900,000	2,079,874	(6,820,126)
Economic environment	800,000	800,000	642,583	(157,417)
Mental and physical health	2,450,156	2,450,156	760,787	(1,689,369)
Interfund revenues	6,170,296	6,170,296	0	(6,170,296)
Total charges for services	17,570,452	18,320,452	3,483,244	(14,837,208)
Interest earnings	2,000	2,000	97,769	95,769
Other revenues	580,000	580,000	456,410	(123,590)
Total miscellaneous	582,000	582,000	554,179	(27,821)
Total revenues	42,948,424	47,619,539	13,310,310	(34,309,229)
Expenditures				
Economic environment				
Personal services	5,471,376	5,607,078	2,129,818	3,477,260
Supplies	285,390	285,390	64,727	220,663
Other services and charges	30,008,088	34,304,203	10,309,518	23,994,685
Interfund payment for services	4,282,303	4,158,387	(397,733)	4,556,120
Total economic environment	40,047,157	44,355,058	12,106,330	32,248,728
Health & human services				
Personal services	12,618	12,618	15,941	(3,323)
Supplies	10,000	10,000	0	10,000
Other services and Charges	1,300,000	1,300,000	743,035	556,965
Interfund payment for services	2,000	2,000	1,624	376
Total health and human services	1,324,618	1,324,618	760,600	564,018
Debt service: interest	0	0	444	(444)
Total expenditures	41,371,775	45,679,676	12,867,374	32,812,302
Excess (deficiency) of revenues over expenditures	1,576,649	1,939,863	442,936	(1,496,927)
Other Financing Sources (Uses)				
Transfers in	1,950,568	3,341,888	1,350,845	(1,991,043)
Transfers out	(541,126)	(496,126)	(247,063)	249,063
Total other financing sources (uses)	1,409,442	2,845,762	1,103,782	(1,741,980)
Net change in fund balance	2,986,091	4,785,625	1,546,718	(3,238,907)
Fund balance as of January 1	4,989,018	4,989,018	4,346,869	(642,149)
Fund balance as of December 31	$ 7,975,109	$ 9,774,643	$ 5,893,587	$ (3,881,056)

See accompanying notes to the financial statements

Clark County Washington
Mental Health
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2009

	Original 2009/2010 Budget	Final 2009/2010 Budget	Actual Year to Date	Variance with Final Budget Positive/ (Negative)
Revenues				
General property taxes	$ 756,268	$ 756,268	$ 587,568	$ (168,700)
Timber harvest taxes	1,300	1,300	553	(747)
Excise and other taxes	1,654	1,654	2,184	530
Total taxes	759,222	759,222	590,305	(168,917)
Federal grants -- direct	3,675,000	1,161,434	168,661	(992,773)
Federal grants -- indirect	1,231,336	1,231,336	276,603	(954,733)
State grants	10,404,417	10,404,417	9,950,502	(453,915)
Intergovernmental revenues	43,357,632	43,357,632	21,214,304	(22,143,328)
Total intergovernmental	58,668,385	56,154,819	31,610,070	(24,544,749)
Health & human services	0	0	63,970	63,970
Total charges for services	0	0	63,970	63,970
Interest earnings	266,000	266,000	204,896	(61,104)
Rents and royalties	0	0	113	113
Other revenues	85,000	85,000	191,221	106,221
Total miscellaneous	351,000	351,000	396,230	45,230
Total revenues	59,778,607	57,265,041	32,660,575	(24,604,466)
Expenditures				
Health and human services				
Personal services	8,864,898	8,864,898	3,596,389	5,268,509
Supplies	2,000	2,000	37,223	(35,223)
Other services and charges	66,626,411	64,045,704	28,250,197	35,795,507
Interfund payment for services	1,549,294	1,549,294	1,238,095	311,199
Total health and human services	77,042,603	74,461,896	33,121,904	41,339,992
Debt service: interest	0	0	17	(17)
Total expenditures	77,042,603	74,461,896	33,121,921	41,339,975
Excess (deficiency) of revenues over expenditures	(17,263,996)	(17,196,855)	(461,346)	16,735,509
Other Financing Sources (Uses)				
Sale of capital assets	6,700	6,700	2,842	(3,858)
Transfers in	5,626,198	5,559,057	2,051,195	(3,507,862)
Transfers out	(4,796,000)	(2,920,618)	(300,000)	2,620,618
Total other financing sources (uses)	836,898	2,645,139	1,754,037	(891,102)
Net change in fund balance	(16,427,098)	(14,551,716)	1,292,691	15,844,407
Fund balance as of January 1	18,702,977	18,702,977	16,153,433	(2,549,544)
Fund balance as of December 31	$ 2,275,879	$ 4,151,261	$ 17,446,124	$ 13,294,863

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, 2009

	Original 2009/2010 Budget	Final 2009/2010 Budget	Actual Year -To- Date	Variance with Final Budget Positive / (Negative)
Revenues				
General property taxes	$ 62,939,046	$ 62,939,046	$ 30,027,193	$(32,911,853)
Timber harvest	400,000	400,000	57,716	(342,284)
Excise and other taxes	40,000	40,000	14,465	(25,535)
Total taxes	63,379,046	63,379,046	30,099,374	(33,279,672)
Business licenses and permits	280,000	280,000	119,336	(160,664)
Non-business licenses and permits	177,090	177,090	154,267	(22,823)
Total licenses & permits	457,090	457,090	273,603	(183,487)
Federal entitlements	14,600	14,600	7,113	(7,487)
Federal grants -- indirect	9,266,000	9,473,625	2,170,963	(7,302,662)
State grants	10,249,000	10,292,875	5,487,172	(4,805,703)
State entitlements	12,588,337	12,588,337	6,212,790	(6,375,547)
Interlocal grants and entitlements	0	0	5,830,235	5,830,235
Interovernmental	0	0	410,641	410,641
ARRA grants	0	2,500,000	145,217	(2,354,783)
Total intergovernmental	32,117,937	34,869,437	20,264,131	(14,605,306)
General government fees	17,494	17,494	7,905	(9,589)
Physical environment	2,851,000	2,851,000	1,697,035	(1,153,965)
Transportation	24,656,144	24,656,144	1,542,176	(23,113,968)
Economic environment	261,000	261,000	706,568	445,568
Interfund revenues	8,595,571	8,137,636	1,817,086	(6,320,550)
Total charges for services	36,381,209	35,923,274	5,770,770	(30,152,504) #
Fines and forfeitures	12,600	12,600	0	(12,600)
Total fines & forfeitures	12,600	12,600	0	(12,600)
Interest earnings	161,880	161,880	152,029	(9,851)
Rents and royalties	29,280	29,280	49,119	19,839
Donations	30,000	30,000	126,168	96,168
Other revenues	357,516	357,516	14,754	(342,762)
Total miscellaneous	578,676	578,676	342,070	(236,606)
Total revenues	132,926,558	135,220,123	56,749,948	(78,470,175)
Expenditures				
General government				
Other services and charges	30,774	30,774	46,429	(15,655)
Interfund payment for services	76,848	76,848	26,469	50,379
Total general government	107,622	107,622	72,898	34,724
Public Safety				
Personal services	367,700	98,533	100,111	(1,578)
Supplies	850	68	68	0
Other services and charges	5,624	3,723	1,603	2,120
Interfund payment for services	1,440,683	44,174	29,888	14,286
Total public safety	$ 1,814,857	$ 146,498	$ 131,670	$ 14,828

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, 2009

	Original 2009/2010 Budget	Final 2009/2010 Budget	Actual Year -To- Date	Variance with Final Budget Positive / (Negative)
Transportation				
Personal services	$ 23,238,703	$ 28,640,292	$ 13,679,374	$ 14,960,918
Supplies	9,000,512	6,332,609	2,533,330	3,799,279
Other services and charges	17,068,888	17,934,461	3,570,028	14,364,433
Interfund payment for services	14,789,495	22,055,122	9,842,907	12,212,215
Capital outlays	44,711,754	45,111,754	20,554,866	24,556,888
Total transportation	108,809,352	120,074,238	50,180,505	69,893,733
Economic Environment				
Personal services	3,945,503	1,798,641	1,013,819	784,822
Supplies	137,900	37,636	415	37,221
Other services and charges	276,600	63,446	13,096	50,350
Interfund payment for services	1,082,781	445,999	260,780	185,219
Total economic environment	5,442,784	2,345,722	1,288,110	1,057,612
Culture and recreation				
Personal services	3,484,482	1,376,423	799,115	577,308
Supplies	0	0	34,836	(34,836)
Other services and charges	0	0	245,985	(245,985)
Interfund payment for services	0	0	183,608	(183,608)
Capital outlays	17,536,000	12,119,324	5,011,767	7,107,557
Total culture and recreation	21,020,482	13,495,747	6,275,311	7,220,436
Debt service: interest	189,520	189,520	4,335	185,185
Total expenditures	137,384,617	136,359,347	57,952,829	78,406,518
Excess (deficiency) of revenues over expenditures	(4,458,059)	(1,139,224)	(1,202,881)	(63,657)
Issuance of long-term debt	9,760,000	9,760,000	1,030,000	(8,730,000)
Sale of capital assets	2,201,400	2,201,400	413,415	(1,787,985)
Transfers in	6,040,334	16,756,435	5,756,255	(11,000,180)
Transfers out	(3,575,269)	(4,094,785)	(1,871,432)	2,223,353
Total other financing sources (uses)	14,426,465	24,623,050	5,328,238	(19,294,812)
Net change in fund balance	9,968,406	23,483,826	4,125,357	(19,358,469)
Fund balance as of January 1	(2,100,000)	5,598,074	12,952,820	7,354,746
Fund balance as of December 31	$ 7,868,406	$ 29,081,900	$ 17,078,177	$(12,003,723)

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, 2009

	Original 2009/2010 Budget	Final 2009/2010 Budget	Actual Year -To- Date	Variance with Final Budget Positive (Negative)
Revenues				
Non-business licenses and permits	$90,000	$90,000	$ 38,505	$ (51,495)
Total licenses & permits	90,000	90,000	38,505	(51,495)
Federal grants -- direct	12,480,000	12,114,310	2,459,968	(9,654,342)
Federal grants -- indirect	6,774,936	9,752,600	5,794,692	(3,957,908)
State grants	3,899,028	3,899,028	843,909	(3,055,119)
Intergovernmental revenues	1,552,008	1,552,008	0	(1,552,008)
ARRA	0	1,309,141	135,813	(1,173,328)
Total intergovernmental	24,705,972	28,627,087	9,234,382	(19,392,705)
General government fees	8,150,000	8,900,000	2,079,874	(6,820,126)
Economic environment	800,000	800,000	642,583	(157,417)
Mental and physical health	2,450,156	2,450,156	760,787	(1,689,369)
Interfund revenues	6,170,296	6,170,296	0	(6,170,296)
Total charges for services	17,570,452	18,320,452	3,483,244	(14,837,208)
Interest earnings	2,000	2,000	97,769	95,769
Other revenues	580,000	580,000	456,410	(123,590)
Total miscellaneous	582,000	582,000	554,179	(27,821)
Total revenues	42,948,424	47,619,539	13,310,310	(34,309,229)
Expenditures				
Economic environment				
Personal services	5,471,376	5,607,078	2,129,818	3,477,260
Supplies	285,390	285,390	64,727	220,663
Other services and charges	30,008,088	34,304,203	10,309,518	23,994,685
Interfund payment for services	4,282,303	4,158,387	(397,733)	4,556,120
Total economic environment	40,047,157	44,355,058	12,106,330	32,248,728
Health & human services				
Personal services	12,618	12,618	15,941	(3,323)
Supplies	10,000	10,000	0	10,000
Other services and Charges	1,300,000	1,300,000	743,035	556,965
Interfund payment for services	2,000	2,000	1,624	376
Total health and human services	1,324,618	1,324,618	760,600	564,018
Debt service: interest	0	0	444	(444)
Total expenditures	41,371,775	45,679,676	12,867,374	32,812,302
Excess (deficiency) of revenues over expenditures	1,576,649	1,939,863	442,936	(1,496,927)
Other Financing Sources (Uses)				
Transfers in	1,950,568	3,341,888	1,350,845	(1,991,043)
Transfers out	(541,126)	(496,126)	(247,063)	249,063
Total other financing sources (uses)	1,409,442	2,845,762	1,103,782	(1,741,980)
Net change in fund balance	2,986,091	4,785,625	1,546,718	(3,238,907)
Fund balance as of January 1	4,989,018	4,989,018	4,346,869	(642,149)
Fund balance as of December 31	$ 7,975,109	$ 9,774,643	$ 5,893,587	$ (3,881,056)

