

Washington State Auditor's Office
Financial Statements Audit Report

Yakima County Rural Library District
(Yakima Valley Libraries)

Audit Period
January 1, 2006 through December 31, 2007

Report No. 1000762

Issue Date
March 2, 2009



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

March 2, 2009

Board of Trustees
Yakima Valley Libraries
Yakima, Washington

Report on Financial Statements

Please find attached our report on the Yakima Valley Libraries' financial statements.

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

In addition to this work, we look at other areas of our audit client's operations for compliance with state laws and regulations. The results of that audit will be included in a separately issued accountability report.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

Table of Contents

**Yakima Valley Libraries
Yakima County
January 1, 2006 through December 31, 2007**

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditor's Report on Financial Statements	3
Financial Section	5

Independent Auditor's Report on Internal
Control over Financial Reporting and on
Compliance and Other Matters in Accordance
with *Government Auditing Standards*

**Yakima Valley Libraries
Yakima County
January 1, 2006 through December 31, 2007**

Board of Trustees
Yakima Valley Libraries
Yakima, Washington

We have audited the financial statements of the Yakima Valley Libraries, Yakima County, Washington, as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated December 22, 2008.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

However, we noted certain matters that we have reported to the management of the District in a separate letter dated February 19, 2009.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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*.

This report is intended for the information and use of management and the Board of Trustees. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

BRIAN SONNTAG, CGFM
STATE AUDITOR

December 22, 2008

Independent Auditor's Report on Financial Statements

Yakima Valley Libraries Yakima County January 1, 2006 through December 31, 2007

Board of Trustees
Yakima Valley Libraries
Yakima, Washington

We have audited the accompanying financial statements of the Yakima Valley Libraries, Yakima County, Washington, for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As described in Note 1 to the financial statements, the District prepares its financial statements on the basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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 Valley Libraries, for the years ended December 31, 2007 and 2006, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report 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 the internal control over financial reporting

or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" written in a larger, more prominent script than the last name "Sonntag".

BRIAN SONNTAG, CGFM
STATE AUDITOR

December 22, 2008

Financial Section

**Yakima Valley Libraries
Yakima County
January 1, 2006 through December 31, 2007**

FINANCIAL STATEMENTS

Resources and Uses Arising from Cash Transactions – 2007
Resources and Uses Arising from Cash Transactions – 2006
Notes to Financial Statements – 2007
Notes to Financial Statements – 2006

YAKIMA VALLEY LIBRARIES

Fund Resources and Uses Arising From Cash Transactions

For the Year Ended December 31, 2007

<i>Description</i>	<i>Actual Amount</i>					
	<i>General Fund 001</i>	<i>Cumulative Reserve 002</i>	<i>Trust Fund 003</i>	<i>Capital Funds 004</i>	<i>Facility Fund 005</i>	<i>Technology Fund 006</i>
<i>Beginning Net Cash and Investment</i>	2,301,582	678,253	24,028	359,419	132,124	300,000
<i>Revenues and Other Sources</i>						
Taxes	5,570,039	0	0	0	0	0
Intergovernmental Revenues	167,886	0	0	0	0	0
Charges for Goods and Services	15,935	0	0	0	0	0
Fines and Forfeits	63,181	0	0	0	0	0
Miscellaneous	99,276	23,782	15,021	12,589	4,627	10,511
Other Financing Sources	29,642	0	0	100,000	100,000	582,565
Total Revenues and Other Sources	5,945,958	23,782	15,021	112,589	104,627	593,076
Total Resources	8,247,540	702,035	39,049	472,008	236,751	893,076
<i>Operating Expenditures</i>						
Library Services	5,314,424	0	49	0	0	0
Debt Service	0	0	0	0	0	0
Capital Expenditures	0	0	0	0	0	0
Total Expenditures	5,314,424	0	49	0	0	0
Other Financing Uses	782,565	0	0	0	0	0
Total Expenditures and Other Uses	6,096,989	0	49	0	0	0
Excess (Deficit) of Resources Over Uses	2,150,551	702,035	39,000	472,008	236,751	893,076
Non Revenues/Transfers In	0	0	0	0	0	0
Non Expenditures/Transfer Out	0	0	0	0	0	0
Ending Net Cash and Investments	2,150,551	702,035	39,000	472,008	236,751	893,076

