



# Washington State Auditor's Office

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## Financial Statements Audit Report

# Yakima County Rural Library District

**For the period January 1, 2012 through December 31, 2014**

**Published December 28, 2015**

**Report No. 1015958**





## Washington State Auditor's Office

December 28, 2015

Board of Trustees  
Yakima County Rural Library District  
Yakima, Washington

### Report on Financial Statements

Please find attached our report on the Yakima County Rural Library District's financial statements.

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

Sincerely,

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**Yakima County Rural Library District  
January 1, 2012 through December 31, 2014**

Board of Trustees  
Yakima County Rural Library District  
Yakima, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Yakima County Rural Library District, Washington, as of and for the years ended December 31, 2014, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 23, 2015.

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

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## COMPLIANCE AND OTHER MATTERS

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

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

## PURPOSE OF THIS REPORT

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

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

A handwritten signature in cursive script that reads "Troy X. Kelley". The signature is written in dark ink and is positioned above the printed name.

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

December 23, 2015

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## **Yakima County Rural Library District January 1, 2012 through December 31, 2014**

Board of Trustees  
Yakima County Rural Library District  
Yakima, Washington

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the Yakima County Rural Library District, Washington, for the years ended December 31, 2014, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 11.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether

due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)**

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Yakima County Rural Library District, for the years ended December 31, 2014, 2013 and 2012 on the basis of accounting described in Note 1.

### **Basis for Adverse Opinion on U.S. GAAP**

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. The effects on the financial statements of the variances between GAAP and the accounting practices the District used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

### **Adverse Opinion on U.S. GAAP**

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Yakima County Rural Library District, as of December 31,



2014, 2013 and 2012 or the changes in financial position or cash flows for the years then ended, due to the significance of the matter discussed in the above “Basis for Adverse Opinion on U.S. GAAP” paragraph.

## **Other Matters**

### ***Supplementary and Other Information***

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide

an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

December 23, 2015

## **FINANCIAL SECTION**

### **Yakima County Rural Library District January 1, 2012 through December 31, 2014**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2014  
Fund Resources and Uses Arising from Cash Transactions – 2013  
Fund Resources and Uses Arising from Cash Transactions – 2012  
Notes to Financial Statements – 2014  
Notes to Financial Statements – 2013  
Notes to Financial Statements – 2012

#### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Liabilities – 2014  
Schedule of Liabilities – 2013  
Schedule of Liabilities – 2012

**Yakima County Rural Library District**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2014**

		<b>Total for All Funds (Memo Only)</b>	<b>001 GENERAL FUND</b>	<b>103 PLATH TRUST FUND</b>	<b>302 W. VALLEY COMM LIBR BLDG FUND</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	7,332,223	6,456,225	89,350	786,648
30880	Unreserved	-	-	-	-
388 & 588	Prior Period Adjustments, Net	3,414	-	3,414	-
<b>Operating Revenues</b>					
310	Taxes	6,662,285	6,662,285	-	-
330	Intergovernmental Revenues	27,884	27,884	-	-
340	Charges for Goods and Services	100,214	100,214	-	-
350	Fines and Penalties	73,081	73,081	-	-
360	Miscellaneous Revenues	129,260	105,764	17,960	5,536
Total Operating Revenues:		6,992,725	6,969,228	17,960	5,536
<b>Operating Expenditures</b>					
570	Culture and Recreation	6,259,117	6,247,484	11,633	-
Total Operating Expenditures:		6,259,117	6,247,484	11,633	-
<b>Net Operating Increase (Decrease):</b>		<b>733,608</b>	<b>721,744</b>	<b>6,327</b>	<b>5,536</b>
<b>Nonoperating Revenues</b>					
370-380, 395 & 398	Other Financing Sources	-	-	-	-
391-393	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
Total Nonoperating Revenues:		-	-	-	-
<b>Nonoperating Expenditures</b>					
580, 596 & 599	Other Financing Uses	-	-	-	-
591-593	Debt Service	355,021	355,021	-	-
594-595	Capital Expenditures	94,910	94,910	-	-
597	Transfers-Out	-	-	-	-
Total Nonoperating Expenditures:		449,931	449,931	-	-
<b>Net Increase (Decrease) in Cash and Investments:</b>		<b>283,677</b>	<b>271,813</b>	<b>6,327</b>	<b>5,536</b>
<b>Ending Cash and Investments</b>					
50810	Reserved	7,619,314	6,728,038	99,092	792,184
50880	Unreserved	-	-	-	-