See accompanying notes to the financial statements

Clark County Washington
Mental Health
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2009

	Original 2009/2010 Budget	Final 2009/2010 Budget	Actual Year to Date	Variance with Final Budget Positive/ (Negative)
Revenues				
General property taxes	$ 756,268	$ 756,268	$ 587,568	$ (168,700)
Timber harvest taxes	1,300	1,300	553	(747)
Excise and other taxes	1,654	1,654	2,184	530
Total taxes	759,222	759,222	590,305	(168,917)
Federal grants -- direct	3,675,000	1,161,434	168,661	(992,773)
Federal grants -- indirect	1,231,336	1,231,336	276,603	(954,733)
State grants	10,404,417	10,404,417	9,950,502	(453,915)
Intergovernmental revenues	43,357,632	43,357,632	21,214,304	(22,143,328)
Total intergovernmental	58,668,385	56,154,819	31,610,070	(24,544,749)
Health & human services	0	0	63,970	63,970
Total charges for services	0	0	63,970	63,970
Interest earnings	266,000	266,000	204,896	(61,104)
Rents and royalties	0	0	113	113
Other revenues	85,000	85,000	191,221	106,221
Total miscellaneous	351,000	351,000	396,230	45,230
Total revenues	59,778,607	57,265,041	32,660,575	(24,604,466)
Expenditures				
Health and human services				
Personal services	8,864,898	8,864,898	3,596,389	5,268,509
Supplies	2,000	2,000	37,223	(35,223)
Other services and charges	66,626,411	64,045,704	28,250,197	35,795,507
Interfund payment for services	1,549,294	1,549,294	1,238,095	311,199
Total health and human services	77,042,603	74,461,896	33,121,904	41,339,992
Debt service: interest	0	0	17	(17)
Total expenditures	77,042,603	74,461,896	33,121,921	41,339,975
Excess (deficiency) of revenues over expenditures	(17,263,996)	(17,196,855)	(461,346)	16,735,509
Other Financing Sources (Uses)				
Sale of capital assets	6,700	6,700	2,842	(3,858)
Transfers in	5,626,198	5,559,057	2,051,195	(3,507,862)
Transfers out	(4,796,000)	(2,920,618)	(300,000)	2,620,618
Total other financing sources (uses)	836,898	2,645,139	1,754,037	(891,102)
Net change in fund balance	(16,427,098)	(14,551,716)	1,292,691	15,844,407
Fund balance as of January 1	18,702,977	18,702,977	16,153,433	(2,549,544)
Fund balance as of December 31	$ 2,275,879	$ 4,151,261	$ 17,446,124	$ 13,294,863

See accompanying notes to the financial statements

Clark County Washington
Statement of Net Assets
Proprietary Funds
December 31, 2009

	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	$ 1,857,091	$ 6,902,922	$ 1,197,805	$ 9,957,818	$ 10,598,946
Deposit in trust	0	0	0	0	834,281
Receivables, net	15,302	969,091	171,251	1,155,644	1,287,172
Due from other funds	0	0	791	791	1,264,197
Due from other governments	0	4,144	130,179	134,323	24,928
Inventory (at cost)	0	0	0	0	2,057,310
Prepaid expense	0	0	0	0	6,500
Total current assets	1,872,393	7,876,157	1,500,026	11,248,576	16,073,334
Noncurrent assets					
Restricted revenue bond cash/investment	3,119,000	0	0	3,119,000	0
Contracts receivable	18,989,125	0	0	18,989,125	0
Capital assets not being depreciated:					
Land	437,525	33,153,119	12,315	33,602,959	44,721
Construction in progress	0	4,079,756	0	4,079,756	81,017
Infrastructure	0	53,473,749	0	53,473,749	0
Capital assets being depreciated:					
Buildings	17,473,218	0	372,415	17,845,633	102,357
Improvements other than buildings	100,950,069	1,034,871	732,899	102,717,839	11,553,422
Machinery & equipment	339,618	65,804	82,267	487,689	26,749,680
Infrastructure	33,163,099	0	0	33,163,099	0
Less accumulated depreciation	(17,501,460)	(4,852,362)	(572,473)	(22,926,295)	(18,183,535)
Total noncurrent assets	156,970,194	86,954,937	627,423	244,552,554	20,347,662
Total assets	$ 158,842,587	$ 94,831,094	$ 2,127,449	$ 255,801,130	$ 36,420,996
Liabilities					
Current liabilities					
Accounts payable	136,783	539,123	173,026	848,932	1,100,375
Due to other funds	5,464	3,360	1,866	10,690	183,204
Due to other governments	686	0	391	1,077	2,426
Accrued liabilities	150,290	91,721	53,546	295,557	667,971
Deferred revenue	0	362,297	0	362,297	0
Compensated absences	0	0	0	0	6,587
Accrued claims payable-current	0	0	0	0	694,282
Bonds, notes, claims and loans payable	2,545,836	0	0	2,545,836	259,325
Total current liabilities	2,839,059	996,501	228,829	4,064,389	2,914,170
Noncurrent liabilities					
Deferred revenue - HDSD	18,989,125	0	0	18,989,125	0
Revenue bond deposit due to other government	3,119,000	0	0	3,119,000	0
Compensated absences	126,611	163,650	75,151	365,412	616,191
Accrued claims payable	0	0	0	0	3,078,718
Advance due to other governments	335,910	79,878	0	415,788	7,347,346
Bonds, notes and loans payable (net of discounts)	16,335,720	0	0	16,335,720	705,000
Total noncurrent liabilities	38,906,366	243,528	75,151	39,225,045	11,747,255
Total liabilities	41,745,425	1,240,029	303,980	43,289,434	14,661,425
Net Assets					
Invested in capital assets, net of related debt	115,644,603	86,954,937	627,423	203,226,963	12,035,991
Restricted for debt service	3,119,000	0	0	3,119,000	0
Unrestricted	(1,666,441)	6,636,128	1,196,046	6,165,733	9,723,580
Total net assets	$ 117,097,162	$ 93,591,065	$ 1,823,469	$ 212,511,696	$ 21,759,571

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, 2009

	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	$ 3,576,321	$ 0	$ 0	$ 3,576,321	$ 0
Other charges for services	3,212,904	4,781,403	1,638,602	9,632,909	9,736,129
Contributions from participants	0	0	0	0	10,624,775
Miscellaneous	0	42,957	0	42,957	0
Total operating revenues	6,789,225	4,824,360	1,638,602	13,252,187	20,360,904
OPERATING EXPENSES					
Personal services	1,273,372	1,515,693	1,062,635	3,851,700	8,382,286
Contractual services	1,095,518	1,318,464	847,480	3,261,462	7,623,867
Other supplies and expenses	718,034	2,479,131	532,158	3,729,323	11,319,643
Intergovernmental	966,618	116,232	883	1,083,733	0
Depreciation	2,006,145	22,516	36,355	2,065,016	2,312,408
Total operating expenses	6,059,687	5,452,036	2,479,511	13,991,234	29,638,204
Operating income (loss)	729,538	(627,676)	(840,909)	(739,047)	(9,277,300)
NONOPERATING REVENUES (EXPENSES)					
Interest and investment revenue	70,820	72,481	(14,085)	129,216	93,224
Operating grant revenue	0	365,291	643,213	1,008,504	0
Miscellaneous revenue	727	228	3,070	4,025	63,227
Intergovernmental revenue	0	0	0	0	475,638
Bond Premium Amortization	32,620	0	0	32,620	0
Gain/(loss) on disposition of capital assets	(1,094)	(661,406)	0	(662,500)	(21,768)
Interest expense	(1,024,245)	0	0	(1,024,245)	(344,818)
Total non-operating revenues (expenses)	(921,172)	(223,406)	632,198	(512,380)	265,503
Income (loss) before contributions and transfers	(191,634)	(851,082)	(208,711)	(1,251,427)	(9,011,797)
Capital contributions	2,200,271	829,703	0	3,029,974	392,139
Transfers in	0	387,000	0	387,000	8,916,334
Transfers out	0	(216,155)	(103,848)	(320,003)	(883,787)
Change in net assets	2,008,637	149,466	(312,559)	1,845,544	(587,111)
Net assets as of January 1	115,088,525	94,635,033	2,136,028	211,859,586	22,346,682
Prior period adjustments	0	(1,193,434)	0	(1,193,434)	0
Net assets as of January 1- restated	115,088,525	93,441,599	2,136,028	210,666,152	22,346,682
Net assets as of December 31	$ 117,097,162	$ 93,591,065	$ 1,823,469	$ 212,511,696	$ 21,759,571

See accompanying notes to the financial statements

Clark County Washington
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2009

	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	$ 7,058,067	$ 4,675,150	$ 1,911,104	$ 13,644,321	$ 980,191
Receipts from customers - outflows	0	0	0	0	(66,743)
Receipts from interfund services provided-inflows	0	0	0	0	19,093,465
Payments to suppliers - inflows	0	0	0	0	102,468
Payments to suppliers - outflows	(3,247,768)	(1,987,428)	(3,858,721)	(9,093,917)	(17,640,591)
Payments to employees	(1,278,633)	(1,432,571)	(1,057,277)	(3,768,481)	(8,428,856)
Receipts from deferred revenue	0	(95,088)	0	(95,088)	0
Payments for interfund services used - outflows	(277,748)	(2,240,239)	(433,317)	(2,951,304)	(3,957,439)
Payments on claims and judgments - inflows	0	0	0	0	109,674
Miscellaneous receipts - inflows	727	228	3,070	4,025	63,227
Net cash provided (used) by operating activities	2,254,645	(1,079,948)	(3,435,141)	(2,260,444)	(9,744,604)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grants received	0	365,291	643,213	1,008,504	0
Interest paid on operating activities	0	0	0	0	(28,052)
Intergovernmental revenues	0	0	0	0	454,764
Proceeds from line of credit	0	0	0	0	(439,703)
Advance from other governments	0	79,878	0	79,878	0
Transfers from other funds	0	387,000	0	387,000	8,916,334
Transfers to other funds	0	(216,155)	(103,848)	(320,003)	(883,787)
Net cash provided (used) by noncapital financing activities	0	616,014	539,365	1,155,379	8,019,556
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from capital grant	0	0	0	0	20,874
Capital contributions	2,200,271	95,175	0	2,295,446	164,893
Purchases of capital assets	(2,571,026)	(1,478,789)	0	(4,049,815)	(1,605,706)
Proceeds from sales of capital assets	0	0	0	0	214,949
Principal paid on capital debt	(2,490,057)	0	0	(2,490,057)	(520,740)
Deposit from other government for bond payments	3,119,000	0	0	3,119,000	0
Interest paid on capital debt	(1,027,692)	0	0	(1,027,692)	(316,768)
Net cash (used) by capital and related financing activities	(769,504)	(1,383,614)	0	(2,153,118)	(2,042,498)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest earnings	70,820	72,481	(14,085)	129,216	93,224
Net cash provided by investing activities	70,820	72,481	(14,085)	129,216	93,224
Net increase/(decrease) in cash and cash equivalents	1,555,961	(1,775,067)	(2,909,861)	(3,128,967)	(3,674,322)
Cash and cash equivalents on January 1	3,420,130	8,677,989	4,107,666	16,205,785	15,107,549
Cash and cash equivalents on December 31 (Includes $3,119,000 in restricted cash investment in the Sewer Fund)	$ 4,976,091	$ 6,902,922	$ 1,197,805	$ 13,076,818	$ 11,433,227

See accompanying notes to the financial statements

Clark County Washington
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2009

