



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Yakima County Rural Library District

(Yakima Valley Libraries)

For the period January 1, 2019 through December 31, 2020

Published December 13, 2021

Report No. 1029429



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**Office of the Washington State Auditor
Pat McCarthy**

December 13, 2021

Board of Trustees
Yakima Valley Libraries
Yakima, Washington

Report on Financial Statements

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

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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INDEPENDENT AUDITOR'S REPORT

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 Valley Libraries January 1, 2019 through December 31, 2020

Board of Trustees
Yakima Valley Libraries
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 Yakima Valley Libraries, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 7, 2021.

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 state law 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.

As discussed in Note 9 to the 2019 financial statements and Note 4 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the District is unknown.

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 opinions 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.

In addition, we noted certain matters that we have reported to the management of the District in a separate letter dated December 7, 2021.

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 black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

December 7, 2021

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Yakima Valley Libraries January 1, 2019 through December 31, 2020

Board of Trustees
Yakima Valley Libraries
Yakima, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Yakima Valley Libraries, for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 10.

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 state law 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 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 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, Yakima Valley Libraries has prepared these financial statements to meet the financial reporting requirements of state law 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 cash and investments of Yakima Valley Libraries, and its changes in cash and investments, for the years ended December 31, 2020 and 2019, 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 Yakima Valley Libraries, as of December 31, 2020 and 2019, or the changes in financial position or cash flows thereof 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.

Matter of Emphasis

As discussed in Note 9 to the 2019 financial statements and Note 4 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the District is unknown. Our opinion is not modified with respect to this matter.

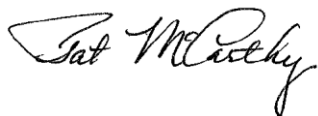
Other Matters

Supplementary and Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The 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 December 7, 2021 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.



Pat McCarthy, State Auditor

Olympia, WA

December 7, 2021

FINANCIAL SECTION

Yakima Valley Libraries January 1, 2019 through December 31, 2020

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2020

Fund Resources and Uses Arising from Cash Transactions – 2019

Notes to Financial Statements – 2020

Notes to Financial Statements – 2019

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2020

Schedule of Liabilities – 2019

Yakima County Rural Library District
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

		Total for All Funds (Memo Only)	001 General	103 PLATH FUND	302 YVL CAPITAL FUND
Beginning Cash and Investments					
308	Beginning Cash and Investments	7,462,554	6,517,563	106,196	838,795
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	7,660,285	7,660,285	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	40,816	40,816	-	-
340	Charges for Goods and Services	101,546	101,546	-	-
350	Fines and Penalties	18,516	18,516	-	-
360	Miscellaneous Revenues	171,362	143,731	15,091	12,540
Total Revenues:		7,992,525	7,964,894	15,091	12,540
Expenditures					
570	Culture and Recreation	6,793,689	6,791,125	2,564	-
Total Expenditures:		6,793,689	6,791,125	2,564	-
Excess (Deficiency) Revenues over Expenditures:		1,198,836	1,173,769	12,527	12,540
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	320,163	307,742	-	12,421
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		320,163	307,742	-	12,421
Increase (Decrease) in Cash and Investments:		878,673	866,027	12,527	119
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	210,736	92,013	118,723	-
50841	Committed	-	-	-	-
50851	Assigned	838,914	-	-	838,914
50891	Unassigned	7,291,577	7,291,577	-	-
Total Ending Cash and Investments		8,341,227	7,383,590	118,723	838,914

Yakima County Rural Library District
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

		Total for All Funds (Memo Only)	001 General	103 PLATH FUND	302 YVL CAPITAL FUND
Beginning Cash and Investments					
30810	Reserved	3,242,695	3,151,716	90,979	-
30880	Unreserved	3,857,519	3,029,663	-	827,856
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	7,459,944	7,459,944	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	45,741	45,741	-	-
340	Charges for Goods and Services	114,373	114,373	-	-
350	Fines and Penalties	63,631	63,631	-	-
360	Miscellaneous Revenues	237,908	189,108	30,459	18,341
Total Revenues:		7,921,597	7,872,797	30,459	18,341
Expenditures					
570	Culture and Recreation	7,289,083	7,273,841	15,242	-
Total Expenditures:		7,289,083	7,273,841	15,242	-
Excess (Deficiency) Revenues over Expenditures:		632,514	598,956	15,217	18,341
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	1,279	1,279	-	-
Total Other Increases in Fund Resources:		1,279	1,279	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	271,453	264,051	-	7,402
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		271,453	264,051	-	7,402
Increase (Decrease) in Cash and Investments:		362,340	336,184	15,217	10,939
Ending Cash and Investments					
5081000	Reserved	3,343,313	3,237,117	106,196	-
5088000	Unreserved	4,119,241	3,280,446	-	838,795
Total Ending Cash and Investments		7,462,554	6,517,563	106,196	838,795