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

YAKIMA VALLEY LIBRARIES

Fund Resources and Uses Arising From Cash Transactions

For the Year Ended December 31, 2006

<i>Description</i>	<i>Actual Amount</i>					
	<i>General Fund 001</i>	<i>Cumulative Reserve 002</i>	<i>Trust Fund 003</i>	<i>Capital Funds 004</i>	<i>Facility Fund 005</i>	<i>Technology Fund 006</i>
<i>Beginning Net Cash and Investment</i>	3,010,014	657,206	13,124	0	0	0
<i>Revenues and Other Sources</i>						
Taxes	3,219,442	0	0	0	0	0
Intergovernmental Revenues	1,463,102	0	0	0	0	0
Charges for Goods and Services	17,945	0	0	0	0	0
Fines and Forfeits	50,340	0	0	0	0	0
Miscellaneous	182,229	21,047	15,100	0	0	0
Other Financing Sources	94,352	0	0	426,972	132,124	300,000
Total Revenues and Other Sources	5,027,412	21,047	15,100	426,972	132,124	300,000
Total Resources	8,037,426	678,253	28,224	426,972	132,124	300,000
<i>Operating Expenditures</i>						
Library Services	4,733,817	0	4,196	0	0	0
Debt Service	0	0	0	0	0	0
Capital Expenditures	142,930	0	0	0	0	0
Total Expenditures	4,876,748	0	4,196	0	0	0
Other Financing Uses	859,096	0	0	67,553	0	0
Total Expenditures and Other Uses	5,735,844	0	4,196	67,553	0	0
Excess (Deficit) of Resources Over Uses	2,301,582	678,253	24,028	359,419	132,124	300,000
Non Revenues/Transfers In	0	0	0	0	0	0
Non Expenditures/Transfer Out	0	0	0	0	0	0
Ending Net Cash and Investments	2,301,582	678,253	24,028	359,419	132,124	300,000

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

Yakima Valley Libraries

Notes to Financial Statements

January 1, 2007 through December 31, 2007

NOTE 1 – Summary of Accounting Policies

Yakima Valley Libraries is a special purpose government that provides library services to the general public and is supported primarily through property taxes. The Library District was formed on March 1, 1951, and 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:

Governmental 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. Prior to 2006, capital projects were also budgeted and paid for through the General Fund. In 2006, separate capital project funds were set up in order that the General Fund reflects the current day to day operating expenditures of the Library District.

Capital Projects

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.

Capital Carry Forward Fund – This fund is for projects that are not complete.

Facility Fund – As of December 2005, the District owns two buildings: the Downtown Yakima Building and the Sunnyside Library Building. The Board of Trustees determined in 2006 that it was essential to establish a Facility Fund to plan for deferred and future maintenance of the Library buildings, and other District facility needs.

Technology Fund – With the increasing demand from the public to provide high speed access to a wide range of programs and databases, and to support computer access and labs throughout the District, it is essential to set aside funds for upgrades to the telecommunications and computer system's infrastructure as outlined in the Technology Assessment Report conducted in 2007.

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.

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 2007 the Library received a \$14,000 distribution and disbursed \$48.69 in designated expenses. The ending balance of the Plath Fund at December 31, 2007 including interest was \$38,999.78. The Plath Fund is maintained as a separate fund account with the Yakima County Treasurer's Office.

Boaz Trust

The Library generally receives an income distribution once a year. The amount varies yearly based on trust earnings. An outside trustee holds the principal of the trust. \$16,555 was received in 2007. As of December 31, 2007, the ending balance is \$76,031.16. Money from the trust is restricted for the purchase of new books. The Boaz Fund is incorporated as part of the General Fund and is included in the operating cash balance.

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 long-lived assets of the District and are recorded as capital expenditures when purchased. The Library's internal policies declare that any single item with a purchase price of \$5000 or more is to be recorded as a capital expenditure.

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.

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, 2007 were as follows:

Fund Name	Activity	Amount
General Fund 001	TIP Investment Pool	\$2,050,500.00
Cumulative Reserve Fund 002	TIP Investment Pool	683,880.00
Plath Trust Fund 003	TIP Investment Pool	35,000.00
Capital Carry Forward Fund 004	TIP Investment Pool	462,000.00
Facility Fund 005	TIP Investment Pool	233,000.00
Technology Fund 006	TIP Investment Pool	<u>884,565.00</u>
	Total of all investments	<u><u>\$4,348,945.00</u></u>

NOTE 3 – Long Term Debt

As of December 31, 2007, the Yakima Valley Regional Library had no long term debt.