	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)	$ 729,538	$ (627,676)	$ (840,909)	$ (739,047)	$ (9,277,300)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	2,006,145	22,516	36,355	2,065,016	2,312,408
Miscellaneous receipts	727	228	3,070	4,025	63,227
(Increase) decrease in accounts receivable	268,842	(145,066)	(7,254)	116,522	(678,300)
(Increase) decrease in prepaid expense	0	0	0	0	(1,500)
(Increase) decrease in due from other funds	0	0	(791)	(791)	341,688
(Increase) decrease in due from other governments	0	(4,144)	279,756	275,612	(17,379)
(Increase) decrease in inventory	0	0	0	0	107,521
Increase (decrease) in accounts/warrants payables	(737,894)	(315,581)	(2,911,074)	(3,964,549)	(2,790,101)
Increase (decrease) in due to other funds	(1,124)	2,134	1,206	2,216	68,176
Increase (decrease) in due to other governments	114	(393)	(858)	(1,137)	(9)
Increase (decrease) in accrued liabilities	(6,442)	25,832	(93)	19,297	119,061
Increase (decrease) in deferred revenue	0	(95,088)	0	(95,088)	0
Increase (decrease) in compensated absences	(5,261)	57,290	5,451	57,480	7,904
Net cash provided (used) by financing activities	$ 2,254,645	$ (1,079,948)	$ (3,435,141)	$ (2,260,444)	$ (9,744,604)
Noncash investing, capital, and financing activities					
Contribution of capital assets	$ 0	$ 734,528	$ 0	$ 734,528	$ 227,246

See accompanying notes to the financial statements

Clark County Washington
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2009

	Investment Trust Funds	Private Purpose Trust Fund	Agency Funds
Assets			
Cash, cash equivalents and pooled investments	$294,311,452	$ 67,207	$ 16,384,138
Cash and deposits in trust	0	0	95,761
Cash with fiscal agents	0	0	5,000
Accrued interest receivable	1,160,510	0	0
Receivables:			
Taxes	0	0	21,444,210
Accounts	0	0	358,292
From other governments	0	0	17,244,144
Total receivables	0	0	39,046,646
Investments at fair value			
US treasury state and local government	15,699,463	0	0
Total investments	15,699,463	0	0
Total assets	311,171,425	67,207	55,531,545
Liabilities			
Warrants payable	0	0	29,256,210
Accounts payable and other liabilities	0	0	821,119
Due to other governments	0	0	23,361,125
Accrued liabilities	0	0	258,429
Deposits payable	0	0	1,834,662
Total liabilities	0	0	55,531,545
Net Assets			
Assets held in trust for pool participants	311,171,425	0	0
Assets held in trust for other purposes	0	67,207	0
Total net assets	$311,171,425	$ 67,207	$ 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, 2009

	Investment Trust Funds	Private Purpose Trust Fund
Additions		
Contributions		
Additions by participants	$ 569,143,993	$ 0
Total contributions	569,143,993	0
Investment income		
Net decrease in fair value of investments	(1,329,785)	0
Interest, dividends, and other	0	635
Total investment income	(1,329,785)	635
Total additions	567,814,208	635
Deductions		
Payments in accordance with trust agreements	0	1,400
Distributions to participants	530,857,245	0
Total deductions	530,857,245	1,400
Change in net assets	36,956,963	(765)
Net assets as of January 1	274,214,462	67,972
Net assets as of December 31	$ 311,171,425	$ 67,207

See accompanying notes to the financial statements

CLARK COUNTY WASHINGTON
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 1- 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 developed and implemented the Budgeting, Accounting, and Reporting System (BARS) designed to promote uniformity among cities and counties in Washington. Following is a summary of significant accounting policies for Clark County.

A. Financial Reporting Entity

The reporting entity "Clark County" consists of Clark County as the primary government, one discretely presented component unit, and four blended component units 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. The data from these entities are combined with the financial data from the primary government. Clark County is a statute county, which means the organization of the County is prescribed by state statute. The County has a commissioner form of government with a governing body consisting of three County Commissioners.

Discretely Presented Component Unit;

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 defined by law. In 2003, the CCPFD and the City of Vancouver Public Facilities District entered into an interlocal agreement to transfer ninety-seven percent of the sales tax revenue received by the County PFD to the City's PFD to support the construction of 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 2009 the CCPFD has a note receivable in the amount of $2,996,185 plus accrued interest receivable of $62,885, from the City PFD. The CCPFD is composed of five directors appointed by the Clark County Commissioners. The CCPFD is a discretely presented component unit because the County can not impose its will on the CCPFD and the CCPFD provides services to other entities. Separately issued financial statements for the CCPFD can be obtained by contacting the Clark County Auditor's Office, P.O. Box 5000, Vancouver, Washington 98666-5000.

Blended Component Units:

The ***Industrial Revenue Bond Corporation of Clark County (IRBC***) was established in 1982 with the granting of its charter under RCW 39.84. 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 are no bond issues outstanding at December 31, 2009. IRBC is a component unit of the County because: 1) it is a separate legal entity; 2) the Board of County Commissioners comprises the Board of the IRBC; and 3) the County can impose its will on the IRBC. The operations of the IRBC are reported as a blended special revenue fund.

***Emergency Medical Service District (EMSD*)** was established in 1987 as a quasi-municipal corporation and an independent taxing authority under RCW 36.32.480. In 1995, an Emergency Medical Service (EMS) Interlocal Cooperation Agreement was signed by the County and various cities within the county to enable these jurisdictions to exercise uniform EMS regulatory oversight and to participate in purchasing ambulance services in the contract service area. The EMSD is a separate legal entity and within the EMSD ordinance the Board of Clark County Commissioners is designated as the governing body of the EMSD. The operations of the EMSD are reported as a blended special revenue fund (Emergency Medical Services).

***Fairgrounds Site Management Group (FSMG**)* was established in 2004 as a non-profit organization to oversee the management, operations and maintenance of the county fairgrounds. All operating revenues collected by FSMG are the sole property of the County. The County adopts a budget for the expenditures relating to operations of the fairgrounds and the services of the FSMG are provided almost entirely to the County. FSMG is a component unit of the County because: 1) it is a separate legal entity; 2) the five member board is made up of three members appointed by the Clark County Commissioners and two members appointed by the Clark County Fair Association and 3) the County can impose its will on FSMG. Its operations are reported as a blended special revenue fund (Clark County Fair Fund).

Metropolitan Park District (MPD) was approved by the citizens of the county by vote in 2005 under the authority of RCW 35.61. The MPD creates a district whereby a property tax is imposed to provide operating and maintenance funding for park and trail development in the unincorporated urban area of Clark County. The collection of taxes and the operation of the MPD are reported as a blended special revenue fund. The MPD is a separate legal entity governed by the Board of County Commissioners.

B. <u>Government-wide and Fund Financial Statements</u>

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 and its component units. 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 direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interfund activity for direct expenses are not eliminated from the various functional programs, while the County allocates a portion of its indirect costs to individual functions. These indirect costs are excluded from 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 and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues.

Fund financial statements are used to report additional and more detailed information about the primary government and its blended component units. 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. <u>Measurement Focus, Basis of Accounting, and Financial Statement Presentation</u>

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 current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. Exceptions to this 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 certain taxes, 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 four 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 *Mental Health Special Revenue Fund* is a fund used to finance a variety of mental health services including treatment, consultation, and education to people experiencing psychological or social emotional distress.

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, government agencies 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 external pooled and non-pooled investments held by the County Treasurer on behalf of external pool participants in the County's investment program. Pooled money is invested and monitored by the County and 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.

In the government-wide statement of activities interfund activity for direct expenses are not eliminated from program expense, while indirect expenses are allocated to various functional programs as shown in a separate column. 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, interest earnings, sale of capital assets, and transfers.

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 and Clean Water Funds and the County's internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of personnel services, contractual services, other supplies and expenses, intergovernmental 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 intent to use restricted resources first, then unrestricted resources, as they are needed.

D. 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, general obligation bond debt service, 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 plan.

Biennial budgets are amended during the budget years by supplemental appropriation resolutions that are approved by the Board during public meetings. 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 2008 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 budget.

E. Assets, Liabilities, and Net Assets or Equity

1. *Cash and Cash Equivalents (See Note 4 for more details)*

It is the County's policy to invest all temporary cash surpluses. At December 31, 2009, the Treasurer was holding $15,401,261 in short-term residual investments of surplus cash. This amount is classified on the balance sheet as cash and cash equivalents along with pooled investments of the various funds.

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months from the date of acquisition. For purposes of the statement of cash flows, the county considers pooled investments and deposits in trust to be cash equivalents.

2. *Investments (See Note 4 for more details)*

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. State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, banker's acceptances, certain other government agency obligations, and the state treasurer's investment pool. 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 and similar money market accounts be transacted on the delivery versus payment basis. Investments are stated at fair value.

The Treasurer administers and maintains an External Investment Pool for the County and other jurisdictional governments within the county. Participation in the Pool is voluntary. All participants have the option of investing in the Pool, or requesting specific investment amounts and maturity dates for investments outside the Pool. The Treasurer's Office does not report any securities at amortized cost. All securities are reported using the security's fair market value.

3. *Receivables (See Note 8)*

Taxes receivable consist of delinquent property taxes. Property taxes are levied annually before December 15th and become a lien as of January 1st. Property taxes are recorded on the balance sheet as taxes receivable and deferred revenues at the beginning of the year in the fund statements. Taxes are due in two equal installments on April 30th and October 31st. All uncollected property taxes at year-end are reported as taxes receivable. No allowance for doubtful taxes receivable is recorded because delinquent taxes are considered fully collectible. Interest and penalties receivable is related to delinquent property taxes.

Special Assessment receivables consist of current and delinquent assessments and related penalties and interest for county road improvement districts, which are recorded when levied. Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services. Notes receivable consist of amounts owed on open account from private individuals or organizations for goods and services rendered or sales of capital assets. The amount of accounts receivable estimated to be uncollectible at year end has been determined to be small, and not material.

4*. Amounts Due to and from Other Funds and Governments, Interfund Loans and Advances Receivables (See Note 9 for more details)*

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). Other outstanding balances between funds are reported as "due to/from other funds". 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 are 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. Due from other governments include amounts due from grantors for grants issued for specific programs and capital projects.

5. *Inventories and Prepaid Items*

Inventories in governmental funds consist of expendable supplies or vaccines held for consumption. Inventories in internal service funds consist of expendable supplies, rock, road oil, parts, gas, and signs used mainly in the County Road Fund. The cost is recorded as expenditures at the time inventory items are consumed. Inventory is valued using the average cost method, which approximates the market value.

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. The reserve for inventory and prepaid items is equal to the ending amount of inventory and prepaid amounts to indicate that a portion of the fund balance is not available for future expenditures

6. *Restricted Assets*

In December 1999, the County and the City of Vancouver (the City) consolidated their parks operations. The County transfers its park impact fee revenues to the City and the City will expend them on various park projects in the coming years. These impact fees have been recorded as restricted - assets in safekeeping- until such time as the funds are expended on park land or parks development projects, which are then recorded as capital assets in the County's Statement of Net Assets. For 2009, $6.4 million was recorded as assets in safekeeping in the Development Impact Fee capital project fund.

The Sanitary Sewer Fund reports restricted cash and investments of $3,119,000 which is restricted for revenue bond debt service. The Clark Regional Wastewater District (CRWWD) provided this cash, in accordance with bond covenants and an interlocal agreement. Under the interlocal agreement CRWWD remits charges for services revenue to the County on a semi-annual basis, which is pledged to cover debt service on the revenue bonds. Interest earnings on the restricted investment is also applied to the revenue bond payments. Unrestricted assets will be used first to cover debt service payments, and restricted assets will be used only as needed. Restricted assets remaining after the revenue bonds are paid in full will be returned to CRWWD. Accordingly, we have reported a long-term liability due to CRWWD equal to the amount of this restricted cash

7. *Capital Assets (See Note 6 for more details)*

Capital assets include land, buildings, improvements to land and buildings, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible and intangible assets that are used in operations and that have initial useful lives extending beyond two years. Infrastructure assets are 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, and water and sewer 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 two years.

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement # 34, <u>Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments</u>, 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 (which meets the $100,000 capital threshold requirement referred to in the previous paragraph) acquired from 1980 to present, and has included that value in the financial statements. Engineering estimates were used to value the estimated historical costs of the infrastructure. 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 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. Governmental infrastructure assets were first reported in 2001, with the implementation of GASB #34. All infrastructure assets were depreciated until 2003, when the County chose to report roads, stormwater and bridge systems using the modified approach.