**Yakima County Rural Library District
(Yakima Valley Libraries)**
For the year ended December 31, 2020

NOTE 1 – Summary of Significant Accounting Policies

The Yakima County Rural 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. The Yakima County Rural Library District is a Special Purpose District that provides library services to the general public.

The Yakima County Rural Library District reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

A. **Fund Accounting**

Financial transactions of the district are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following fund types are used:

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 Fund

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. The 2020 distribution was paid in November 2020 in the amount of \$13,540.88. There was also interest earned in 2020 in the amount of \$1,549.76. There were disbursements in the amount of \$5,408.16 from this fund in 2020. A credit for a canceled class was received in the amount of \$1,422.00, reducing the total disbursements to \$2,564.16 for 2020. This credit was issued to fund 01 in error, so the ending balance as of December 31, 2020 at the Treasurer's office was \$117,301.09. This error was corrected by a funds transfer on February 1, 2021. The ending balance of the Plath Fund at December 31, 2020 including interest was \$118,723.09. 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 Trust. 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 \$11,491.00 in 2020, plus an additional 2019 distribution deficiency of \$1,916.00 from the trust to be used toward the purchase of materials. Materials in the amount of \$11,452.72 were purchased in 2020 from this fund. A cumulative total of \$92,012.79, which includes an internal interest allocation, is reserved in the ending cash balance as of December 31, 2020. 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.

YVL Capital Fund – formerly the 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. In 2017 the Board of Trustees passed resolution #17-004 renaming the fund the YVL Capital Fund and designating these funds for capital maintenance for buildings owned by the Library. There were disbursements in the amount of \$12,422.01 from this fund in 2020. A cumulative total of \$838,913.59, which includes interest earned in 2020 in the amount of \$12,540.29, is reserved in the ending balance as of December 31, 2020. The YVL Capital Funds is maintained as a separate fund account with the Yakima County Treasurer's Office.

B. Basis of Accounting and Measurement Focus

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. The District does not recognize an open period for expenditures after the close of the fiscal year for claims incurred during the previous period.

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 and Investments

See NOTE 6 Deposits and Investments

D. 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. Capital assets and inventory are recorded as expenditures when purchased. Collection materials (books, magazines, video, audios, etc.) are recorded as operating expenditures when purchased.

E. Compensated Absences

Regular full-time employees, regular part-time employees, and trial service employees scheduled to work twenty (20) hours or more per week are eligible to accrue and use accumulated vacation leave. The maximum accrual from the initial date of hire is two hundred forty (240) hours (30 days) maximum vacation leave. Accumulated vacation leave may be used after completing six (6) calendar months of employment with the Library. Use of these accrued and accumulated vacation hours are subject to approval by the employee's immediate supervisor. An employee's vacation may not exceed the amount of vacation time the employee has actually earned, accrued, and accumulated.

Vacation leave, subject to the above provisions, is available to be used after it is earned and posted at the end of the applicable pay period. Vacation leave accrual may be carried over from one calendar year into the next, but may be used only after six (6) months of employment with the Library. The maximum accrual is two hundred forty (240) hours (30 days), at any time during the calendar year, unless approved by the Library Executive Director or Trustees. – YVL Personnel Policies Chapter 9.

Effective January 1, 2018 Washington State enacted the Paid Sick and Safe Leave (PSSL) law, in accordance with WAC 296.128.820. This law requires the Library to accrue sick leave for part-time employees, who in the past were not eligible for sick leave, at a rate of 1 hour of sick leave for every 40 hours worked. This law also removed the maximum accrual cap on sick leave hours. Part-time employees covered under the PSSL are only allowed to carry over 40 hours of sick leave from one year to the next. The Library still has the authority to set a limit on the number of hours paid out at retirement; which is the only time sick leave, at 25% of value, is paid to a terminating employee. 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 date (revised Personnel Policy adopted on November 10, 2014 per Resolution #14-009). Payments are recognized as expenditures when paid.

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.