*The accompanying notes are an integral part of this statement.*

**Yakima County Rural Library District**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2013**

		<b>Total for All Funds (Memo Only)</b>	<b>001 GENERAL FUND</b>	<b>103 PLATH TRUST FUND</b>	<b>302 W. VALLEY COMM LIBR BLDG FUND</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	6,629,777	5,765,334	79,802	784,640
30880	Unreserved	-	-	-	-
388 & 588	Prior Period Adjustments, Net	-	-	-	-
<b>Operating Revenues</b>					
310	Taxes	6,487,062	6,487,062	-	-
330	Intergovernmental Revenues	38,959	38,959	-	-
340	Charges for Goods and Services	91,932	91,932	-	-
350	Fines & Penalties	79,025	79,025	-	-
360	Miscellaneous Revenues	99,022	79,865	12,962	6,195
Total Operating Revenues:		6,796,000	6,776,843	12,962	6,195
<b>Operating Expenditures</b>					
570	Culture And Recreation	5,661,552	5,658,138	3,414	-
Total Operating Expenditures:		5,661,552	5,658,138	3,414	-
<b>Net Operating Increase (Decrease):</b>		<b>1,134,448</b>	<b>1,118,705</b>	<b>9,548</b>	<b>6,195</b>
<b>Nonoperating Revenues</b>					
370-380, 395 & 398	Other Financing Sources	226	226	-	-
391-393	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
Total Nonoperating Revenues:		226	226	-	-
<b>Nonoperating Expenditures</b>					
580, 596 & 599	Other Financing Uses	-	-	-	-
591-593	Debt Service	356,413	356,413	-	-
594-595	Capital Expenditures	75,815	71,628	-	4,187
597	Transfers-Out	-	-	-	-
Total Nonoperating Expenditures:		432,228	428,041	-	4,187
<b>Net Increase (Decrease) in Cash and Investments:</b>		<b>702,446</b>	<b>690,890</b>	<b>9,548</b>	<b>2,008</b>
<b>Ending Cash and Investments</b>					
50810	Reserved	7,332,223	6,456,225	89,350	786,648
50880	Unreserved	-	-	-	-

*The accompanying notes are an integral part of this statement.*

**Yakima County Rural Library District**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2012**

		<b>Total for All Funds (Memo Only)</b>	<b>001 GENERAL FUND</b>	<b>103 PLATH TRUST FUND</b>	<b>302 CUMULATIVE RESERVE</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	7,441,635	5,314,838	65,449	2,061,348
30880	Unreserved	-	-	-	-
388 & 588	Prior Period Adjustments, Net	-	-	-	-
<b>Operating Revenues</b>					
310	Taxes	6,383,289	6,383,289	-	-
330	Intergovernmental Revenues	12,216	12,216	-	-
340	Charges for Goods and Services	178,383	178,383	-	-
350	Fines & Penalties	70,445	70,445	-	-
360	Miscellaneous Revenues	113,163	77,590	14,354	21,220
Total Operating Revenues:		6,757,497	6,721,924	14,354	21,220
<b>Operating Expenditures</b>					
510	General Government	-	-	-	-
570	Culture And Recreation	5,348,660	5,348,660	-	-
598	Intergovernmental Payments	-	-	-	-
Total Operating Expenditures:		5,348,660	5,348,660	-	-
<b>Net Operating Increase (Decrease):</b>		<b>1,408,837</b>	<b>1,373,264</b>	<b>14,354</b>	<b>21,220</b>
<b>Nonoperating Revenues</b>					
370-380, 395 & 398	Other Financing Sources	-	-	-	-
391-393	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
Total Nonoperating Revenues:		-	-	-	-
<b>Nonoperating Expenditures</b>					
580, 596 & 599	Other Financing Uses	-	-	-	-
591-593	Debt Service	357,796	357,796	-	-
594-595	Capital Expenditures	1,862,899	564,971	-	1,297,928
597	Transfers-Out	-	-	-	-
Total Nonoperating Expenditures:		2,220,695	922,767	-	1,297,928
<b>Net Increase (Decrease) in Cash and Investments:</b>		<b>(811,858)</b>	<b>450,497</b>	<b>14,354</b>	<b>(1,276,708)</b>
<b>Ending Cash and Investments</b>					
50810	Reserved	6,629,777	5,765,334	79,802	784,640
50880	Unreserved	-	-	-	-

*The accompanying notes are an integral part of this statement.*

**Yakima Rural County Library District  
(Yakima Valley Libraries)**

*Notes to Financial Statements*

January 1, 2014 through December 31, 2014

**NOTE 1 - Summary of Accounting Policies**

The Yakima Rural County Library District is a special purpose government that provides library services to the general public and is supported primarily through property taxes. The Rural County Library District was incorporated in 1944 and operates under Chapter 27.12 RCW, the laws of the state of Washington applicable to a library district.

**A. Fund Accounting**

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprises its cash, investments, revenues and expenditures, as appropriate. The District's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by the District:

**GOVERNMENT FUND TYPES:**

**General (Current Expense) Fund**

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

**Special Revenue Funds**

These funds account for the proceeds of specific revenue source (other than for major capital projects) that are legally restricted to expenditures for specific purposes.

The Library is the beneficiary of two trust funds that earn revenue on behalf of the parties for which the trust was established. The principal of the trusts is not owned by the Library, and is not recorded in the financial statements. The following trust funds are:

**Plath Trust**

The Library receives an income distribution once a year equal to the minimum of 37.5 percent of the total trust earnings for that year. The Plath Trust funds are to be used for the benefit of employees toward career advancement and learning in the field of library sciences and services. The fund equity represents the excess of annual distributions and earnings over expenditures. The principal of the trust is held by an outside trustee. In the event that the trust must be discontinued, any amounts remaining are to be divided proportionately among the beneficiaries. In 2014 the Library received a \$17,334.25 distribution. There were disbursements in the amount of \$11,632.64 from this fund in 2014. The ending balance of the Plath Fund at December 31, 2014 including interest was \$99,092.14. The Plath Fund is maintained as a separate fund account with the Yakima County Treasurer's Office.