When capital assets are purchased they are capitalized and depreciated (with the exception of construction in progress, land, and 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 governmental fund financial statements. Capital assets are valued at cost where historical records are available and at 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 function or capacity of the asset are capitalized. In addition, improvements are also capitalized if they extend the life of an asset which is being depreciated. Other repairs and normal maintenance are expensed. Outlays for capital assets and improvements are capitalized as projects are constructed. Buildings, equipment, improvements, software, and infrastructure are depreciated using the straight-line method. Estimated useful lives are as follows:

Buildings	40 – 60 years
Improvements other than buildings	10 - 50 years
Light vehicles	2 - 5 years
Heavy vehicles and equipment	3 - 15 years
Infrastructure	40 - 80 years
Software	5 - 10 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.

8. *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 in governmental funds. 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.

9. *Other Accrued Liabilities*

These accounts consist mainly of accrued employee wages and benefits, including compensated absences, where applicable.

10. *Long-term Obligations (See Note 11and 12)*

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 straight line interest method since it is not materially different from 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, as received. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance cost is reported as debt service expenditures.

11. *Deferred Charges, Deferred Revenue, and Unearned Revenue*

Deferred charges in the government-wide financial statements defer expenditures for debt issuance which are amortized over the life of the respective bond issues and the ending negative net LEOFF 1 OPEB contribution amortizing the unfunded liability (or funding excess) over a period of twenty two years.

Deferred Revenues in the fund financial statements include amounts collected before revenue recognition criteria are met and receivables for delinquent taxes that are not yet available under the modified accrual basis of accounting. Unearned revenues in the government-wide financial statements are resources received but are not yet earned. See Note 8 for more details.

12. *Fund Equity*

Fund equity is recognized as fund balance in governmental funds, and as net assets in proprietary funds. Certain fund equity may be reserved because of legal restrictions by outside parties for use for a specific purpose 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 net assets (deficits) are unreserved and undesignated.

13. *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.

NOTE 2 - 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 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 $35,144,130 are as follows:

Unavailable deferred revenue (mainly property taxes and notes receivable)	$ 38,537,040
Deferred charges (bond issuance costs)	1,187,231
Net OPEB obligation (asset)	211,637
Deferred revenue - transportation impact fee credits	(4,791,778)
Net adjustment to increase total governmental funds to arrive at net assets - governmental funds	$ 35,144,130

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 $153,439,355 are as follows:

Bonds payable	$ 124,795,000
plus deferred amount for issuance costs	4,397,207
Less deferred charge for refunding	(2,484,354)
Capital lease	631,825
Special assessment debt	18,954
Compensated absences	10,835,810
Advance due to other government	14,649,918
Other post employment benefits	594,995
Net adjustment to reduce – *total governmental funds to arrive at net assets -* governmental activities	$ 153,439,355

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 these 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 $21,133,527 difference are as follows:

Capital outlay	$	36,037,671
Depreciation expense		(8,189,120)
Disposition of capital assets (net book value)		(6,715,024)
Net adjustment to increase net changes in fund balance – total governmental funds to arrive at changes in net assets of governmental activities	$	21,133,527

Another reconciling item states "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" as revenue. The details of this $3,420,081 are as follows:

Road Systems contributed by Developers	$	1,752,892
Assets contributed by Clark County proprietary funds	$	25,694
Park land and improvements paid for by the City of Vancouver		1,641,495
Net adjustment to increase net changes in fund balance – total governmental funds to arrive at changes in net assets of governmental activities	$	3,420,081

Another element of this 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 $5,780,824 difference are as follows:

Issuance of advance due to other government	$	(1,030,000)
Retirement of debt premiums/discounts		(20,902)
Deferred charges		(97,155)
Principal repayments:		
General obligation debt		5,725,000
Advance due to other government		1,092,989
Capital lease		110,892
Net adjustment to decrease/ (increase) net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	$	5,780,824

Another element states that "Governmental funds report revenue in the period they are available as financing sources. Government-wide statements record revenues at the time they are earned." The break-down of the $10,579,227 change in deferred revenues follows:

Property tax (and associated interest and penalty) receivable	$	2,196,075
Court payments receivable		6,584,924
Notes and contracts receivable		3,964,915
Traffic Impact fee credits		144,468
Clark County Public Facilities District note receivable		(2,294,007)
Miscellaneous accrued credits		(17,148)
Net adjustment to increase/(decrease) net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	$	10,579,227

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. <u>Budgetary Information</u>

There have been no material violations of finance related legal or contractual provisions.

B. Deficit Fund Equity

There is one non-major governmental fund with a deficit fund balance at December 31, 2009:

- The *Clark County Fair Special Revenue Fund* reports a deficit of $263,207, the result of lower than expected revenues for the fair and exhibition hall events. Fair management is in the process of developing a revised business plan to reduce expenses and enhance revenues in 2010 in order to eliminate the deficit.

There are two proprietary type internal service funds with deficit net assets at December 31, 2009:

- *Central Support Service Internal Services Fund* has deficit net assets of $109,987 which should be recovered in 2010.
- *General Liability Insurance Internal Service* has deficit net assets of $655,022 after recognizing an actuarial determined liability for claims and judgments payable. A plan to reduce expenses and a subsidy from the General Fund should help to reduce this deficit in 2010.

NOTE 4 - *DEPOSITS AND INVESTMENTS*

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.

Deposits

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, 2009, the book value of deposits was $236,238,093 and the bank balance was $235,973,331.

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. On February 18, 2009, the Washington Public Deposit Protection Commission adopted Resolution 2009-1 requiring public depositaries to collateralize their uninsured public deposits at 100 percent. The Office of the Washington State Treasurer (OST) also adopted new rules to allow Reciprocal Deposit Programs, such as Certificate of Deposit Account Registry Service (CDARS), to provide governments options to invest larger sums in CDs but in a way that is fully insured by the FDIC.

Investments

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 and similar money market accounts (like the First Independent Demand Deposit Account) be transacted on the delivery versus payment basis.

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 that will fulfill the cash flow needs of Clark County and its junior taxing districts. The securities in the portfolio are managed 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 is 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
Forward Delivery Agreement	3 years

Further, 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 equities. State law and County policy further limits such risk by placing the following credit standards on securities:

Type of Security	Credit Standards 1
Banker's Acceptances	A1/P1
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, U.S. Treasuries (AAA) and the following agencies as of December 31, 2009 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

Money Market Like Fund - 2(a)7	S&P Rating
Washington State Investment Pool	Not Rated

Concentration 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, that have fixed rates, 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 Banker's Acceptances
3) Limited to no more than 10% in Federal Agency Variable Rate Notes
4) Limited to no more than 65% in a the Washington State Local Government Investment Pool or Municipal Investment Accounts
5) Limited to no more than 15% in Mutual Funds Qualified & Registered with Washington State
6) Limited to no more that 20% in Washington State Municipal Bonds
7) Limited to no more that 25% in deposit notes
8) Limited to no more than 25% in securities lending agreements
9) Limited to no more than 10% of the portfolio value in reverse repurchase agreements
10) Repurchase agreements are limited to no more than 100% overnight or 30% if maturity is greater than 30 days
11) The amount of exposure from non-negotiable certificates of deposits (in or outside of the CDARS program) and/or flexible certificates of deposits is limited to no more than 40% of the total portfolio

The Treasurer has several investments in government sponsored and other private enterprises that are not explicitly backed by the federal government. However, the U.S. government has moved to more explicitly support the soundness of the obligations of Freddie Mac and Fannie Mae, starting in July, 2008, via the Housing and Economic Recovery Act 2008, and the September 7, 2008, Federal Housing Finance Agency (FHFA) conservatorship of both government sponsored enterprises (GSEs).
Those securities that exceed 5% of the total investment portfolio market value are disclosed below:

Issuer	% of Investment Portfolio
Federal Home Loan Bank	20.86%
Fannie Mae (Federal National Mortgage Association)	6.14%
Federal Farm Credit Bank	11.65%
Wash State Local Government Investment Pool	46.13%

Equity in Pooled Investments

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 2009 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 book value of the County Pool on December 31, 2009 was $461,796,912 of which $4,009,139 is classified as deposits.

As of December 31, 2009, the County had the following investments, shown at fair value:

Investment Type		Fair Value	Weighted Average Maturity (Years)
Bankers Acceptances	$	2,799,860	0.008
Certificates of Deposit		41,052,627	0.737
Federal Agencies - Semi Annual		194,811,893	1.249
First Independent Bank		4,009,139	0.003
State Investment Pool		219,682,756	0.003
	$	462,356,275	
Portfolio weighted average maturity			0.592

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, commercial paper or certificates of deposit with Washington State banks and savings and loan institutions. All investments are stated at fair value.

Outside Investments (Non-Pooled)

Certain entities direct the Treasurer to invest funds into specific investment maturities outside of the Investment Pool. On December 31, 2009, the following specific investments were held outside the pool:

Investment Type		Book Value	Fair Value
State Investment Pool	$	1,328,725	1,328,725
SLGS		1,562,000	1,562,000
Federal Agencies		14,389,061	14,137,463
	$	17,279,786	17,028,188

Total Cash, Cash Equivalents and Pooled Investments

Total cash, cash equivalent and investment fair value on December 31, 2009 of $494,273,142. A reconciliation of cash, cash equivalents, pooled investments and investments as shown on the fund statements is as follows:

Checking Accounts	$	11,217,473
Petty Cash		310,703
Deposit with Fiscal Agents		25,000
Deposits Held in Trust		3,285,500
Fair Value of Pooled Investments		462,356,275
Fair Value of Investments Out of Pool		17,078,188
	$	494,273,139
Cash, cash equivalents, pooled investments	$	163,125,537
Non-pooled investments - primary government		1,378,725
Restricted cash and investment		3,119,000
Cash, cash equivalents, pooled investments-component unit		86,856
Cash, cash equivalents, pooled investments - fiduciary		310,863,558
Non-pooled investments - Fiduciary		15,699,463
	$	494,273,139

External Investment Pool

The Treasurer administers and maintains an External Investment Pool for the 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 (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 Pool is not SEC-registered. Authority to manage the Pool is derived from the Revised Code of Washington (RCW) in RCW 36.29.022.

Regulatory oversight is provided by the Finance Committee, which by statute consists of the County Treasurer, the County 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 currently uses an investment advisor. During 2009, the Treasurer contracted with Davidson Fixed Income Management, Inc. to review the investment portfolio and assist with the portfolio strategy on a quarterly basis. The Treasurer's Office uses an Intergovernmental Investment Pool Committee that is made up of all pool participants from the junior taxing districts within Clark County. The committee meets on a quarterly basis, and assists in sharing information to pool members regarding the Pool's strategy. The Treasurer's Investment Strategy Committee is made up of the Treasurer, Deputy Treasurer, Investment/ Debt Manager, and Investment Officer, within the Clark County 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 monitors the fair market value of the Pool and the Net Asset Value.

Participation in the Pool is voluntary. All participants have the option of investing in the Pool or requesting specific investment amounts and maturity dates for investments outside 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 relative to each fund's month-end investment balance. For 2009 the Treasurer's Office reported unrealized losses of $2,694,578 on December 31, which participants would receive in proportion to their weighted average shares in the pool, if the Pool was liquidated on that date.

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. Separate financial statements are not prepared for the Clark County External Investment Pool. Condensed financial statements for the External Investment Pool are presented below:

Condensed Statement of Net Assets Year Ended December 31, 2009	
Assets	
Cash, cash equivalents and pooled investments	$ 462,356,276
Accrued Interest Receivable	1,160,510
Total Assets	$ 463,516,786
Liabilities	
Total liabilities	0
Net assets held in trust for pool participants	$ 463,516,786

The investment yields for the year ranged from 1.25% to 2.68%, and averaged 1.59%. The average maturity dates range from 222 to 268 days.

