

FORT VANCOUVER REGIONAL LIBRARY DISTRICT
Notes to Financial Statements
December 31, 2014

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

The Fort Vancouver Regional Library District is a special purpose government that provides library services to the general public and is supported primarily through property taxes. The District was founded in 1950 and operates under the provisions of RCW 27.12, the laws of the state of Washington applicable to a library district. The District uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

The 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

The accounts of the Fort Vancouver Regional Library 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 Type

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

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in

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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. Budget

The Fort Vancouver Regional Library District Board of Trustees adopts an annual appropriated budget for General Fund expenditures. This budget is 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. The annual appropriated budget is adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budget is as follows:

2014

Fund	Final Appropriated Amount	Actual Expenditures	Variance
General	\$ 22,929,380	\$ 20,669,534	\$ 2,259,846

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

D. 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.

E. Deposits

The District's deposits are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission as utilized by the Clark County Treasurer's Office.

E. Collection Materials

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

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F. Assets

Capital assets are long-lived assets of the District and are recorded as expenditures when purchased. Capital assets are assets with an initial individual cost of more than \$10,000.

G. Compensated Absences

Vacation leave may be accumulated up to 240 hours and is payable upon separation or retirement. The liability is reflected on Schedule 09, the schedule of long-term liabilities. The District's estimated liability for vacation pay benefits on December 31, 2014 is \$748,865.

Sick leave may accumulate indefinitely. Upon separation or retirement, employees do not receive payment for unused sick leave.

H. Other Financing Sources or Uses

The district's other uses consist of revenue received from sales of assets.

I. Risk Management

The District purchases insurance from commercial carriers to protect itself against general liability, employee dishonesty, automobile and property damages. The insurance is purchased through Biggs Insurance services.

The District has had no settlements that exceeded insurance coverage for the past four years.

The District participates in the State of Washington Labor and Industries worker's compensation insurance program, however, management has elected to become self-insured through the Washington State Employment Security Department on a reimbursement basis. Unemployment claims are processed by the Washington State Employment Security Department. No reserve for self-insurance has been established as the potential liability is not considered to be material to the financial statements.

NOTE 2 – INVESTMENTS

Fort Vancouver Regional Library District's investments are held by Clark County as its agent in the District's name. The District's cash is invested by the Clark County Treasurer's Office in the Clark County Local Government Investment Pool.

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	<u>12/31/2014</u>	
Cash on hand	\$ <u>1,877</u>	\$
Cash held by Clark County *	<u>436,075</u>	
Subtotal – Cash	<u>437,952</u>	
FVRL Investment	<u>15,572,880</u>	
Subtotal – Clark County Investment Pool	<u>15,572,880</u>	
Total Cash & Investments	\$ <u><u>16,010,832</u></u>	\$

*\$400,951 held to pay warrants outstanding at 12/31/2014.

NOTE 3 – PENSION PLANS

Substantially all of the Fort Vancouver Regional Library District's full-time and qualifying part-time employees participate in PERS Plans I, II, and III as administered by the Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement systems 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 upon 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 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/after) the end of each month.

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

The district's regular levy for the year 2014 was \$.4979 per \$1,000 as follows:

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<u>County</u>	<u>Assessed Valuation</u>	<u>Levy</u>
Clark	\$ 36,259,758,503	\$ 18,129,879
Skamania	1,385,989,129	692,995
Klickitat	3,593,690,209	1,796,845
Cowlitz	564,981,077	282,491
	<u>\$ 41,804,418,918</u>	<u>\$ 20,902,209</u>

NOTE 5 - Disclosure

Fort Vancouver Regional Library District serves as fiscal agent for Vancouver Library Capital Facility Area, Three Creeks Library Capital Facility Area and Yale Valley Library District.