NOTE 4 – 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 5 – District Notes

In 2007 a Technology Assessment was performed to review and evaluate the current information technology infrastructure. A multi-year plan was recommended which includes a three-phase implementation process of replacing and upgrading technology resources to improve performance and provide better quality library services to the citizens of Yakima county as well as Library staff. Upgrades include hardware, software, personnel, as well as replace the existing Wide Area Network (WAN), which is on the point of failure and requires an immediate fix. Estimated costs for Phase I which include the wide area network, the local area network, workstation upgrades and replacements, peripherals, network control and security

Yakima Valley Libraries

Notes to Financial Statements

January 1, 2007 through December 31, 2007

replacements, server upgrades and replacements, and recommended staffing and support additions are at \$809,000. The Technology Fund has been set aside to help cover these costs. Phase Two is estimated at \$363,440 and Phase Three including radio frequency identification for self-check and an upgraded integrated library software system has estimated expenditures of \$777,260.

In 2006 the District performed a comp and classification study that led to the restructure of the organization and a salary increase to achieve parity with the average of most positions in comparable districts. A new department, Public Programs and Resources was formed. This new department will allow continued growth and development of library services that best meet the needs of its users. The successful annexation of the City of Yakima to the Rural County Library will allow a stronger and more stable funding base to continue to build library services.

With the Board approved reorganization, new positions were approved which would support the growth and development of Library services. It was determined that these positions would be based in the Service Center of the Downtown Yakima Library. During the planning processes to allocate space for the new positions, it became clear that technical expertise would be essential to determine HVAC needs, load on increased electrical, and technology computing needs. Preliminary estimates to modify the Downtown Yakima Building are conservatively upwards of two million dollars. It is essential that funds from property taxes continue to be set aside for deferred maintenance of the two owned buildings in Yakima and Sunnyside.

Yakima Valley Libraries

Notes to Financial Statements

January 1, 2006 through December 31, 2006

NOTE 1 – Summary of Accounting Policies

Yakima Valley Libraries is a special purpose government that provides library services to the general public and is supported primarily through property taxes. The Regional Library District was formed on March 1, 1951, and 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:

Governmental 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. Prior to 2006, capital projects were also budgeted and paid for through the General Fund. In 2006, separate capital project funds were set up in order that the General Fund reflects the current day to day operating expenditures of the Library District.

Capital Projects

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.

Capital Carry Forward Fund – In 2006 it was determined by the Board of Trustees that a unique fund should be established to set aside funds for projects that were not completed in the current fiscal year. \$426,972 was moved to this fund mid year. The district wide telephony project and the purchase of a much needed courier van are two projects for this fund. The courier van was ordered in 2005 and finally delivered in July of 2006. \$67,553.30 was transferred out of this fund back to the General Fund for the purchase of this vehicle.

Facility Fund – As of December 2005, the District owns two buildings: the Downtown Yakima Building and the Sunnyside Library Building. The Board of Trustees determined in 2006 that it was essential to establish a Facility Fund to plan for deferred and future maintenance of these Library Branches. In 2006 the Board of Trustees voted to transfer \$132,124 to the Facility Fund.

Technology Fund – With the increasing demand from the public to provide high speed access to a wide range of programs and databases, and to support computer access and labs throughout the District, it is essential to set aside funds for future upgrades to the computer system as well as the integrated library system. This system (ILS) manages and maintains all of the patron and collection information. In 2006 the Board of Trustees voted to transfer \$300,000 to the Technology Fund to support future growth.

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.

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 2006 the Library received a \$15,100 distribution and disbursed \$4,196 in designated expenses. The ending balance of the Plath Fund at December 31, 2006 was \$24,028.

Boaz Trust

The Library generally receives an income distribution once a year. The amount varies yearly based on trust earnings. An outside trustee holds the principal of the trust. \$16,555 was received in 2006. There were expenditures of \$5,104.85 in 2006, which leaves a cumulative fund balance \$59,476.16 as of December 31. Money from the trust is restricted for the purchase of new books. The Boaz Fund is incorporated as part of the General Fund and is included in the operating cash balance.