Condensed Statement of Changes in Net Assets Year Ended December 31, 2009	
Changes in net assets resulting from operations	$ 9,677,579
Distributions to participants	(9,677,579)
Changes in net assets resulting from depositor transactions	(4,212,076)
Net Assets Available	
Beginning of Year	$ 467,728,862
End of Year	
Private Purpose Trust Fund	$ 67,207
Internal Funds	167,977,617
External Funds	295,471,962
Total net assets available	$ 463,516,786

NOTE 5 - PROPERTY TAXES

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities such as the State of Washington, cities and towns within the county, school districts, fire districts, cemetery districts, library districts and port districts.

Property taxes are recorded as receivables and deferred revenue when levied. Property taxes are levied and become an enforceable lien against properties as of January 1. The assessed value of property is established in October for the ensuing year levy, and tax payments 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 between three and eleven percent, depending on the duration of delinquency. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible.

Regular property tax levies are subject to rate and amount limitations, as described below, and to the uniformity requirements of Article VII, Section 1 of the State Constitution, which specifies that a taxing district must levy the same rate on similarly classified property throughout the district. Aggregate property taxes vary within the County because of its different and overlapping taxing districts.

The Washington State Constitution and Washington State law, RCW 84.55.010, limit the levy rate as follows: The Washington State constitution limits the total regular property taxes to one percent of true and fair value or $10 per $1,000 of value. If the taxes of all districts exceed this amount, each district except Port Districts and Public Utility Districts, is proportionately reduced until the total is at or below the one percent limit. The regular property tax increase limitation (chapter 84.55 RCW) limits the total dollar amounts of regular property taxes levied by an individual taxing district to the amount of taxes levied in the highest of the three most recent years multiplied by a limit factor, plus adjustment to account for taxes on new construction at the previous year's rate. The limit factor is the lesser of 101 percent or 100 percent plus inflation.

In addition, statutory dollar rate limits are specified for regular property tax levy rates for most types of taxing districts under RCW 82.52.053. The County may levy up to $1.80 per $1,000 of assed valuation for general governmental services. The County's regular levy for 2009 was $1.12 per $1,000 on assessed valuation of $47,499,875,673 for a total regular levy of $53,128,905.

The County is also authorized to levy $2.25 per $1,000 of assessed valuation in unincorporated areas for road construction and maintenance. This levy is subject to the same limitations as the levy for general government services. The County's road levy for 2009 was $1.50 per $1,000 on an assessed valuation of $23,197,691,534 for a total diverted road levy of $34,766,269.

Clark County has two special levies that were approved by the voters which are not subject to the limitations listed above. In 2009, the County had the following special levies: an additional $0.22 per $1,000 for metropolitan parks for a total additional levy of $3,118,512 and an additional $0.34 per $1,000 for a regional library for a total additional levy of $15,019,561.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated				
Land	$ 243,084,775	$ 15,967,143	$ 1,911,215	$ 257,140,703
Infrastructure	544,503,094	20,584,754	0	565,087,848
Construction in progress	102,028,192	25,530,867	41,250,580	86,308,479
Total capital assets, not being depreciated	889,616,061	62,082,764	43,161,795	908,537,030
Capital assets, being depreciated:				
Buildings	149,818,506	0	0	149,818,506
Improvements other than buildings	71,171,466	9,207,439	115,679	80,263,226
Machinery and equipment	56,791,420	8,409,097	3,919,907	61,280,610
Infrastructure	10,775,246	820,759	0	11,596,005
Total capital assets being depreciated	288,556,638	18,437,295	4,035,586	302,958,347
Less accumulated depreciation for:				
Buildings	53,815,059	2,345,249	0	56,160,308
Improvements other than buildings	20,409,200	3,223,003	31,375	23,600,828
Machinery and equipment	31,164,805	4,648,572	3,493,946	32,319,431
Infrastructure *	17,196,926	284,704	0	17,481,630
Total accumulated depreciation	122,585,990	10,501,528	3,525,321	129,562,197
Total capital assets, being depreciated, net	165,970,648	7,935,767	510,265	173,396,150
Governmental activities capital assets, net	$ 1,055,586,709	$ 70,018,531	$ 43,672,060	$ 1,081,933,180

Depreciation expense was charged to functions as follows:	
General governmental services	$ 3,534,101
Judicial	577,916
Public safety	723,042
Physical environment	85,806
Transportation	205,532
Economic environment	7,580
Health and human services	1,022,339
Culture and recreation	2,032,804
	8,189,120
Depreciation on capital assets held by the County's internal service funds is charged to various functions based upon their usage.	2,312,408
Total governmental activities depreciation expense	$ 10,501,528

*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 some 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	$ 34,282,572	$ 972,967	$ 1,652,580	$ 33,602,959
Infrastructure	53,251,582	222,167	0	53,473,749
Construction in progress	72,628,721	2,896,467	71,445,432	4,079,756
Total capital assets, not being depreciated	160,162,875	4,091,601	73,098,012	91,156,464
Capital assets, being depreciated:				
Buildings	392,417	17,453,216	0	17,845,633
Improvements other than buildings	77,554,211	25,163,628	0	102,717,839
Machinery and equipment	498,630	0	10,941	487,689
Infrastructure	3,844,029	29,319,070	0	33,163,099
Total capital assets being depreciated	82,289,287	71,935,914	10,941	154,214,260
Less accumulated depreciation for:				
Buildings	222,705	78,389	0	301,094
Improvements other than buildings	14,781,041	1,618,762	0	16,399,803
Machinery and equipment	304,991	39,203	9,847	334,347
Infrastructure*	5,562,389	328,662	0	5,891,051
Total accumulated depreciation	20,871,126	2,065,016	9,847	22,926,295
Total capital assets, being depreciated, net	61,418,161	69,870,898	1,094	131,287,965
Business-type activities capital assets, net	$ 221,581,036	$ 73,962,499	$ 73,099,106	$ 222,444,429

Depreciation expense was charged to functions as follows:	
Sanitary Sewer	$ 2,006,145
Solid Waste	36,355
Water Quality	22,516
Total business-type activities depreciation expense	$ 2,065,016

* 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 some depreciation on infrastructure that is now classified as capital assets not being depreciated.

NOTE 7 - COMMITMENTS

At the end of 2009, the County does not have any large capital commitments.

NOTE 8 – RECEIVABLE BALANCES

Receivables as of December 31, 2009 for the County's individual major funds, nonmajor funds and internal service funds are shown in the following table.

	Taxes	Accounts	Special Assessments	Due from other Governments	Interest and Penalties Taxes Assessments	Total
Governmental Activities						
General Fund	$ 3,163,491	$ 10,962,693	$ 0	$ 1,356,426	$ 7,051,824	$ 22,534,434
County Roads	2,015,594	3,624,602	0	2,609,897		8,250,093
Community Services Grants	0	357,818	0	1,106,008	0	1,463,826
Mental Health	33,823	367,571		82,577		483,971
Nonmajor Governmental	378,603	1,053,786	62,849	5,457,463	5,028	6,957,729
Internal Service	0	1,287,172	0	24,928	0	1,312,100
Total Governmental Activities	$ 5,591,511	$ 17,653,642	$ 62,849	$ 10,637,299	$ 7,056,852	$ 41,002,153
Business-Type Activities						
Sanitary Sewer	0	15,302	0	0	0	15,302
Clean Water	0	969,091	0	4,144	0	973,235
Nonmajor Enterprise	0	171,251	0	130,179	0	301,430
Total Business-Type Activities	0	1,155,644	0	134,323	0	1,289,967
Total Gross Receivables	$ 5,591,511	$ 18,809,286	$ 62,849	$ 10,771,622	$ 7,056,852	$ 42,292,120

Deferred Revenue

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
Delinquent property taxes receivable (General Fund)	$3,163,491	
Interest & penalties on delinquent property taxes (General Fund)	7,051,824	
Courts receivable (General Fund)	6,584,924	
Delinquent property taxes receivable (Road Fund)	2,015,594	
Delinquent property taxes receivable (other governmental funds)	412,426	
Revenues received but not yet earned		$ 697,249
Notes and contracts receivable, not yet due	19,209,582	
Telephone revenue (General Fund)	31,322	
Delinquent special assessments receivable (includes penalty & interest)	67,877	
Grants received prior to meeting all eligibility requirements		1,051,168
Total deferred/unearned revenue for governmental funds.	$38,537,040	$1,748,417

NOTE 9 - 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 at December 31, 2009 is shown in the following table:

	Due From Other Funds									
Due to Other Funds	General Fund	Road Fund	Comm. Services	Mental Health	Sanitary Sewer	Clean Water	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Total
General Fund	$0	$13,481	($32)	$0	$1,249	$1,684	$2,220,507	$1,629	$122,984	$2,361,502
Road Fund	275,873	0	0	0	0	672	11,466	0	8,969	296,980
Comm. Services	2,282	0	0	0	0	0	1,727	0	0	4,009
Mental Health	0	0	0	0	0	0	493,549	0	0	493,549
Nonmajor governmental	388,998	519,133	4,147	0	0	0	273,351	0	43,662	1,229,291
Nonmajor Enterprise	263	528	0	0	0	0	0	0	0	791
Internal service funds	615,348	263,675	91	614	4,215	1,004	371,424	237	7,589	1,264,197
Total Due to/ Due from	$1,282,764	$796,817	$4,206	$614	$5,464	$3,360	$3,372,024	$1,866	$183,204	$5,650,319

Interfund transfers represent subsidies and contributions with no corresponding debt or promise to repay. The purpose of General Fund transfers is to subsidize operating activities within other funds, to fund capital project activities, and for debt service. Transfers from other funds are generally for debt service and sales tax transfer for law and justice programs. Interfund transfers between individual major funds, nonmajor governmental, nonmajor enterprise, and internal service funds of the County during the year ended December 31, 2009 are as follows:

Transfer out	General Fund	Road Fund	Comm. Services	Mental Health	Clean Water	Nonmajor Governmental	Internal Service	Total
General Fund	$0	$275,873	$1,050,845	$142,000	$0	$7,928,649	$4,893,107	$14,290,474
Road Fund	0	0	0	0	387,000	1,484,432	0	1,871,432
Comm. Services	0	0	0	0	0	247,063	0	247,063
Mental Health	0	0	300,000	0	0	0	0	300,000
Clean Water Fund	95,000	121,155	0	0	0	0	0	216,155
Nonmajor governmental	13,753,498	5,255,379	0	1,909,195	0	19,436,279	3,642,846	43,997,197
Nonmajor enterprise	0	103,848	0	0	0	0	0	103,848
Internal service funds	388,780	0	0	0	0	114,626	380,381	883,787
Total transfers	$14,237,278	$5,756,255	$1,350,845	$2,051,195	$387,000	$29,211,049	$8,916,334	$61,909,956

There were approximately $9.3 million in routine transfers out from the General Fund to subsidize operations of other funds, including $1 million to Community Services Grants Fund for youth and human services programs along with administrative support. There was about $7,000 transferred out of the General Fund for debt service in 2009. There were also several one-time General Fund transfers in 2009, including $3.75 million to the County Building non-major special revenue fund for contribution to development services, $495,000 for server upgrades and other technology projects, and $403,000 to the General Liability Insurance Fund to supplement reserves.

The General Fund received $10.8 million for law and justice programs from non-major special revenue sales tax funds, $1.5 million for therapeutic court services, and $1.4 million for rental revenues.

The County Road Fund received $1.5 million in transfers from non-major capital project Development Impact Fees Fund for road improvements, $3.5 million from non-major economic development REET capital project fund for railroad and road projects and $0.5 million from other funds for development engineering services. The Road Fund transferred out approximately $1.2 million for debt service and

$0.7 million to other funds.

In addition, about $13.4 million was transferred from various non-major funds for debt service payments. Non-major special revenue funds collecting sales tax revenues earmarked for law and justice programs transferred $10.8 million to the General Fund and non-major special revenue funds collecting sales tax revenues earmarked for mental health and chemical dependency transferred $5.4 million to the General Fund ($1.4 million) and Mental Health and Substance Abuse non-major special revenue funds ($4 million). The non-major Campus Development Fund transferred $2.8 million to the internal service Central Support Services Fund for reimbursement of maintenance and utilities costs. There was $3.7 million in transfers from the closing of two non-major capital project funds in 2009.