**Boaz Fund**

The library receives an income distribution each year from the Boaz. The Boaz Trust was established in 1973 by Dorothy Gilbert Boaz. The said fund is to be used for the purchase

of new books in accordance with the directions of its board of trustees or other appropriate governing body. The library received \$23,760.75 in 2014 toward the purchase of materials. A cumulative total of \$31,508.84 is reserved in the ending cash balance as of December 31, 2014. The Boaz Funds reside within the general fund.

#### Capital Project Fund

These funds account for financial resources that are designated for the acquisition or construction of general government capital projects.

*West Valley Community Library Building Fund – formerly the Cumulative Reserve Fund* – This fund was established in 1959 at the Yakima Library District when the Yakima City Treasurer transferred all Reserve Funds of the library to the Yakima County Treasurer. In 1975 the Library Board of Trustees passed a motion that the funds of this account be used for acquisition of materials, land, or capital improvements. In 2010 the Library Board of Trustees renamed the fund for the building of a new library in West Valley.

#### B. Basis of Accounting

The District reports financial activity using the revenue and expenditure classifications, statements and schedule contained in the Cash Basis Budgeting, Accounting and Reporting System (BARS) manual. This basis of accounting and reporting is an Other Comprehensive Basis of Accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid.

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory, including collection materials, is expensed when purchased.

#### C. Cash

It is the District's policy to invest all temporary cash surpluses. The amount is included on the fund statement of resources and uses arising from cash transactions as cash and investments.

#### D. Deposits

The District's deposits (and certificates of deposit) are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission.

#### E. Collection Materials

Collection materials (books, magazines, video, audios, etc.) are recorded as operating expenditures when purchased.

#### F. Capital Assets

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



**G. Compensated Absences**

Vacation pay may be accumulated up to 30 days (240 hours) and is payable upon separation or retirement if the employee is in good standing and has provided two weeks notice at time of termination. Vacation is not payable to employees who terminate prior to completion of the six-month trial period. An employee who is terminated for cause is not eligible for payment for any accrued vacation leave – YVL Personnel Policies Chapter 9.

Sick leave may be accumulated up to 960 hours for full time employees hired prior to 1/1/2015 and 480 hours for full time employees hired on or after that date (revised Personnel Policy adopted on November 10, 2014 per Resolution #14-009). Upon retirement at any age, employees receive payment for one-quarter, not to exceed a maximum payment for 240 hours (or 30 days), of unused sick leave for full time employees hired prior to 1/1/2015 and 120 hours (or 15 days) of unused sick leave, for full time employees hired on or after that.

Once per year, any employee eligible to earn sick leave may convert sick leave earned and accrued to vacation leave at the ratio of four hours of sick leave to one hour of vacation to a maximum of 64 hours of sick leave per calendar year. The employee must maintain a minimum balance of 96 sick leave hours at the time of the conversion and may not have used more than twenty-four sick leave hours during the previous twelve months.

**H. Reserved Fund Balance**

**General Fund Reserved Balances**

<i>Capital Funds</i>	
Future and Non-completed Projects – Resolution #06-013	\$ 426,741
<i>Facility Fund</i>	
Future district-wide facility needs – Resolution #06-013	\$ 260,729
<i>Technology Fund</i>	
Future district-wide technology needs – Resolution #06-013	\$ 679,163
<i>Boaz Fund</i>	
Trust Fund restricted by donor (Dorothy Gilbert Boaz) 1973	\$ 31,509
<i>West Valley Debt Service</i>	\$ 710,159
<i>Operating Cash – Revolving Funds Reserve</i>	<u>\$2,075,747</u>

**Other Funds Reserved Balances**

<i>Plath Fund</i>	
Trust Fund restricted by donor (Dolores Plath)	\$ 99,092
<i>West Valley Fund</i>	
Yakima buildings and remodel projects	<u>\$ 792,184</u>
Resolutions #10-001, #10-005, #10-008, #10-011	

**NOTE 2 - Budgets**

The District adopts annual appropriated budgets for the General Fund. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