F. Long-Term Debt

See NOTE 8 – Debt Service Requirements

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties. When expenditures that meet restrictions are incurred, the District intends to use restricted resources first before using unreserved amounts.

Restrictions and commitments of Ending Cash and Investments consist of;

Boaz Fund - Trust Fund restricted by donor (Dorothy Boaz) 1973	\$ 92,013
Total Restricted	<u>\$ 92,013</u>

Other Funds Restricted Balances

Plath Fund

Trust Fund restricted by donor (Dolores Plath)	<u>\$ 118,723</u>
Total Restricted	<u>\$ 118,723</u>

Note 2 – Budget Compliance

A. 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	4,035,228	3,706,847	328,382
Benefits	1,638,835	1,498,847	139,988
Supplies and Small Equipment	311,172	107,631	203,541
Collection Materials	928,868	713,624	215,244
Professional Services	392,086	213,087	179,000
Communications	166,536	148,946	17,591
Travel & Training	54,344	13,095	41,250
Mileage & Vehicle Expenses	20,180	8,077	12,103
Advertising	32,100	12,503	19,597
Rentals - Equipment	20,917	16,186	4,731
Building Leases	8,401	7,000	1,401
Insurance	49,920	53,143	(3,223)
Utilities	116,300	93,516	22,784
Repairs & Maintenance	226,985	184,972	42,013
Misc. and Dues	17,501	10,688	6,814
Intergovernmental Services	0	0	0
Grants - Special Projects	0	2,970	(2,970)
Subtotal	8,019,373	6,791,132	1,228,246
Capital Projects	516,874	307,742	209,131
Debt Service	0	0	0
Total for General Fund	8,536,247	7,098,874	1,437,377

Budgeted amounts are authorized to be transferred between departments within any fund/ object classes; however, any revisions that alter the total expenditures of a fund/ object code, or that affect the number of authorized employee positions, salary ranges, hours, or conditions of employment must be approved by the District's Board of Trustees. The high variance (unused) amounts are in part due to the closure of the libraries in March of 2020 due to COVID-19.

NOTE 3 – Component Unit(s), Joint Ventures, and Related Parties

As of December 31, 2020 the District was not engaged in any of the above.

NOTE 4 – COVID-19

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures include closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel, and non-essential activities.

The Executive Director and managers continued to meet, via Zoom, on a weekly basis. The agendas for these meetings were focused on developing new ways to serve our patrons while the libraries are closed. Many online services and programs were implemented to help our patrons through this trying time. During these meetings we developed and implemented (with State approval) a plan for No Contact Curb-Side pickup for our patrons. This program has been positively received by our patrons and we plan to continue these services even after the libraries reopen to in person visits. Beginning March 1, 2021, all 17 libraries will open to the public at 25% capacity of each location.

Yakima County Rural Library District is funded through property taxes paid to Yakima County. Although we do not expect to see a huge impact on our budget, the District has significant reserves to help offset a reduction in property taxes if they become excessive.

The length of time these measures will continue to be in place, and the full extent of the financial impact on the District is unknown at this time.

NOTE 5 – Financial Condition

As of 12/31/2020 the District has no conditions or events that would affect our ability to continue with our mission as a Library District.

NOTE 6 - Deposits and Investments

Investments are reported at original cost. Investments by fund at December 31, 2020 were as follows:

<u>District Fund Name</u>	<u>Activity</u>	<u>Type of Deposit or Investment</u>	<u>Balance</u>
Cash w/Treasurer (See Plath Note)		Bank (Treasurer) Deposits	\$44,071
General Fund 606001	TIP	Investment Pool - LGIP	\$7,339,519
YVL Capital Fund Library 606002	TIP	Investment Pool - LGIP	\$838,914
Plath Trust Fund 606003 (See Plath Note)	TIP	Investment Pool - LGIP	\$118,723
Total			<u>\$8,341,227</u>

It is the District's policy to invest all temporary cash surpluses. The interest on these investments is associated to the fund earning the interest and is recognized as interest revenue when received from the County Treasurer.

The District is a voluntary participant in the county investment pool, an external invest pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The District reports its investment in the pool at fair value, which is the same as the value of the pool per share. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals. All investments are registered or held by the Yakima County Treasurer its agent in the Districts name.

NOTE 7 - Interfund Loans

There were no Interfund Loans during 2020

NOTE 8 - Long-Term Debt

Debt Service

As of December 31, 2020 the District held no Long-Term Debt or anticipates any future Long-Term Debt.