NOTE 10 – LEASES

A. Operating Leases Payable

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, 2009 amount to approximately $1,309,000. The future minimum lease payments for these leases are:

December 31	Amount
2010	$1,089,700
2011	1,084,200
2012	1,085,200
2013	1,079,200
2014	1,080,200
Total	**$5,418,500**

B. Operating Leases Receivable

The County currently leases some of its property to various tenants under long-term, renewable, and non-cancelable contracts. The following is an analysis of the County's investment in property under long-term, non-cancelable operating leases as of December 31, 2009:

	Governmental Activities
Land	$1,322,100
Buildings	43,338,737
Less accumulated depreciation	(7,066,405)
	$37,594,432

The following is a schedule of minimum future lease receipts on non-cancelable operating leases based on contract amounts and terms as of December 31, 2009.

December 31	Amount
2010	$2,511,335
2011	2,463,335
2012	2,463,335
2013	2,463,335
2014	2,463,335
Total	**$12,364,675**

C. Capital Leases

The County entered into a lease agreement in 2002 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 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.

	Capital Assets Governmental Activities		Capital Lease Payable Governmental Activities	
Building Improvements	$	1,318,500	$	631,825
Less Accumulated Depreciation		(400,601)		
	$	917,899	$	631,825
Minimum Capital Lease Payments:				
2010			$	141,928
2011				141,928
2012				141,928
2013				141,928
2014				141,930
Total Minimum Lease Payments				709,642
Less Interest				(77,817)
Present Value of Minimum Lease Payments			$	631,825

The County entered into a lease agreement in 2008 as lessee for financing energy, plumbing and lighting savings improvements in various county buildings, with an interest rate 4.19%. 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 to be financed through the capital lease. This lease agreement qualifies as a capital lease for accounting purposes, and 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.

	Capital Assets Governmental Activities		Capital Lease Payable Governmental Activities	
Building Improvements	$	7,987,411	$	7,531,671
Less Accumulated Depreciation		0		
	$	7,987,411	$	7,531,671
Minimum Capital Lease Payments:				
2010			$	495,815
2011				492,233
2012				521,487
2013				430,529
2014				482,595
2015-2019				2,734,298
2020-2024				3,372,237
2025-2028				2,745,116
Total Minimum Lease Payments				11,274,310
Less Interest				(3,742,639)
Present Value of Minimum Lease Payments			$	7,531,671

NOTE 11 – LONG-TERM DEBT

A. 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 governmental activities. The beginning balance of unmatured general obligation bond debt in 2009 was $131,365,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20 to 30 year serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

Description	Amount Outstanding
$37,090,000 2001 Limited Tax General Obligation Bonds due in annual installments of $50,000 to $3,065,000 through 2011; interest from 4.125% to 4.5%. This issue is being serviced by the Real Estate Excise Tax Capital Fund. This issue was partially refunded in January 2006.	$1,510,000
$2,780,000 2002 Limited General Obligation Refunding Bonds due in annual installments of $70,000 to $665,000 through 2013; interest from 3.0% to 4.3%. This issue is being serviced by the General Fund and Real Estate Excise Tax Capital Fund.	$315,000
$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, Real Estate Excise Tax Capital 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.	$4,465,000
$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.	$3,625,000
$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, Real Estate Excise Tax Capital Fund, the Campus Health District Facility Capital Projects Fund, the Exhibition Hall Dedicated Special Revenue Fund, and the Conservation Futures Capital Project Fund.	$50,560,000
$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 Community Services Grants Special Revenue Fund.	$885,000
$24,985,000 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, 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.	$22,490,000
$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 Real Estate Excise Tax Capital Fund services this issue.	$5,440,000
$36,285,000 2006 Limited Tax General Obligation Refunding bonds due in annual installments of $290,000 to $3,025,000 through 2026; interest from 4.0% to 5.0%. This issue is being serviced by the Real Estate Excise Tax Capital Fund, Tri-Mountain Golf O & M Special Revenue Fund, and the General Fund. This issue refunded portions of the 1999A and 2001 LTGO issues.	$36,285,000
Grand total	$125,575,000

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

Year Ending December 31		Governmental Activities Principal		Interest
2010	$	5,625,000	$	5,865,151
2011		5,835,000		5,666,879
2012		6,055,000		5,425,089
2013		6,160,000		5,189,216
2014		6,165,000		4,917,008
2015-2019		33,220,000		19,676,145
2020-2024		31,745,000		11,976,566
2025-2029		22,270,000		4,226,904
2030-2034		8,155,000		1,263,331
2035		345,000		15,525
Totals	$	125,575,000	$	64,221,814

B. 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, 2009, special assessment receivables of $62,849 were considered delinquent. The special assessment bonds outstanding are as follows:

Description	Amount Outstanding
$73,954 R.I.D. No. 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.	$18,954

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

Year Ending December 31		Principal		Interest
2010		0		2,474
2011		0		2,474
2012		0		2,473
2013		0		2,474
2014		0		2,474
2015-2019		18,954		12,368
Totals	$	18,954	$	24,737

C. Revenue Bonds

The County also issues bonds where income derived from the acquired or constructed assets is pledged to pay debt service. Revenue bonds were issued to fund upgrades and additional facilities and infrastructure at the sewer treatment plant and are serviced by the Sanitary Sewer enterprise fund. The beginning balance of outstanding revenue bond debt at January 1, 2009 was $20,750,000. Revenue is received from Clark Regional Wastewater District for the purpose of bond payments and is recorded as pledged revenue. This revenue covers the entire cost of the annual bond payments. Revenue bonds payable at December 31, 2009 is $18.5 million. Information regarding the revenue bonds is as follows:

Description	Amount Outstanding
$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%.	$2,845,000
$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%.	$15,655,000
total	**$18,500,000**

Revenue bond debt service requirements to maturity are as follows:

Year Ending December 31		Principal		Interest
2010	$	2,360,000		911,488
2011		2,465,000		811,188
2012		2,570,000		705,193
2013		2,700,000		573,988
2014		2,840,000		435,633
2015-2016		5,565,000		425,275
Totals	$	18,500,000	$	3,862,763

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.

D. Advance Due to Other Governments

The County also receives loans from other governments. The County has 15 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, which range from $12,632 to $152,632 per loan. The funds from these loans were used for sewer improvement projects or county road projects. These loans will be paid back by the Sanitary Sewer Fund and the County Road Fund.

There was a loan from the State Department of Transportation for Chelatchie Railroad improvements. This loan is interest free with annual payments of $13,397, ending in 2009.

In 2009, the Clean Water Enterprise Fund received a low interest loan from the Department of Ecology (DOE) in conjunction with the American Recovery and Reinvestment Act (ARRA) to protect and restore an essential creek habitat corridor. The DOE will provide 50% of the funding for the design and construction of this project and 50% will be a loan from DOE to be repaid over 20 years upon completion of the project. The loan will bear an interest rate of 2.9%. At the end of 2009, the loan amount was $79,878.

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
2010	$	1,266,920	$	71,944	$	153,216	$	4,891
2011		996,087		66,915		153,216		3,359
2012		996,087		61,935		153,216		1,827
2013		996,087		56,954		33,668		1,418
2014		996,087		51,974		3,145		2,166
2015-2019		4,980,434		224,364		17,156		9,403
2020-2024		3,997,164		27,399		19,804		6,755
2025-2029		421,053		1,579		22,862		3,697
2030-2032						12,722		557
Totals	$	14,649,918	$	563,064	$	569,003	$	34,073

E. 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, 2009, $37,685,000 of bonds outstanding is considered to be defeased.

NOTE 12 – CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2009, the following changes occurred in long-term liabilities:

	Beginning Balance	New Issues	Retirements	Ending Balance	Due Within One Year
Governmental activities					
Governmental Funds-					
Bonds payable					
General obligation bonds	$ 130,520,000	$ 0	$ 5,725,000	$ 124,795,000	$ 5,550,000
Special assessment bonds	18,954	0	0	18,954	0
Less deferred amounts					
For issuance discounts/premiums	4,674,698	0	277,491	4,397,207	277,492
On refunding	(2,782,747)	0	(298,393)	(2,484,354)	(298,393)
Total bonds payable	132,430,905	0	5,704,098	126,726,807	5,529,099
Capital lease	742,717	0	110,892	631,825	115,755
Advances due to other governments	14,712,907	1,030,000	1,092,989	14,649,918	1,266,920
Other post employee benefits (restated)	304,851	339,284	49,140	594,995	153,076
Compensated absences	10,940,941	13,325,245	13,430,376	10,835,810	695,104
Total Governmental Funds	$ 159,132,321	$ 14,694,529	$ 20,387,495	$ 153,439,355	$ 7,759,954
Internal Service Funds					
Bonds payable	845,000	0	65,000	780,000	75,000
Capital lease	7,987,411	0	455,740	7,531,671	184,325
Claims and judgments	3,626,538	840,744	694,282	3,773,000	694,282
Compensated absences	614,874	741,036	733,132	622,778	6,587
Total Internal Service Funds	13,073,823	1,581,780	1,948,154	12,707,449	960,194
Total Governmental Activities	$ 172,206,144	$ 16,276,309	$ 22,335,649	$ 166,146,804	$ 8,720,148

Business-type activities	Beginning Balance	New Issues	Retirements	Ending Balance	Due Within One Year
Bonds payable					
Revenue bonds	$ 20,750,000	$ 0	$ 2,250,000	$ 18,500,000	$ 2,360,000
Less deferred amounts					
For issuance discounts/premiums	260,961	0	32,619	228,342	32,620
Total bonds payable	21,010,961	0	2,282,619	18,728,342	2,392,620
Advance due to other governments	729,183	79,878	240,058	569,003	153,216
Compensated absences	307,932	408,773	351,294	365,411	0
Total Business-type Activities	$ 22,048,076	$ 488,651	$ 2,873,971	$ 19,662,756	$ 2,545,836

Other post employee benefits have been restated by $3,572 as a result of the last actuarial study.

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 2009, the remaining non-voted capacity was $495,675,774 and the remaining voted and non-voted capacity was $1,038,634,173.

NOTE 13 – SHORT-TERM DEBT

During the year, the County obtained a tax anticipation note authorized at $5,000,000 for the purpose of paying expenditures of the County's 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: General Fund, Clark County Fair, County Building, Child Abuse Intervention, Weed Management, Community Services Grants, Mental Health and Central Support Services.

Also, the County obtained a $10,000,000 tax anticipation note for the purpose of paying expenditures of the County Roads 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 activity for the year ended December 31, 2009 was as follows:

	Beginning Balance	Proceeds	Repayment	Ending Balance
Tax Anticipation Note (line of credit)	$ 3,062,681	$ 33,805,960	$ 36,605,501	$ 263,140
Road Fund Line of Credit	0	2,423,193	2,423,193	0
Registered Warrants				
Community Services Grants	0	75,280	75,280	0
Central Support Services	0	602,567	602,567	0
County Building Fund	0	125,341	125,341	0
General Fund	0	297,242	297,242	0
Total Short-Term Debt	$ 3,062,681	$ 37,329,583	$ 40,129,124	$ 263,140

NOTE 14 – PENSION PLANS

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 or it may be downloaded from the DRS website at www.drs.wa.gov. The following disclosures are made pursuant to GASB Statement 27, *Accounting for Pensions by State and Local Government Employers and No. 50, Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27.*

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

Plan Description

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 defined benefit plan with a defined contribution component. 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 Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS Plan 1 and Plan 2 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 statute and may be amended only by the State Legislature.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement 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 benefit is 2 percent of the average final compensation (AFC) per year of service, capped at 60 percent. (The AFC is based on the greatest compensation during any 24 eligible consecutive compensation months.) This annual benefit is subject to a minimum for PERS Plan 1 retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. Plan 1 members who retire from inactive status prior to the age of 65 may receive actuarially reduced benefits. If a survivor option is chosen, the benefit is further reduced. A cost-of living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, which is increased 3 percent annually. Plan 1 members may also elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after an employee completes five years of eligible service and attains the age of 65. Plan 2 members may retire at the age of 65 with five years of service, with an allowance of 2 percent of the AFC per year of service. The AFC is based on the greatest compensation during any eligible consecutive 60-month period. Plan 2 members who retire 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. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PERS 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 AFC per year of service. The AFC is based on the greatest compensation during any eligible consecutive 60-month period. Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65, or they may retire at age 55 with 10 years of service. PERS Plan 3 members who retire 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. The benefit is also actuarially reduced to reflect the choice of a survivor option. 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.