Fund 001 - General Fund	Final Appropriated Amounts	Actual Expenditures	Variance \$
Salary and Wages	3,509,365	3,052,381	456,984
Benefits	1,238,367	1,071,627	166,740
Supplies and Small Equipment	541,460	277,418	264,042
Collection Materials	1,124,565	1,077,295	47,270
Professional Services	252,007	201,596	50,411
Communications	143,818	127,477	16,341
Travel & Training & Mileage	54,007	43,058	10,949
Vehicle Expenses	13,100	7,377	5,723
Advertising	7,500	7,524	(24)
Rentals - Equipment	6,880	6,068	812
Building Leases	28,101	24,633	3,468
Insurance	39,000	38,242	758
Utilities	134,500	112,031	22,469
Repairs & Maintenance	193,919	173,697	20,222
Misc and Dues	21,050	11,202	9,848
Intergovernmental Services	20,500	9,625	10,875
Grants - Special Projects	0	6,234	(6,234)
<b>Subtotal</b>	<b>7,328,138</b>	<b>6,247,484</b>	<b>1,080,654</b>
Capital Projects	620,000	94,910	525,090
Debt Service	354,849	355,021	(172)
<b>Total for General Fund</b>	<b>8,302,988</b>	<b>6,697,415</b>	<b>1,605,572</b>

### **Note 3 - Property Tax**

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

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

The district's regular levy for the year 2014 was .48121906 per \$1,000 on an assessed valuation of \$13,804,560,484 for a total regular levy of \$6,643,017.67.

**NOTE 4 - Investments**

The District's investments are held by the Yakima County Treasurer as its agent in the District's name. Investments by type at December 31, 2014 were as follows:

<u>Fund Name</u>	<u>Activity</u>	<u>Type of Investment</u>	<u>Balance</u>
General Fund 606001 West Valley Community Library 606002	TIP	Investment Pool	\$5,231,897
Plath Trust Fund 606003	TIP	Investment Pool	781,880
Capital Carry Forward Fund 606004	TIP	Investment Pool	88,200
Facility Fund 606005	TIP	Investment Pool	418,000
Technology Fund 606006	TIP	Investment Pool	255,000
			666,520
		Total of all Investments	<u><u>\$7,441,497</u></u>

**NOTE 5 - Debt Service Requirements**

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the district and summarizes the district's debt transitions for the year ended December 31, 2014.

The debt service requirements for general obligation bonds, including both principle and interest, are as follows:

<u>Year</u>	<u>General Obligation Debt</u>	<u>Interest on GO Debt</u>	<u>Total Debt</u>
<i>Ending Balance 12/31/14</i>			710,158
2015	340,000	13,362	356,796
2016	350,000	6,796	(0)
	<u>\$690,000</u>	<u>\$20,158</u>	

**NOTE 6 - Pension Plans**

Substantially all of the District's full-time and qualifying part time employees participate in the PERS 1, PERS 2, or PERS 3 plans administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the District's financial statements. Contributions to the systems by both employee and employer are based on gross wages covered by plan benefits.

Historical trend or other information regarding each plan is presented in the state Department of Retirement Systems annual financial report. A copy of this report may be obtained at:

Department of Retirement Systems  
Communications Unit  
PO Box 48380  
Olympia, WA 98504-8380

**NOTE 7 - Other Disclosures**

**A. CONTRACTING CITIES**

The Library District has five non-annexed cities within Yakima County that contract for some type of library services: Granger, Mabton, Naches, Union Gap, and Tieton. These contracts date back to 1985 and have been automatically renewed based on a formula within the contract. As a result, most of the contracting cities pay less than the current levy rate that the remainder of the district pays. The District has agreements with many of the cities, towns, and associations to offset utility costs.

**B. OPERATING RESERVE FUNDS**

The highest percentage of property tax revenues are received in April and October of each fiscal year. The Library District retains approximately a 4 month operating reserve of \$2,075,747 as approved in the annual budget process to cover cash flow for accounts payable and payroll and benefit costs.

**C. FACILITY RENOVATION - SUNNYSIDE COMMUNITY LIBRARY**

The District will remodel the Sunnyside Library in 2015. Capital Funds are budgeted within the General Fund for the 2015 budget to update this building, which was built in the early 1960's. Construction costs are unknown at this time - a budget is estimated at \$450,000 without architect and other consulting fees.

**D. SELAH LIBRARY BUILDING**

The lease agreement with the City of Selah and Garner Rentals will expire in June of 2015. There is an option to purchase the building which the District will explore in 2015.

**E. PLATH FUND PRIOR PERIOD ADJUSTMENT - 3880000**

Plath Fund warrant # 57187 in the amount of \$3,414.22 was released in 2013 and subsequently voided in 2014. This prior period adjustment was coded to 03-00-388-00-00-00 per BARS requirements.

**Yakima Rural County Library District  
(Yakima Valley Libraries)**

*Notes to Financial Statements*

January 1, 2013 through December 31, 2013

**NOTE 1 - Summary of Accounting Policies**

The Yakima Rural County Library District is a special purpose government that provides library services to the general public and is supported primarily through property taxes. The Rural County Library District was incorporated in 1944 and operates under Chapter 27.12 RCW, the laws of the state of Washington applicable to a library district.

**A. Fund Accounting**

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprises its cash, investments, revenues and expenditures, as appropriate. The District's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by the District:

**GOVERNMENT FUND TYPES:**

**General (Current Expense) Fund**

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

**Special Revenue Funds**

These funds account for the proceeds of specific revenue source (other than for major capital projects) that are legally restricted to expenditures for specific purposes.