NOTE 9 - Pension Plans

State Sponsored Pension Plans

Substantially all of the District's full-time and qualifying part time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans; PERS 1, PERS 2, or PERS 3. 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.

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public Retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

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

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

At June 30, 2020 (the measurement date of the plans), the District's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	176,214	.024314%	\$ 858,415
PERS 2/3	281,659	.030574%	\$ 391,024

NOTE 10 - 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 2020 was .43454323 per \$1,000 on an assessed valuation of \$18,633,045,276 for a total regular levy of \$7,675,751.

NOTE 11 – Risk Management

The Yakima Rural County Library District is a special purpose district 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 17 libraries throughout Yakima County. The District owns 4 of the buildings, rents facilities from 8 local jurisdictions and contracts with 5 cities (see note 12A.) for library services, which include buildings. The District owns and operates 5 District vehicles used in their day to day operations. The District also receives cash and checks at each library location for various fines and fees, copies and other services.

In 2017 the District joined the CIAW (Cities Insurance Association of Washington Special Districts) to handle their insurance needs and risks associated with their current operations. The commercial insurance policy is offered and administered by Payne West Insurance and payment for this insurance is included as part of the District's annual budget (See Note 2A. - Budgets).

The Commercial Packages purchased by the District includes but is not limited to the following coverages;

- Buildings
- Business Personal Property
- Auto and Unowned Auto
- Employee Theft
- Directors and Officers
- Forgery or Alteration
- Technology
- Special Business Income
- Hazardous Substances
- Spoilage
- Expediting Expenses
- Special Collections

There were no major claims for 2020.

NOTE 12 – Other Disclosures Subsequent events

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, the remainder of which the district pays. The District has agreements with many of the cities, towns, and associations to offset utility and maintenance costs on non-district owned buildings.

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 \$2,733,685 as approved in the annual budget process to cover cash flow for accounts payable and payroll and benefit costs.

C. 2020 BUDGET AMENDMENT - INCREASE CAPITAL BUDGET

At their regular meeting in October 2020 the Board of Trustees adopted Resolution #20-011. This resolution authorized the move of \$257,711 to the 2020 Capital budget from the General Fund Reserved Cash, of which \$214,729 was a carryforward from the 2019 capital budget for projects not completed. This increased the General Operating Fund Expense budget from \$8,278,537 to \$8,536,247. A full accounting and details of the budget amendment for 2020 can be found on our website www.yvl.org resolution #20-011.

D. UNION GAP ANNEXATION

In July 2019 the Union Gap WA City Council passed Ordinance 2969 stating its intent to join the Yakima County Rural Library District. The Board of Trustees for the Library District then passed Resolution #19-003 accepting the City's proposed annexation. In November 2019 the residents of Union Gap WA voted to annex into the Yakima County Rural Library District. Currently Union Gap is a contract City (see disclosure A). This annexation will add an estimated annual tax revenue of \$300,000 to the District beginning in 2021. The City of Union Gap City Council received a Department of Commerce Grant to build a new Library in Union Gap which is scheduled to open January 2022. The District will supply all materials, staff and library equipment necessary to operate the new library.

E. FACILITY RENOVATION - YAKIMA CENTRAL LIBRARY (NW READING ROOM)

In November 2019 the District began remodeling the Yakima Central Library to create a space to house our Archived collections. The new space will be called the NW Reading Room. Capital Funds were budgeted within the General Fund for the 2019 budget to update this space to house these collections. Construction costs for this project total \$258,653 plus adopted change orders. The project is scheduled to be completed in early 2020 and the NW Reading Room will open to the public in mid-2020. Due to COVID-19 the NW Reading Room project was delayed by to the Stay-At-Home order issued by Governor. The project will now be completed in early 2021 and will be open to the public once Libraries are allowed to return to normal operations.

**Yakima County Rural Library District
(Yakima Valley Libraries)**
For the year ended December 31, 2019

NOTE 1 – Summary of Significant Accounting Policies

The Yakima County Rural 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. The Yakima County Rural Library District is a Special Purpose District that provides library services to the general public.