<u>Judicial Benefit Multiplier</u>
Beginning January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to participate in the Judicial Benefit Multiplier Program (JBM) enacted in 2006. Justices and judges in PERS Plan 1 and 2 were able to make a one-time irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5% multiplier. The benefit would be capped at 75% of AFC. Judges in PERS Plan 3 could elect a 1.6% of pay per year of service benefit, capped at 37.5% of average compensation.

Members who chose to participate in JBM would: accrue service credit at the higher multiplier beginning with the date of their election; be subject to the benefit cap of 75% of AFC, pay higher contributions; stop contributing to the Judicial Retirement Account (JRA); and be given the option to increase the multiplier on past judicial service. Members who did not choose to participate would: continue to accrue service credit at the regular multiplier; continue to participate in JRA, if applicable; never be a participant in the JBM Program; and continue to pay contributions at the regular PERS rate.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program. Members required into the JBM program would: return to prior PERS Plan if membership had previously been established; be mandated into Plan 2 and not have a Plan 3 transfer choice, if a new PERS member; accrue the higher multiplier for all judicial service; not contribute to JRA; and not have the option to increase the multiplier for past judicial service.

There are 1,192 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2008:

Retirees and Beneficiaries Receiving Benefits	73,122
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	27,267
Active Plan Members Vested	105,212
Active Plan Members Non-vested	56,456
Total	**262,057**

<u>Funding Policy</u>
Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Employee Retirement Benefits Board 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. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2009, are as follows:

Members Not Participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	5.31%**	5.31%**	5.31%***
Employee	6.00%****	3.9%****	*****

* The employer rates include the employer administrative expense fee currently set at 0.16%.
** The employer rate for state elected officials is 7.89% for Plan 1 and 5.31% for Plan 2 and Plan 3.
*** Plan 3 defined benefit portion only.
**** The employee rate for state elected officials is 7.50% for Plan 1 and 3.90% for Plan
***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Members Participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer-State Agency*	7.81%	7.81%	7.81%**
Employer-Local Gov't Units*	5.31%	5.31%	5.31%**
Employee-State Agency	9.76%	7.25%	7.50%***
Employee-Local Gov't Units	12.26%	9.75%	7.50%***

* The employer rates include the employer administrative expense fee currently set at 0.16%.
** Plan 3 defined benefit portion only.
***Minimum rate.

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
2009	$ 274,130	$ 4,917,975	$ 768,448
2008	$ 313,214	$ 5,450,544	$ 825,291
2007	$ 283,682	$ 4,252,185	$ 580,528

2. *Law Enforcement Officers' & Fire Fighters' Retirement System (LEOFF) Plans 1 and 2*

Plan Description

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. 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. Membership in the system includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters and, as of July 25, 2005, those emergency medical technicians who were given the option and chose LEOFF Plan 2 membership. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003, being an exception.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature for the LEOFF Plan 2 retirement plan.

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 by the State Legislature.

LEOFF Plan 1 members are vested after the completion of 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 (FAS) 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 FAS 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. A cost-of-living allowance is granted based on the Consumer Price Index.

LEOFF Plan 2 members are vested after the completion of 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 FAS per year of service. The FAS is based on the highest consecutive 60 months. Plan 2 members who retire prior to the age of 53 receive reduced benefits. Benefits are actuarially reduced for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53. There is no cap on years of service credit; and a cost-of-living allowance is granted based on the Consumer Price Index, capped at 3 percent annually.

There are 375 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2008:

Retirees and Beneficiaries Receiving Benefits	9,268
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	650
Active Plan Members Vested	13,120
Active Plan Members Non-vested	3,927
Total	**26,965**

Funding Policy

Starting on July 1, 2000, LEOFF Plan 1 employers and employees 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 LEOFF Plan 2 Retirement Board. 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 LEOFF Plan 2 in accordance with the requirements of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. 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 required contribution rates expressed as a percentage of current-year covered payrolls, as of December 31, 2009, were as follows:

	LEOFF Plan 1	LEOFF Plan 2
Employer*	0.16%	5.24%**
Employee	0.00%	8.46%
State	N/A	3.38%

* The employer rates include the employer administrative expense fee currently set at 0.16%.
** The employer rate for ports and universities is 8.99%.

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
2009	$ 436	$ 634,674
2008	$ 435	$ 626,534
2007	$ 451	$ 563,170

3. *Public Safety Employees' Retirement System (PSERS) Plan 2*

Plan Description

PSERS was created by the 2004 legislature and became effective July 1, 2006. PSERS is a cost-sharing multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2.

PSERS Plan 2 membership includes full-time employees of a covered employer on or before July 1, 2006, who met at least one of the PSERS eligibility criteria, and elected membership during the election period of July 1, 2006 to September 30, 2006; and those full-time employees, hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria.

A "covered employer" is one that participates in PSERS. Covered employers include: State of Washington agencies (Department of Corrections, Department of Natural Resources, Parks and Recreation Commission, Gambling Commission, Washington State Patrol, and Liquor Control Board), Washington State counties, and Washington State cities except for Seattle, Tacoma and Spokane.

To be eligible for PSERS, an employee must work on a full-time basis and:

- have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington, and carry a firearm as part of the job: OR
- have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; OR
- function as a limited authority Washington peace officer, as defined in RCW 10.93.020; OR
- have primary responsibility to supervise eligible members who meet the above criteria

PSERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PSERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

PSERS Plan 2 members are vested after the completion five years of eligible service. PSERS Plan 2 members may retire at the age of 65 with five years of service, or at the age of 60 with at least 10 years of PSERS service credit, with an allowance of 2 percent of the average final compensation (AFC) per year of service. The AFC is the monthly average of the member's 60 consecutive highest-paid service credit months, excluding any severance pay such as lump-sum payments for deferred sick leave, vacation or annual leave. Plan 2 members who retire prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a 3 percent per year reduction for each year between the age at retirement and age 60 applies. There is no cap on years of service credit and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

There are 73 participating employers in PSERS. Membership in PSERS consisted of the following as of the latest actuarial valuation date for the plan of June 30, 2008:

Retirees and Beneficiaries Receiving Benefits	1
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	0
Active Plan Members Vested	0
Active Plan Members Non vested	3,981
Total	**3,982**

<u>Funding Policy</u>
Each biennium, the state Pension Funding Council adopts PSERS Plan 2 employer and employee contribution rates. The employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund Plan 2. All employers are required to contribute at the level established by the Legislature. The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.37 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2009, were as follows:

	PSERS Plan 2
Employer*	7.85%
Employee	6.55%

*The employer rate includes an employer administrative expense fee of 0.16%.

Both the County and the employees made the required contributions. The County's required contributions for the year ending December 31 were as follows:

	PSERS Plan 2
2009	$ 315,496
2008	$ 297,976
2007	$ 223,711

NOTE 15 – 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, 2009, the County had 1,007 employees participating in the 457 plan, having accumulated deposits with a fair value of $42,480,393. The County contracts with a sole provider in order to reduce the cost of participation to employees, provide better fund options, and improve service with more financial planning meetings.

NOTE 16 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

The County has adopted implementation of GASB Statement No. 45 (GASB 45) Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. Under this statement, the County reports two health benefit retiree programs; one for *Law Enforcement Officers' & Fire Fighters' Retirement (LEOFF 1) (see note 16.B.)* and the second OPEB plan for all other retirees (PERS and LEOFF11 (see note 16 A.). The following describes each plan separately.

A. Plan Description – Retired PERS AND LEOFF11 Employees

The County has elected to provide certain public employee groups with a single-employer defined benefit retiree healthcare plan. The healthcare plan provides post-retirement medical and vision coverage for eligible retirees, their spouses, domestic partners, and dependents on a self-pay basis. The County establishes the benefit provisions and the premium rates are set by the health insurance carrier, plus a 2% administration fee. Eligible participants may select from one of the County's two healthcare plans: the Aetna PPO plan or the Kaiser HMO plan. The level of benefits provided by the retiree plans are less than those afforded to active employees. Coverage under these plans is provided to retirees, spouses, and domestic partners until they become eligible for Medicare, typically age 65, and eligible dependents until age 19 (age 23 if a full-time student). Each health insurance carrier offers a health plan for retirees who are eligible for Medicare.

The premium rates for eligible retirees and their dependents (other than Kaiser's Senior Advantage) are based on the experience of all plan members, including both active employees and retirees. The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the County's implicit employer contribution. The premium rates for the Kaiser Senior Advantage are based on a "community rated" Medicare supplemental healthcare program and are assumed to generate no implicit employer contribution.

The County did not establish an irrevocable trust (or equivalent arrangement) to account for either plan. Instead, the activities of the plans are reported in the County's benefits service account. Neither plan issues a separate report.

Annual OPEB Cost and Net OPEB Obligation

The County's annual other post-employment benefit cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance within the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the fiscal year ending December 31, 2009, the amount actually contributed to the plans, and changes in the County's net OPEB obligation:

Annual required contribution	$345,238
Interest on net OPEB obligation	9,146
Adjustments to the annual required contribution	(15,100)
Annual OPEB cost (expense)	$339,284
Contributions made	(49,140)
Increase in the net OPEB obligation	290,144
Net OPEB obligation, beginning of year (restated)	304,851
Net OPEB obligation, end of year	$ 594,995

The County's annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation for 2009 and the two preceding years were as follows:

Fiscal year Ending December 31	Annual OPEB Cost	Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2007	$229,000	($ 77,427)	34%	$151,574
2008(restated)	$236,579	($ 83,302)	36%	$304,851
2009	$339,284	($ 49,140)	14.5%	$594,995

Funding Policy

The County has the authority to establish and amend contribution requirements. The required contribution is based on the projected pay-as-you-go financing requirements. Since the County's healthcare plan is experience rated, the annual required contributions can fluctuate. For the fiscal year ending December 31, 2009, the County's combined plan contributions were $49,140.

Funding Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the actuarial accrued liability and the unfunded actuarial accrued liability for benefits was $3,418,854. The covered payroll (annual payroll of active employees covered by the plan) was $98,759,078 and the ratio of the UAAL to the covered payroll was 3.5 percent. The actuarial value of assets was zero.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about the future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The December 31, 2009 actuarial valuation for the retiree healthcare plan was based on the entry age normal method. The actuarial assumption for the valuation included an investment return of 3.0%. The healthcare plan actuarial valuation included healthcare cost inflation trend rates of 8% to 11.5% (depending on plan option) in 2009, decreasing by 50 basis points per year until the ultimate rate (5%) is reached. The unfunded actuarially accrued liability and the gains or losses for the plan are amortized as a level dollar amount over a period of 30 years on a open basis.

B. Retired LEOFF I Employees OPEB Plan

Plan Description

The County provides all health insurance benefits for retired public safety employees who are vested in LEOFF I. All County LEOFF I employees may become eligible for these benefits if they reach normal retirement age while working for the County. The County has used the alternative measurement method permitted by GASB Statement 45.

There are 53 participants eligible to receive these benefits. There are currently five LEOFF I members employed at the County who have not yet retired and two who have retired but return to work at the County in a different capacity. These five participants do not receive LEOFF I medical benefits. The 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 and dental premiums and out-of-pocket medical costs for life.

Funding Policy

The County has the authority to establish and amend contribution requirements. The required contribution is based on the projected pay-as-you-go financing requirements. Since the County's healthcare plan is experience rated, the annual required contributions can fluctuate. For the fiscal year ending December 31, 2009, the County's combined plan contributions were $389,366.