The Library is the beneficiary of two trust funds that earn revenue on behalf of the parties for which the trust was established. The principal of the trusts is not owned by the Library, and is not recorded in the financial statements. The following trust funds are:

**Plath Trust**

The Library receives an income distribution once a year equal to the minimum of 37.5 percent of the total trust earnings for that year. The Plath Trust funds are to be used for the benefit of employees toward career advancement and learning in the field of library sciences and services. The fund equity represents the excess of annual distributions and earnings over expenditures. The principal of the trust is held by an outside trustee. In the event that the trust must be discontinued, any amounts remaining are to be divided proportionately among the beneficiaries. In 2013 the Library received a \$12,307.88 distribution. There was a disbursement in the amount of \$3,414.22 from this fund in 2013. The ending balance of the Plath Fund at December 31, 2013 including interest was \$89,350.21. The Plath Fund is maintained as a separate fund account with the Yakima County Treasurer's Office.

**Boaz Fund**

The library receives an income distribution each year from the Boaz. The Boaz Trust was established in 1973 by Dorothy Gilbert Boaz. The said fund is to be used for the purchase

of new books in accordance with the directions of its board of trustees or other appropriate governing body. The library received \$13,127 in 2013 toward the purchase of materials. A cumulative total of \$35,359 is reserved in the ending cash balance as of December 31, 2013. The Boaz Funds reside within the general fund.

#### Capital Project Fund

These funds account for financial resources that are designated for the acquisition or construction of general government capital projects.

*West Valley Community Library Building Fund – formerly the Cumulative Reserve Fund* – This fund was established in 1959 at the Yakima Library District when the Yakima City Treasurer transferred all Reserve Funds of the library to the Yakima County Treasurer. In 1975 the Library Board of Trustees passed a motion that the funds of this account be used for acquisition of materials, land, or capital improvements. In 2010 the Library Board of Trustees renamed the fund for the building of a new library in West Valley.

#### B. Basis of Accounting

The District reports financial activity using the revenue and expenditure classifications, statements and schedule contained in the Cash Basis Budgeting, Accounting and Reporting System (BARS) manual. This basis of accounting and reporting is an Other Comprehensive Basis of Accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid.

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory, including collection materials, is expensed when purchased.

#### C. Cash

It is the District's policy to invest all temporary cash surpluses. The amount is included on the fund statement of resources and uses arising from cash transactions as cash and investments.

#### D. Deposits

The District's deposits (and certificates of deposit) are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission.

#### E. Collection Materials

Collection materials (books, magazines, video, audios, etc.) are recorded as operating expenditures when purchased.

F. Capital Assets

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

G. Compensated Absences

Vacation pay may be accumulated up to 30 days (240 hours) and is payable upon separation or retirement if the employee is in good standing and has provided two weeks notice at time of termination. Vacation is not payable to employees who terminate prior to completion of the six-month trial period. An employee who is terminated for cause is not eligible for payment for any accrued vacation leave – YVL Personnel Policies Chapter 9.

Sick leave may be accumulated up to 960 hours for full time employees. Upon retirement at any age, employees receive payment for one-quarter, not to exceed a maximum payment for 240 hours (or 30 days), of unused sick leave. Once per year, any employee eligible to earn sick leave may convert sick leave earned and accrued to vacation leave at the ratio of four hours of sick leave to one hour of vacation to a maximum of 64 hours of sick leave per calendar year. The employee must maintain a minimum balance of 96 sick leave hours at the time of the conversion and may not have used more than twenty-four sick leave hours during the previous twelve months.

H. Reserved Fund Balance

General Fund Reserved Balances

Capital Funds	\$ 423,781
Future and Non-completed Projects – Resolution #06-013	
Facility Fund	\$ 258,923
Future district-wide facility needs – Resolution #06-013	
Technology Fund	\$ 674,444
Future district-wide technology needs – Resolution #06-013	
Boaz Fund	\$ 35,359
Trust Fund restricted by donor (Dorothy Gilbert Boaz) 1973	
Capital and carry forward current	\$3,097,855
Annual adopted budget line item capital projects	
Operating Cash – Revolving Funds Reserve	<u>\$1,965,863</u>
Annual adopted budget line item	\$6,456,225

Other Funds Reserved Balances

Plath Fund	\$ 89,350
Trust Fund restricted by donor (Dolores Plath)	
West Valley Fund	\$ 786,648
Yakima building and remodel projects –	
Resolutions #10-001, #10-005, #10-008, #10-011	

## **NOTE 2 - Budgets**

The District adopts annual appropriated budgets for the General Fund. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