The Yakima County Rural Library District reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

A. **Fund Accounting**

Financial transactions of the district are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following fund types are used:

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 2018 the Library did not receive distribution, due to the change of the

accounting firm for the trust and an extension filed for the trusts' annual tax return. A distribution was paid in February 2019, for 2018, in the amount of \$14,008.13. The 2019 distribution was paid in December 2019 in the amount of \$14,311.88. There was also interest earned in 2019 in the amount of \$2,139.34. There were disbursements in the amount of \$15,241.94 from this fund in 2019. The ending balance of the Plath Fund at December 31, 2019 including interest was \$106,196.61. 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 Trust. 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 \$9,874.00 in 2019 from the trust to be used toward the purchase of materials. There were no materials purchased in 2019 from this fund. A cumulative total of \$88,661.04, which includes an internal interest allocation, is reserved in the ending cash balance as of December 31, 2019. 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.

YVL Capital Fund – formerly the 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. In 2017 the Board of Trustees passed resolution #17-004 renaming the fund the YVL Capital Fund and designating these funds for capital maintenance for buildings owned by the Library. There were disbursements in the amount of \$7,401.81 from this fund in 2019. A cumulative total of \$838,795.31, which includes interest earned in 2019 in the amount of \$18,340.92, is reserved in the ending balance as of December 31, 2019. The YVL Capital Funds is maintained as a separate fund account with the Yakima County Treasurer's Office.

B. Basis of Accounting and Measurement Focus

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. The District does not recognize an open period for expenditures after the close of the fiscal year for claims incurred during the previous period.

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 and Investments

See NOTE 3 Deposits and Investments

D. 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. Capital assets and inventory are recorded as expenditures when purchased. Collection materials (books, magazines, video, audios, etc.) are recorded as operating expenditures when purchased.

E. Compensated Absences

Regular full-time employees, regular part-time employees, and trial service employees scheduled to work twenty (20) hours or more per week are eligible to accrue and use accumulated vacation leave. The maximum accrual from the initial date of hire is two hundred forty (240) hours (30 days) maximum vacation leave. Accumulated vacation leave may be used after completing six (6) calendar months of employment with the Library. Use of these accrued and accumulated vacation hours are subject to approval by the employee's immediate supervisor. An employee's vacation may not exceed the amount of vacation time the employee has actually earned, accrued, and accumulated.

Vacation leave, subject to the above provisions, is available to be used after it is earned and posted at the end of the applicable pay period. Vacation leave accrual may be carried over from one calendar year into the next, but may be used only after six (6) months of employment with the Library. The maximum accrual is two hundred forty (240) hours (30 days), at any time during the calendar year, unless approved by the Library Executive Director or Trustees. – YVL Personnel Policies Chapter 9.

Effective January 1, 2018 Washington State enacted the Paid Sick and Safe Leave (PSSL) law, in accordance with WAC 296.128.820. This law requires the Library to accrue sick leave for part-time employees, who in the past were not eligible for sick leave, at a rate of 1 hour of sick leave for every 40 hours worked. This law also removed the maximum accrual cap on sick leave hours. Part-time employees covered under the PSSL are only allowed to carry over 40 hours of sick leave from one year to the next. The Library still has the authority to set a limit on the number of hours paid out at retirement; which is the only time sick leave, at 25% of value, is paid to a terminating employee. 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 date (revised Personnel Policy adopted on November 10, 2014 per Resolution #14-009). Payments are recognized as expenditures when paid.

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.

F. Long-Term Debt

See NOTE 6 – Debt Service Requirements

G. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by

Board Resolution. When expenditures that meet restrictions are incurred, the District intends to use reserved resources first before using unreserved amounts.

General Fund Reserved Balances

Boaz Fund - Trust Fund restricted by donor (Dorothy Boaz) 1973	\$ 88,661
YCL Reserve Building Maintenance - Roof - Resolution #16-004	\$ 312,711
Strategic Plan Implementation - Resolution #16-004	\$ 104,237
Capital Carryforward Fund - Resolution #18-005	\$ 453,178
Facilities Maintenance Fund - Resolution #18-005	\$ 276,869
Technology Fund - Resolution #18-005	\$ 721,254
Reserved for Collections - Resolution #18-005	\$ 383,860
Facility Investment, Improvement & Assessment - Resolution #18-005	\$ 895,005
Bob Tuck Fund - Trustee meeting 10/28/2019	\$ 1,344
Total Reserved	<u>\$ 3,237,119</u>

Other Funds Reserved Balances

Plath Fund	
Trust Fund restricted by donor (Dolores Plath)	<u>\$ 106,197</u>
YVL Capital Fund (Formerly West Valley Fund)	
Yakima buildings and remodel projects	<u>\$ 838,795</u>
Resolutions #10-001, #10-005, #10-008, #10-011, #17-004	