Annual OPEB Cost and Net OPEB Obligation

The County's annual other post-employment benefit cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount determined in accordance within the parameters of GASB 45 using the alternative method. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities (or funding excess) over a period of twenty two years. The following table shows the components of the County's annual OPEB cost for the fiscal year ending December 31, 2009, the amount actually contributed to the plans, and changes in the County's net OPEB obligation:

Annual required contribution	$ 294,511
Interest on net OPEB obligation	0
Adjustments to the annual required contribution	(0)
Annual OPEB cost (expense)	294,511
Contributions made	(389,366)
Decrease in the net OPEB obligation	(94,855)
Net OPEB obligation, beginning of year	(116,782)
Net OPEB obligation, end of year	$ (211,637)

The County's annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation for 2009 and the two preceding years were as follows:

Fiscal year Ending December 31	Annual OPEB Cost	Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2007	$307,011	($372,317)	121.3%	$ (65,306)
2008	$322,110	($373,586)	116 %	$(116,782)
2009	$294,511	($389,366)	132%	$(211,637)

Funding Status and Funding Progress

As of December 31, 2009, the most recent valuation date, the actuarial accrued liability for benefits was $6,184,737, all of which was unfunded. The actuarial value of assets was zero. The covered payroll (annual payroll of active employees covered by the plan) was $281,524, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 2196.9 percent.

Valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about the future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded

status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.
Methods and Assumptions
Due to the size of the plan (less than 100 participants) the County elected to use the alternative method for valuation. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used are designed to reduce the effects of short-term volatility in accrued liabilities and the value of assets, consistent with the long-term perspective of the calculations.

The December 31, 2009 valuation for LEOFF I retiree healthcare plan was based on the entry age normal method. The assumption for the valuation included an investment return of 3.0%. The healthcare plan actuarial valuation included healthcare cost inflation trend rates of 8.0% in 2010 to 2013 and decreasing to 5.0% for the remainder of the plan. The unfunded accrued liability and the gains or losses for the plan are amortized as a level dollar amount over a period of 22 years on a closed basis.

NOTE 17 – 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. 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. In 2009, there were dedications resulting in $3,030,672 in credits. The amount of credits applied toward impact fees in 2009 was $3,116,540. In addition, $58,600 in credits were transferred to the City of Vancouver to be applied towards projects within city boundaries. The amount of credits that may be applied against future impact fees is $4,791,778 at December 31, 2009. The County does not report impact fee credits as liabilities in the fund financial statements because they are viewed as reductions of future revenues, which are not yet earned. Impact fees are not due until a certificate of occupancy is issued.

NOTE 18 –RISK MANAGEMENT

Clark County is exposed to various risks of loss related to torts; thefts, damage, and/or destruction of assets; errors and omissions; and natural disaster for which the County either carries commercial insurance, is self-insured or belongs to a risk pool.

A. Risk Pool
Clark County was one of twenty-eight members of the Washington Counties Risk Pool ("Pool") during 2009. The Pool was formed August 18, 1988 when several Washington counties signed an Interlocal (Cooperative) Agreement. It was established to provide its member counties with "joint" programs and services including self-insurance, purchasing of insurance, and contracting for or hiring of personnel to provide administrative services, claims handling and risk management. The Pool operates under the state of Washington's "pooling" laws, more specifically Chapter 48.62 RCW implemented via Chapter 39.34 RCW. It is overseen by the State Risk Manager and is subject to fiscal audits performed annually by the State Auditor.

The enabling Interlocal Agreement was amended once in 2000 to add the Membership Compact, a commitment to strengthen the Pool by helping its member counties implement and/or enhance local risk management efforts to reduce losses and support the best management of the Pool and its resources. The Compact established obligations to support these goals through three major elements: membership involvement, risk control practices, and a targeted risk management program.

The Pool's mission is: To provide comprehensive and economical risk coverage; to reduce the frequency and severity of losses; and to decrease costs incurred in the managing and litigation of claims.

New members are required to pay the Pool modest admittance fees to cover the members' share of organizational expenses and the costs to analyze their loss data and risk profile. Members contract initially to remain in the Pool for at least five years. Counties may terminate their memberships at the conclusion of any Pool fiscal year following the initial term if the county timely files its required advance written notice. Otherwise, the Interlocal Agreement is renewed automatically for another year. Even after termination, a former member remains responsible for reassessments from the Pool for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

The Pool is governed by a board of directors consisting of one director (and at least one alternate director) designated by each member county. The Pool's board of directors, made up of both elected and appointed county officials, meets three times each year with the summer meeting being the Annual Meeting. The board of directors is responsible for determining the 3rd-party liability coverage to be offered (approving the insuring agreement or coverage document), the reinsurance program to acquire, the excess insurances to be jointly purchased or offered for optional purchase, and approving the Pool's annual operating budgets and work programs, and the member deposit assessment formulas.

Regular oversight of the Pool's operations is furnished by an 11-person executive committee. The committeepersons are elected by the Pool's board of directors from its membership to staggered 3-year terms during each Annual Meeting. The committee meets several times throughout the year to approve all Pool disbursements and examine the Pool's financial health; to approve case settlements exceeding the members' deductibles by at least $50,000; to review all claims with incurred loss estimates exceeding $100,000; to evaluate the Executive Director and the Pool's operations and program deliverables; and to participate in the board's standing committees (finance, personnel, risk management, and underwriting) for development or review/revision of the organization's policies and coverage documents.

The following constitute the highlights from the Pool's most recently completed Policy (Fiscal) Year (October 2008 through September 2009):

- *Operating Income* was experienced during the year of $1.15 million, a 40% increase from FY-2008.
- *Interest Income* slipped to just $0.22 million (-65%) due to the nearly non-existent interest rates associated with the national and worldwide recession.
- *Total Assets* grew by $4.64 million (15%) to more than $35.71 million. Specifically, current assets increased $4.69 million (16%) while non-current assets decreased $0.05 million (-4%).
- 966 cases were added to the Risk Pool's claims-related database during the year which raised the to-date (Oct. 1988 – Sep. 2009) total of third-party liability claims and lawsuits submitted by WCRP member counties to 16,470. Only 492 cases remained classified as "open" at year's end. Independent actuarial estimates suggest another 553 claims may be filed for covered occurrences from all years-to-date through September 2009.
- *Net Assets* (also referred to as *Members' Equity*) increased nearly $1.38 million to more than $8.16 million at September 30, 2009. $6.35 million is classified as 'Restricted' to satisfy the Section D provisions of the WCRP Underwriting Policy that were enhanced by the Board of Directors in March 2007. Another $1.06 million is invested in *Capital Assets* (net of debt). The remaining $0.76 million is listed as 'Non-Restricted' and is available. The WCRP Board of Directors is the authority to decide if, how much, and when distributions of any (Non-Restricted) *Net Assets* are to be made.

Pool member counties presently acquire $20 million (with another $5 million optional) of joint liability coverage on a "per occurrence" basis for 3rd-party bodily injury, personal injury, property damage, errors and omissions, and advertising injury, and includes public officials' errors and omissions. Annually, members select a per occurrence deductible amount of $10,000, $25,000, $50,000, $100,000, $250,000 or $500,000. Clark County has $500,000 deductible. The initial $10 million of coverage, less the retention (the greater of the member's deductible or $100,000), is fully reinsured. The remaining insurance, up to $15 million, is acquired as "following form" excess insurance. There are no aggregate limits to the payments made for any one member county or all member counties combined.

Property insurance, with composite limits of $500 million for normal ("All Other Perils") coverage and $250 million for catastrophe coverage and participant deductibles between $5,000 and $50,000, was added to the Pool coverage lines a few years ago as an individual county option. Coverage is for structures, vehicles, mobile equipment, EDP equipment, and equipment breakdown, etc. Participants are responsible for their claims' deductibles. The commercial insurers are responsible for covered losses exceeding the participant deductibles to the maximum limits of the policy. Twenty-six counties purchased this program during 2009.

Additionally, many members use the Pool's producer (broker) services for other insurance placements, e.g. public officials bonds, crime & fidelity, special events/concessionaires, and environmental hazards coverage.

The Washington Counties Risk Pool is a cooperative program, so there is joint liability amongst its participating members. Contingent liabilities are established when assets are not sufficient to cover liabilities. Pool member counties are required to timely submit their 3rd-party liability claims which are handled by the Pool's staff. This includes establishing reserves for both reported and unreported covered events, as well as estimates of the undiscounted future cash payments for losses and related claims adjustment expenses. Deficits resulting from any Pool fiscal year are financed by proportional reassessments against that year's membership. The Pool's reassessments receivable balance at December 31, 2009 was zero.

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). Non-incremental 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:

	2009	2008
Beginning claims liability	$ 3,626,538	$3,485,000
Claims incurred during the year and changes in estimates for claims of prior periods (including IBNRs)	840,744	896,387
Payments made on claims	(694,282)	(754,849)
Ending claims liability	$ 3,773,000	$3,626,538

As of December 31, 2009, the County had current assets in the General Liability Insurance Fund of $3.2 million.

B. Other Self-Insurance Funds
The County is self-insured for unemployment insurance claims and for worker's compensation claims which are administered by a 3rd party, except as noted below. Current assets set aside at December 31, 2009 for these claims are $1.3 million and $563,000 respectively. There were no significant claims outstanding against these assets at December 31, 2009. The County maintains a $1 million commercial policy for excess worker's compensation claims, with a $750,000 deductible. There were no settlements that exceeded the insurance coverage in 2007, 2008 or 2009.

NOTE 19 – RESTRICTED NET ASSETS

Clark County's government-wide statement of net assets reports $118 million of restricted net assets, of which $48 million is restricted by enabling legislation; $36 million by various federal and state laws; $27 million by grantors; and $7 million by bond covenants.

NOTE 20 - CONTINGENCIES AND LITIGATIONS

The County participates in several Federal, State, and local grant programs. The 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.

NOTE 21- JOINT VENTURE

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). CRESA was created by agreement under the Inter-local Cooperation Act (RCW 39.34). The purpose of CRESA 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 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 equity interest in a joint venture. This equity interest 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. The County's share of the 2009 net income was $25,968, plus a prior year adjustment ($259,699) resulted in a net loss of ($233,731) for a total equity interest of $700,978 at the end of 2009. Separate financial statements for the joint venture can be obtained from CRESA, 710 W. 13th Street, Vancouver, Washington 98660.

NOTE 22 - ACCOUNTING FOR SOLID WASTE LANDFILL CLOSURE/ 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.

NOTE 23 – TERMINATION BENEFITS

In June 2009, the Board of County Commissioners approved a voluntary retirement incentive program (VRIP). The purpose of the VRIP was to achieve staff reductions by offering enhanced separation benefits to employees who are eligible for full retirement under the PERS Plans 1,2 & 3. PERS retirement eligible means no reduction in retirement benefits. Under the VRIP, the County provided 12 months of county paid health insurance under the County's retiree health care program and/or the COBRA program. In lieu of health insurance, the employee could elect to receive a lump sum payment of $5,000. The effective date of retirement for the VRIP was between August 1, 2009 and December 31, 2009. A total of 24 employees elected to participate in the VRIP for a total cost of $214,172. Approximately $46,146 was paid out in 2009 under this program and $168,026 will be paid out in 2010. Any affect on the actuarial accrued OPEB liability from these benefits is included in Note 16.

NOTE 24 - PRIOR PERIOD ADJUSTMENTS

Government Wide Statement of Activities – Prior Period Adjustments

An additional prior period adjustment (above what was recorded in the fund statements) of $2,509,036 was recorded in the Government Wide Statement of Activities to account for land owned by the County which was not previously recorded in the County's capital asset system. Of this amount, $1,375,677 was land purchased by the County in prior years (mostly for road right of way) and $1,133,359 was land donated to the County by developers in prior years (mainly wetlands and habitat land).

Major Fund Statement Prior Period Adjustments

The **Clean Water** Enterprise Fund reports a prior year adjustment decrease of ($1,193,434). Land parcels valued at $444,532 that developers had contributed in prior years had not previously been included in the County's capital asset records and were added in 2009. Land parcels associated with storm water facilities previously recorded in capital assets that are not owned by the County were removed from the County's capital asset records in the amount of ($975,100). In addition, there was an amount of ($662,866) removed for a clean water mitigation project which was previously capitalized, but it was subsequently determined that it does not meet criteria for capitalization. The resulting adjustments resulted in the net prior year adjustment of ($1,193,434).

Non-major Fund Statement Prior Period Adjustments

The **Clark County Public Facilities District** special revenue fund reports a prior year adjustment of ($128,355) since it has been determined that this entity should be reported separately (discretely) from the County's financial statements rather than being blended into our statements as it has in the past, because the County is able impose its will on the PFD.

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