Fund 001 - General Fund	Final Appropriated Amounts	Actual Expenditures	Variance \$
Salary And Wages	3,201,224	2,897,302	303,922
Benefits	1,119,668	982,408	137,260
Supplies	409,693	135,664	274,029
Collection Materials - all	960,600	910,287	50,313
Professional Services	253,225	169,054	84,171
Communications	187,795	115,619	72,176
Travel and Training	49,000	33,739	15,261
Mileage and vehicle	15,455	25,617	(10,162)
advertising	6,500	2,016	4,484
Rentals - Building Leases	42,712	40,489	2,223
Rentals - Equipment	6,880	5,170	1,710
Insurance	35,322	35,777	(455)
Utilities	147,053	105,526	41,527
Repairs and Maintenance	225,385	145,393	79,992
Misc. - dues and other	34,850	9,488	25,362
Intergovernmental Services	20,500	25,054	(4,554)
Grant Expenditures	17,000	19,536	(2,536)
<b>Subtotal</b>	<b>6,732,863</b>	<b>5,658,138</b>	<b>1,074,724</b>
Capital Projects	314,500	71,628	242,872
Debt Service	356,240	356,413	(173)
<b>Total for General Fund</b>	<b>7,403,603</b>	<b>6,086,178</b>	<b>1,317,424</b>

## **Note 3 - Property Tax**

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

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

The district's regular levy for the year 2013 was \$ .47632533 per \$1,000 on an assessed valuation of \$13,644,952,888 for a total regular levy of \$6,499,436.67.



**NOTE 4 - Investments**

The District's investments are held by the Yakima County Treasurer as its agent in the District's name. Investments by type at December 31, 2013 were as follows:

<u>Fund Name</u>	<u>Activity</u>	<u>Type of Investment</u>	<u>Balance</u>
General Fund 606001	TIP	Investment Pool	\$4,988,897
West Valley Community Library 606002	TIP	Investment Pool	781,880
Plath Trust Fund 606003	TIP	Investment Pool	88,200
Capital Carry Forward Fund 606004	TIP	Investment Pool	418,000
Facility Fund 606005	TIP	Investment Pool	255,000
Technology Fund 606006	TIP	Investment Pool	666,520
Total of all Investments			<u>\$7,198,497</u>

**NOTE 5 - Debt Service Requirements**

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the district and summarizes the district's debt transitions for the year ended December 31, 2013.

The debt service requirements for general obligation bonds, including both principle and interest, are as follows:

<u>Year</u>	<u>General Obligation Debt</u>	<u>Interest on GO Debt</u>	<u>Total Debt</u>
<i>Ending Balance 12/31/13</i>			1,065,007
2014	335,000	19,849	710,158
2015	340,000	13,362	356,796
2016	350,000	6,796	(0)
	<u>\$1,025,000</u>	<u>\$40,000</u>	

**NOTE 6 - Pension Plans**

Substantially all of the District's full-time and qualifying part time employees participate in the PERS 1, PERS 2, or PERS 3 plans administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the District's financial statements. Contributions to the systems by both employee and employer are based on gross wages covered by plan benefits.

Historical trend or other information regarding each plan is presented in the state Department of Retirement Systems annual financial report. A copy of this report may be obtained at:

Department of Retirement Systems  
Communications Unit  
PO Box 48380  
Olympia, WA 98504-8380

**NOTE 7 - Other Disclosures**

**A. CONTRACTING CITIES**

The Library District has five non-annexed cities within Yakima County that contract for some type of library services: Granger, Mabton, Naches, Union Gap, and Tieton. These contracts date back to 1985 and have been automatically renewed based on a formula within the contract. As a result, most of the contracting cities pay less than the current levy rate that the remainder of the district pays. Additionally, the City of Union Gap closed the building housing the library due to mold in the building. This caused a reduction in the contract for 2013 of approximately \$100,000. A new rate was established based on the Non-Resident Fee and the current active Union Gap library users for a 2013 rate of \$19,250. There is no library building in Union Gap. The contract fee paid by the City of Union Gap allows city residents to access all other district locations in a similar method as non-resident patrons. The District has agreements with many of the annexed cities to offset utility costs.

**B. OPERATING RESERVE FUNDS**

The highest percentage of property tax revenues are received in April and October of each fiscal year. The Library District retains approximately a 4 month operating reserve of \$1,965,863 as approved in the annual budget process to cover cash flow for accounts payable and payroll and benefit costs.

**C. FACILITY RENOVATION - SUNNYSIDE COMMUNITY LIBRARY**

The District is in the process of obtaining Statements of Qualifications for architects to renovate the Sunnyside Library - which is one of three buildings owned by the Library District. The project is expected to begin in July 2014 with an estimated budgeted cost of \$400,000. These funds are budgeted from designated funds within the general fund.

**Yakima Rural County Library District  
(Yakima Valley Libraries)**  
*Notes to Financial Statements*  
January 1, 2012 through December 31, 2012

**NOTE 1 – Summary of Significant Accounting Policies**

The Yakima Rural County Library District is a special purpose government that provides library services to the general public and is supported primarily through property taxes. The Rural County Library District was formed in 1944. The Yakima Rural County Library District is operated under Chapter 27.12 RCW, the laws of the state of Washington applicable to a library district.

**A. Fund Accounting**

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprises its cash, investments, revenues and expenditures, as appropriate. The District's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by the District:

**GOVERNMENT FUND TYPES:**

**General Fund**

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

**Capital Project Fund**

*West Valley Community Library Building Fund – formerly the Cumulative Reserve Fund* – These funds account for financial resources that are designated for the acquisition or construction of general government capital projects. This fund was established in 1959 at the Yakima Library District when the Yakima City Treasurer transferred all Reserve Funds of the library to the Yakima County Treasurer. In 1975 the Library Board of Trustees passed a motion that the funds of this account be used for acquisition of materials, land, or capital improvements. In 2010 the Library Board of Trustees renamed the fund for the building of a new library in West Valley.