Note 2 - Budget Compliance

A. 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	3,890,138	3,722,031	168,107
Benefits	1,607,388	1,531,451	75,937
Supplies and Small Equipment	193,092	148,414	44,678
Collection Materials	1,032,915	951,668	81,246
Professional Services	382,761	310,557	72,204
Communications	162,501	155,066	7,434
Travel & Training	65,213	31,189	34,024
Mileage & Vehicle Expenses	17,332	18,426	(1,094)
Advertising	30,742	17,728	13,014
Rentals - Equipment	32,460	20,582	11,878
Building Leases	8,401	8,401	0

Insurance	48,000	49,463	(1,463)
Utilities	127,000	104,519	22,481
Repairs & Maintenance	235,463	188,542	46,921
Misc. and Dues	15,095	12,828	2,267
Intergovernmental Services	0	0	0
Grants - Special Projects	0	2,973	(2,973)
Subtotal	7,848,501	7,273,838	574,661
Capital Projects	731,382	264,051	467,332
Debt Service	0	0	0
Total for General Fund	8,579,883	7,537,889	1,041,993

Budgeted amounts are authorized to be transferred between departments within any fund/object classes; however, any revisions that alter the total expenditures of a fund/object code, or that affect the number of authorized employee positions, salary ranges, hours, or conditions of employment must be approved by the District's Board of Trustees.

NOTE 3 - Deposits and Investments

Investments are reported at original cost. Investments by fund at December 31, 2019 were as follows:

<u>District Fund Name</u>	<u>Activity</u>	<u>Type of Deposit or Investment</u>	<u>Balance</u>
Cash w/Treasurer		Bank (Treasurer) Deposits	\$50,625
General Fund 606001	TIP	Investment Pool - LGIP	\$6,466,939
YVL Capital Fund			
Library 606002	TIP	Investment Pool - LGIP	\$838,795
Plath Trust Fund			
606003	TIP	Investment Pool - LGIP	\$106,197
Total			<u><u>\$7,462,556</u></u>

It is the District's policy to invest all temporary cash surpluses. The interest on these investments is associated to the fund earning the interest and is recognized as interest revenue when received from the County Treasurer.

The District is a voluntary participant in the county investment pool, an external invest pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The District reports its investment in the pool at fair value, which is the same as the value of the pool per share. All investments are registered or held by the Yakima County Treasurer its agent in the Districts name.

NOTE 4 - 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 2019 was .43454323 per \$1,000 on an assessed valuation of \$17,270,730,501 for a total regular levy of \$7,504,879.

NOTE 5 - Interfund Loans

There were no Interfund Loans during 2019

NOTE 6 - Debt Service Requirements

Debt Service

As of December 31, 2019 the District held no Long-Term Debt or anticipates any future Long-Term Debt.

NOTE 7 - Pension Plans

State Sponsored 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.

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

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

At June 30, 2019 (the measurement date of the plans), the District's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	185,272	.025838%	\$ 963,563
PERS 2/3	263,862	.032307%	\$ 313,811

NOTE 8 – Risk Management

The Yakima Rural County Library District is a special purpose district 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 17 libraries throughout Yakima County. The District owns 4 of the buildings, rents facilities from 8 local jurisdictions and contracts with 5 cities (see note 9A.) for library services, which include buildings. The District owns and operates 5 District vehicles used in their day to day operations. The District also receives cash and checks at each library location for various fines and fees, copies and other services.

In 2017 the District joined the CIAW (Cities Insurance Association of Washington Special Districts) to handle their insurance needs and risks associated with their current operations. The commercial insurance policy is offered and administered by Payne West Insurance and payment for this insurance is included as part of the District's annual budget (See Note 2A. - Budgets).

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- Business Personal Property
- Auto and Unowned Auto
- Employee Theft
- Directors and Officers
- Forgery or Alteration
- Technology
- Special Business Income
- Hazardous Substances
- Spoilage
- Expediting Expenses
- Special Collections

There were no major claims for 2019.

NOTE 9 – Other Disclosures Subsequent events

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 and maintenance costs on non-district owned buildings.

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 \$2,733,685 as approved in the annual budget process to cover cash flow for accounts payable and payroll and benefit costs.