B. Basis of Accounting

The accounting records of the District are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. The Library District uses the *Budgeting, Accounting and Reporting System for Libraries in the State of Washington (BARS Manual)*.

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 fixed 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 as per the State of Washington Budgeting, Accounting, and Reporting System for Library Districts.

F. Capital Assets

Capital assets are long-lived assets of the District and are recorded as capital expenditures when purchased. The Library's internal policies declare that any single item with a purchase price of \$5000 or more is to be recorded as a capital expenditure.

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 ration 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.

NOTE 2 – INVESTMENTS

The Yakima Valley Regional Library investments are held by the Yakima County Treasurer as its agent in the District's name. Investments by type at December 31, 2006 were as follows:

General Fund 001	Fund	Activity	Amount
	16	Savings Account	<u>\$402,700.00</u>
Cumulative Reserve Fund 002			
	16	Savings Account	<u>\$ 373.00</u>
Plath Trust Fund 003			
	16	Savings	<u>\$ 3,325.00</u>
		Total of all investments	<u>\$406,398.00</u>

NOTE 3 – Long Term Debt

As of December 31, 2006, the Yakima Valley Regional Library had no long term debt.

NOTE 4 – Pension Plans

Substantially all of the Yakima Valley Regional Library'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

NOTE 5 – 2006 Annexation of the City of Yakima to the Rural County Library District

In 1944, Rural Library District #1 of Yakima County was established by election. In 1951, the Rural Library District and the City of Yakima pooled their library activities into the Yakima Valley Regional Library. The agreement was revised in 1962 with a seven-member Board. During this time, the City of Yakima contracted with the Rural County Library District for Library services. As this was a separate contract, the rate varied from year to year based upon the City budget and was always less than the assessed rate for the current year. For example, in 2005, the City of Yakima was paying a rate equivalent to .311 per thousand and the assessed rate was .4978 cents per thousand. Based on the assessed property value in the City of Yakima, the City was paying approximately \$661,611 less, in one year, than it would at the established library rate. Additionally, ongoing annexations by the City of Yakima also decreased the taxable property available to the Library District. In 2006 it was determined to be in the best interest of the City and the Library District to put a vote of annexation to the people. On May 5th, 2006, the County Auditor certified the passing of the annexation with a 58.15 percent vote in favor of the

Yakima Valley Libraries*Notes to Financial Statements*

January 1, 2006 through December 31, 2006

annexation. As of December 31, 2006, the City of Yakima and the Library District were no longer contracting entities. The annexation of the City of Yakima assured the Library District of a stable funding base.

The annexation of the City of Yakima also impacted the structure of the Library District. As of January 1, 2007, the Yakima Valley Regional Library District will no longer be a regional library district under 27.12.080. Instead it will be known as the Yakima County Rural County Library District as determined under RCW 27.12.040. To help simplify the change, the Board of Trustees adopted *Resolution 06-019 In the matter of the Public Name of the Yakima County Rural Library District* to continue business operations under the name of *Yakima Valley Libraries*. The name reflects the entire valley and all of its libraries. Additionally, the RCW's limit the number of Trustees of a Rural County Library to five. Therefore, on January 1, 2007, the Library District will reduce its number of Trustees from seven to five.



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.

Our mission is to work in cooperation with our audit clients and citizens as an advocate for government accountability. 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.

The State Auditor's Office employees are located around the state to deliver our services effectively and efficiently.

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 and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service. We continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

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

State Auditor
Chief of Staff
Deputy Chief of Staff
Chief Policy Advisor
Director of Audit
Director of Special Investigations
Director for Legal Affairs
Director of Quality Assurance
Local Government Liaison
Communications Director
Public Records Officer
Main number
Toll-free Citizen Hotline

Brian Sonntag, CGFM
Ted Rutt
Doug Cochran
Jerry Pugnetti
Chuck Pfeil, CPA
Jim Brittain, CPA
Jan Jutte, CPA, CGFM
Ivan Dansereau
Mike Murphy
Mindy Chambers
Mary Leider
(360) 902-0370
(866) 902-3900

Web Site

www.sao.wa.gov

Subscription Service <https://www.sao.wa.gov/applications/subscriptionservices/>