**Special Revenue Funds**

These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for designated purposes.

The Library is the beneficiary of two trust funds that earn revenue on behalf of the parties for which the trust was established. The principal of the trusts is not owned by the Library, and is not recorded in the financial statements. The following trust funds are:

**Plath Trust**

The Library receives an income distribution once a year equal to the minimum of 37.5 percent of the total trust earnings for that year. The Plath Trust funds are to

be used for the benefit of employees toward career advancement and learning in the field of library sciences and services. The fund equity represents the excess of annual distributions and earnings over expenditures. The principal of the trust is held by an outside trustee. In the event that the trust must be discontinued, any amounts remaining are to be divided proportionately among the beneficiaries. In 2012 the Library received a \$13,789.13 distribution. There were no disbursements from this fund in 2012. The ending balance of the Plath Fund at December 31, 2012 including interest was \$79,802. The Plath Fund is maintained as a separate fund account with the Yakima County Treasurer's Office.

Boaz Fund

The library receives an income distribution each year from the Boaz. The Boaz Trust was established in 1973 by Dorothy Gilbert Boaz. The said fund is to be used for the purchase of new books in accordance with the directions of its board of trustees or other appropriate governing body. The library received \$12,880.81 in 2012 toward the purchase of materials. A cumulative total of \$88,912 is reserved in the ending cash balance as of December 31, 2012. The Boaz Funds reside within the general fund.

B. Basis of Accounting

The District reports financial activity using the revenue and expenditure classifications, statements and schedule contained in the Cash Basis Budgeting, Accounting and Reporting System (BARS) manual. This basis of accounting and reporting is an Other Comprehensive Basis of Accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid.

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of fixed assets, nor allocation of depreciation expense. Inventory, including collection materials, is expensed when purchased.

C. Cash

It is the District's policy to invest all temporary cash surpluses. The amount is included on the statement of resources and uses arising from cash transactions as net cash and investments.

D. Deposits

The District's deposits (and certificates of deposit) are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission.

E. Collection Materials

Collection materials (books, magazines, video, audios, etc.) are recorded as operating expenditures when purchased.

F. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year.

G. Compensated Absences

Vacation pay may be accumulated up to 240 hours for full time employees and is payable upon separation or retirement if the employee is in good standing and has provided two weeks notice at time of termination. Vacation is not payable to employees who terminate prior to completion of the six-month trial period. Sick leave may be accumulated up to 960 hours for full time employees. Upon retirement only, employees receive payment for one-quarter of unused sick leave. Once per year, any employee eligible to earn sick leave may convert sick leave earned and accrued to vacation leave at the ratio of four hours of sick leave to one hour of vacation to a maximum of sixty-four hours of sick leave per calendar year. The employee must maintain a minimum balance of ninety-six sick leave hours at the time of the conversion and may not have used more than twenty-four sick leave hours during the previous twelve months.

H. Reserved Fund Balance

General Fund Reserved Balances

Capital Funds	\$ 420,491
Future and Non-completed Projects - Resolution #06-013	
Facility Fund	\$ 256,916
Future district-wide facility needs - Resolution #06-013	
Technology Fund	\$ 669,197
Future district-wide technology needs - Resolution #06-013	
Boaz Fund	\$ 88,912
Trust Fund restricted by donor (Dorothy Gilbert Boaz) 1973	
Capital and carry forward current	\$2,363,956
Annual adopted budget line item capital projects	
Operating Cash - Revolving Funds Reserve	\$1,965,863
Annual adopted budget line item	\$5,765,335

Other Funds Reserved Balances

Plath Fund	\$ 79,802
Trust Fund restricted by donor (Dolores Plath)	
West Valley Fund	\$ 784,640
Yakima building and remodel projects -	
Resolutions #10-001, #10-005, #10-008, #10-011	

**NOTE 2 - Investments**

The District's investments are held by the Yakima County Treasurer as its agent in the District's name. Investments by type at December 31, 2012 were as follows:

**Yakima Rural County Library District**  
*Notes to Financial Statements*  
January 1, 2012 through December 31, 2012

<u>Fund Name</u>	<u>Activity</u>	<u>Type of Investment</u>	<u>Balance</u>
General Fund 606001	TIP	Investment Pool	\$4,368,897
West Valley Community Library 606002	TIP	Investment Pool	781,880
Plath Trust Fund 606003	TIP	Investment Pool	79,200
Capital Carry Forward Fund 606004	TIP	Investment Pool	418,000
Facility Fund 606005	TIP	Investment Pool	255,000
Technology Fund 606006	TIP	Investment Pool	666,520
Total of all Investments			<u>\$6,569,497</u>

**Note 3 - Property Tax**

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

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

The district's regular levy for the year 2012 was \$ .4724 per \$1,000 on an assessed valuation of \$13,518,780,598 for a total regular levy of \$6,386,271.95.