**Fort Vancouver Regional Library District
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2014**

		001 General
Beginning Cash and Investments		
30810	Reserved	-
30880	Unreserved	14,189,924
388 & 588	Prior Period Adjustments, Net	-
Operating Revenues		
310	Taxes	21,197,346
330	Intergovernmental Revenues	235,464
340	Charges for Goods and Services	179,682
350	Fines and Penalties	28,273
360	Miscellaneous Revenues	436,465
Total Operating Revenues:		22,077,230
Operating Expenditures		
570	Culture and Recreation	20,291,620
Total Operating Expenditures:		20,291,620
Net Operating Increase (Decrease):		1,785,610
Nonoperating Revenues		
370-380, 395 & 398	Other Financing Sources	12,262
391-393	Debt Proceeds	-
397	Transfers-In	-
Total Nonoperating Revenues:		12,262
Nonoperating Expenditures		
580, 596 & 599	Other Financing Uses	-
591-593	Debt Service	-
594-595	Capital Expenditures	377,914
597	Transfers-Out	-
Total Nonoperating Expenditures:		377,914
Net Increase (Decrease) in Cash and Investments:		1,419,958
Ending Cash and Investments		
50810	Reserved	-
50880	Unreserved	15,609,882

The accompanying notes are an integral part of this statement.

Fort Vancouver Regional Library District

Schedule 01

For the year ended December 31, 2014

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
1637	001	General	3088000	Unreserved Fund Balance (GAAP)/Unreserved Cash and Investments (Cash Basis)	\$14,189,924
1637	001	General	3111000	Property Tax	\$20,887,706
1637	001	General	3174000	Timber Excise Tax	\$233,760
1637	001	General	3321560	Payment In-Lieu of Tax	\$2,712
1637	001	General	3172000	Leasehold Excise Tax	\$75,880
1637	001	General	3350233	DNR Timber Trust 2	\$232,752
1637	001	General	3370000	Local Grants, Entitlements and Other Payments	\$0
1637	001	General	3418100	Data/Word Processing, Printing, Duplicating and IT Services	\$38,629
1637	001	General	3472000	Library Services	\$74,155
1637	001	General	3479000	Other Fees	\$66,898
1637	001	General	3590000	Non-Court Fines and Penalties	\$28,273
1637	001	General	3611000	Investment Interest	\$60,064
1637	001	General	3624000	Space and Facilities Rentals (Short-Term)	\$18,543
1637	001	General	3670000	Contributions and Donations from Nongovernmental Sources	\$61,368
1637	001	General	3691000	Sale of Scrap and Junk	\$16,330
1637	001	General	3699000	Other	\$280,160
1637	001	General	3980000	Insurance Recoveries	\$12,262
1637	001	General	5721010	Administration	\$2,408,703
1637	001	General	5721020	Administration	\$994,207
1637	001	General	5721030	Administration	\$660,165
1637	001	General	5721040	Administration	\$1,703,381
1637	001	General	5721050	Administration	\$6,566
1637	001	General	5722010	Library Services	\$5,265,301
1637	001	General	5722020	Library Services	\$2,594,732

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
1637	001	General	5722030	Library Services	\$56,088
1637	001	General	5722040	Library Services	\$183,453
1637	001	General	5722050	Library Services	\$2,556
1637	001	General	5722210	Library Services	\$819,194
1637	001	General	5722220	Library Services	\$360,186
1637	001	General	5722230	Library Services	\$3,668,806
1637	001	General	5722240	Library Services	\$37,472
1637	001	General	5724040	Training	\$55,273
1637	001	General	5725010	Facilities	\$390,088
1637	001	General	5725020	Facilities	\$186,648
1637	001	General	5725030	Facilities	\$70,256
1637	001	General	5725040	Facilities	\$828,545
1637	001	General	5947260	Capital Expenditures/Expenses - Libraries	\$377,914
1637	001	General	5088000	Unreserved Fund Balance (GAAP)/Unreserved Cash and Investments (Cash Basis)	\$15,609,882

**Fort Vancouver Regional Library District
Schedule of Liabilities
For the Year Ended December 31, 2014**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligations						
259.11	Compensated Absences		602,103	146,762	-	748,865
	Total General Obligations:		602,103	146,762	-	748,865
	Total Liabilities:		602,103	146,762	-	748,865