C. 2019 BUDGET AMENDMENT – INCREASE CAPITAL BUDGET & EXPENSE BUDGET

At their regular meeting in April 2019 the Board of Trustees adopted Resolution #19-001. This resolution authorized the move of \$328,527 to the 2019 Capital budget from the General Fund

Reserved Cash and \$118,777 to the 2019 Expense budget from the General Fund Unreserved Cash. The total of these two amounts, \$447,304, increased the General Operating Fund Expense budget from \$8,132,578 to \$8,579,882. A full accounting and details of the budget amendment for 2019 can be found on our website www.yvl.org resolution #19-001.

D. UNION GAP ANNEXATION

In July 2019 the Union Gap WA City Council passed Ordinance 2969 stating its intent to join the Yakima County Rural Library District. The Board of Trustees for the Library District then passed Resolution #19-003 accepting the City's proposed annexation. In November 2019 the residents of Union Gap WA voted to annex into the Yakima County Rural Library District. Currently Union Gap is a contract City (see disclosure A). This annexation will add an estimated annual tax revenue of \$300,000 to the District beginning in 2021. The City of Union Gap City Council received a Department of Commerce Grant to build a new Library in Union Gap which is scheduled to open January 2022. The District will supply all materials, staff and library equipment necessary to operate the new library.

E. FACILITY RENOVATION - YAKIMA CENTRAL LIBRARY (NW READING ROOM)

In November 2019 the District began remodeling the Yakima Central Library to create a space to house our Archived collections. The new space will be called the NW Reading Room. Capital Funds were budgeted within the General Fund for the 2019 budget to update this space to house these collections. Construction costs for this project total \$258,653 plus adopted change orders. The project is scheduled to be completed in early 2020 and the NW Reading Room will open to the public in mid-2020.

F. COVID-19

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.

On March 17, 2020 the library district was closed to the public and staff continued to work until March 20, 2020. On March 22, 2020 the Governor issued a "stay at home" order and the Executive Director, with Board President support of the policy, executed the Emergency Library Closure Policy and put all staff, excluding managers, on administrative leave. Under this policy all staff, on administrative leave, will be paid for their normally scheduled hours until the Governor lifts the "stay at home" order. Managers have continued to work remotely and in some instances going to locations to empty book drops and answering voicemails from patrons. The Business Services Director (finance) continued to work at the Service Center to keep payroll, HR, and accounts payable current. All accounting documentation is being sent to the Executive Director for final approval.

The Executive Director and managers have been meeting, via Zoom, on a weekly basis. These agendas for these meetings are focused on developing new ways to serve our patrons while the libraries are closed. No dates have been set to open the libraries up, but many online services and programs have been implemented to help our patrons through this trying time. Yakima County Rural Library District is funded through property taxes paid to Yakima County. Although we do not expect to see a huge impact on our budget, the District has significant reserves to help offset a reduction in property taxes if they become excessive.

At this time these processes, meetings, and patron services will continue until the Governor lifts the “stay at home” order and the libraries are allowed to reopen. Currently Libraries are in phase 3 which is expected to happen on or about June 15, 2020.

**Yakima County Rural Library District
Schedule of Liabilities
For the Year Ended December 31, 2020**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
264.30	Net Pension Liability		1,307,374	-	57,934	1,249,440
259.12	Compensated Absences - Sick		118,101	48,421	25,062	141,460
259.12	Compensated Absences - Vacation		199,574	223,282	121,840	301,016
259.12	Compensated Absences - Shared Leave		18,986	-	148	18,838
Total Revenue and Other (non G.O.) Debt/Liabilities:			1,644,035	271,703	204,984	1,710,754
Total Liabilities:			1,644,035	271,703	204,984	1,710,754

**Yakima County Rural Library District
Schedule of Liabilities
For the Year Ended December 31, 2019**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences - Sick		105,287	43,662	30,848	118,101
259.12	Compensated Absences - Vacation		188,590	224,800	213,816	199,574
259.12	Compensated Absences - Shared Leave		16,638	12,236	9,888	18,986
264.30	Net Pension Liability		1,761,365	-	453,991	1,307,374
Total Revenue and Other (non G.O.) Debt/Liabilities:			2,071,880	280,698	708,543	1,644,035
Total Liabilities:			2,071,880	280,698	708,543	1,644,035

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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Other ways to stay in touch

- Main telephone:
(564) 999-0950
- Toll-free Citizen Hotline:
(866) 902-3900
- Email:
webmaster@sao.wa.gov