**NOTE 4 - Debt Service Requirements**

The accompanying Schedule of Long-Term Liabilities (09) provides more details of the outstanding debt and liabilities of the district and summarizes the district's debt transitions for the year ended December 31, 2012.

The debt service requirements for general obligation bonds, including both principle and interest, are as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Balance</b>
<i>Ending Balance 12/31/12</i>			\$ 1,421,247
2013	330,000	26,240	1,065,007
2014	335,000	19,849	710,158
2015	340,000	13,362	356,796
2016	350,000	6,796	(0)
	<u>\$1,355,000</u>	<u>\$66,247</u>	

**NOTE 5 - Pension Plans**

Substantially all of the District's full-time and qualifying part time employees participate in the PERS 1, PERS 2, or PERS 3 plans administered by the Department of Retirement System, under cost-sharing multiple-employer public employee defined benefit retirement systems. Actuarial information is on a system-wide basis and is not considered pertinent to the District's financial

statements. Contributions to the systems by both employee and employer are based on gross wages covered by plan benefits.

Historical trend or other information regarding each plan is presented in the state Department of Retirement Systems annual financial report. A copy of this report may be obtained at:

Department of Retirement Systems  
Communications Unit  
PO Box 48380  
Olympia, WA 98504-8380

**NOTE 6 – Other Disclosures**

**A. CONTRACTING CITIES**

The Library District has five contract cities within Yakima County: Granger, Mabton, Naches, Union Gap, and Tieton. These contracts date back to 1985 and have been automatically renewed based on a formula within the contract. As a result, most of the contracting cities pay less than the current levy rate that the remainder of the district pays. Additionally, the City of Union Gap closed the building housing the library due to mold in the building. This caused a reduction in the contract for 2013 of approximately \$100,000. A new rate was established based on the Non-Resident Fee and the current active Union Gap library users for a 2013 rate of \$19,500. Ongoing review of the use of these libraries by local as well as rural county residents will determine whether or not a new contracting formula will be implemented. The District has agreements with many of the annexed cities to offset utility costs.

**B. OPERATING RESERVE FUNDS**

The highest percentage of property tax revenues are received in April and October of each fiscal year. The Library District retains approximately a 4 month operating reserve of \$1,965,863 as approved in the annual budget process to cover cash flow for accounts payable and payroll and benefit costs.

**Yakima County Rural Library District**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2014**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligations</b>						
251.11	General Obligation bond non voted	12/31/2116	1,025,000	-	335,000	690,000
259.11	Compensated Absences - Sick		112,990	-	12,263	100,727
259.11	Compensated Absences - Vacation		159,603	5,116	-	164,719
259.11	Compensated Absences - Shared Leave		-	233	-	233
<b>Total General Obligations:</b>			<b>1,297,593</b>	<b>5,349</b>	<b>347,263</b>	<b>955,678</b>
<b>Total Liabilities:</b>			<b>1,297,593</b>	<b>5,349</b>	<b>347,263</b>	<b>955,678</b>



**Yakima County Rural Library District**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2013**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligations</b>						
251.11	General Obligation bond non voted	12/31/2116	1,355,000	-	330,000	1,025,000
259.11	Compensated Absences - Sick		105,219	7,771	-	112,990
259.11	Compensated Absences - Vacation		151,371	8,232	-	159,603
<b>Total General Obligations:</b>			<b>1,611,590</b>	<b>16,003</b>	<b>330,000</b>	<b>1,297,593</b>
<b>Total Liabilities:</b>			<b>1,611,590</b>	<b>16,003</b>	<b>330,000</b>	<b>1,297,593</b>

MCAG NO. 1648

**Yakima County Rural Library District**

Schedule 09

Schedule of Liabilities  
For the year ended December 31, 2012

Debt Type	ID. No.	Description	Maturity/Payment Due Date	Beginning Balance January 1, 2012	Additions	Reductions	BARS Code for Redemption of Debt Only	Ending Balance December 31, 2012
General Obligations								
	251.11	General Obligation bond non voted	12/31/2116	1,680,000	0	325,000	59172	1,355,000
	259.11	Compensated Absences - Sick		101,398	16,772	19,936		98,234
	259.11	Compensated Absences - Vacation		139,063	134,192	131,501		141,754
<b>Total General Obligations:</b>				<b>1,920,461</b>	<b>150,964</b>	<b>476,438</b>		<b>1,594,988</b>
<b>Total Liabilities:</b>				<b>1,920,461</b>	<b>150,964</b>	<b>476,438</b>		<b>1,594,988</b>

## ABOUT THE STATE AUDITOR'S OFFICE

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

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
<b>Deputy Director for Communications</b>	Adam Wilson <a href="mailto:Adam.Wilson@sao.wa.gov">Adam.Wilson@sao.wa.gov</a> (360) 902-0367
<b>Public Records requests</b>	(360) 725-5617
<b>Main telephone</b>	(360) 902-0370
<b>Toll-free Citizen Hotline</b>	(866) 902-3900
<b>Website</b>	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>