

Find us at [www.bakerlib.org](http://www.bakerlib.org)

*BAKER COUNTY LIBRARY DISTRICT  
BAKER CITY, OREGON*

*FINANCIAL STATEMENTS  
As of and for the fiscal year ended  
June 30, 2014*

**BAKER COUNTY LIBRARY DISTRICT  
TABLE OF CONTENTS  
June 30, 2014**

Elected Board of Directors	1
Independent Auditor's Report	2-3
Management's Discussion and Analysis	4-9
 <b>BASIC FINANCIAL STATEMENTS:</b>	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Governmental Funds Combined:	
Balance Sheet	12
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balance	14
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	15
Agency Fund:	
Combining Statement of Changes in Assets and Liabilities	16
Notes to the Financial Statements	17-29
 <b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Governmental Individual Fund Statements:	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Major Funds	
General Fund	30
Special Revenue Funds – Other Uses Fund	31
 <b>OTHER SUPPLEMENTARY INFORMATION:</b>	
Schedule of Property Tax Transactions	32
 <b>AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS:</b>	
Independent Auditor's Report Required by Oregon State Regulations	33-34

Photo Acknowledgement: The photographs in this report were donated by local photographer, Scott Ungerecht. The Library District appreciates his contribution to these financial statements.

BAKER COUNTY LIBRARY DISTRICT  
BAKER CITY, OREGON  
LIST OF ELECTED BOARD OF DIRECTORS  
For Fiscal Year Ended June 30, 2014

Board of Directors:

		<u>Term Expiration:</u>
President	Gary Dielman Baker City, Oregon	June 30, 2015
Director	Nellie Forrester Halfway, Oregon	June 30, 2015
Director	Betty Palmer Baker City, Oregon	June 30, 2017
Director	Della Steele North Powder, Oregon	June 30, 2017
Director	Kyra Rohner-Ingram Baker City, Oregon	June 30, 2017

Budget Committee:

Member	Aletha Bonebrake Baker City, Oregon	Appointed
Member	Linda Collier Halfway, Oregon	Appointed
Member	Tom Hudson Baker City, Oregon	Appointed
Member	Joy LeaMaster Baker City, Oregon	Appointed
Member	MaryAlys Urey Baker City, Oregon	Appointed

District Administration:

Library Director and Budget Officer	Perry Stokes Baker City, Oregon	Appointed
-------------------------------------	------------------------------------	-----------

Registered Agent:

District Attorney	Matt Shirtcliff Baker City, Oregon	Appointed
-------------------	---------------------------------------	-----------

# Guyer & Associates

Certified Public Accountants

Randell C. Guyer, Jr.  
Scott A. Martin  
Megan R. Adams

Kent J. Bailey  
Robert P. Seymour  
Jacob J. Collier

David F. Lindley

Linda L. Cyr  
Michael J. Rudi

December 31, 2014

## Independent Auditor's Report

To the Board of Directors  
Baker County Library District  
2400 Resort Street  
Baker City, Oregon

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Baker County Library District, Baker City, Oregon, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from the District's audited June 30, 2013 financial statements, on which we expressed an unqualified opinion in our report dated December 31, 2013.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 entity'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 entity'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 opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Baker County Library District, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

As discussed in Notes 5 and 10 to the financial statements, in 2014 the District adopted a new accounting method related to the Library Collection. Our opinion is not modified with respect to this matter.

2790 Main Street  
Baker City, OR 97814  
541-523-4471  
541-523-3340 fax

Members of  
*American Institute of Certified Public Accountants*  
*Oregon Society of Certified Public Accountants*  
visit us at [www.gibm.net](http://www.gibm.net)

1005 Adams Avenue  
La Grande, OR 97850  
541-963-6009  
541-963-5589 fax

Other Matters

*Required Supplementary Information*

Accounting principles generally accepted in the United State of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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, and in our opinion are fairly stated in all material respects in relation to the basic financial statements as a whole.

*Other Supplementary Information*


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Baker County Library District's financial statements. The other supplementary information listed in the table of contents is presented for purpose of additional analysis and is not a required part of the basic financial statements.

The other supplementary information as listed in the table of contents is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to 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 as a whole.

*Report on Other Legal and Regulatory Requirements*

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 31, 2014, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

  
Guyer & Associates  
Certified Public Accountants  
A Professional Corporation

By  \_\_\_\_\_

Kent J. Bailey, Principal  
Baker City, Oregon

Baker City Office  
541-523-4471  
541-523-3340 fax



La Grande Office  
541-963-6009  
541-963-5589 fax



Baker County Public Library, Baker City, Oregon photographed by Scott Ungerecht

## *MANAGEMENT'S DISCUSSION AND ANALYSIS*

## **Baker County Library District Management's Discussion and Analysis**

The management of the Baker County Library District (Library District) offers readers of the Library District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2014. The Library District's financial statements and notes to the financial statements, which follow should be considered in reading the information presented.

### **Financial Highlights**

Assets of the Baker County Library District exceeded its liabilities at the close of the most recent fiscal year by \$2,092,749 (*net position*). The Library District's total net position decreased by \$323,201 primarily due to removing the library collection from assets combined with annual asset depreciation. Current assets decreased \$9,428 due to decreased cash and increased prepaid expense. The capital assets decreased \$301,309, again, primarily due to removing the library collection and depreciation. The library collection was removed from the depreciation schedule this year. The Library District adopted a new methodology with regards to the collections, which are no longer capitalized but are instead expensed upon acquisition (see Notes 1 and 5). Building & Improvements decreased \$39,207 with depreciation exceeding additions. This category had an increase in assets of \$25,924 (including the street improvements of \$24,500 and other small items) netted against annual depreciation of (\$60,131). Furniture, fixtures and equipment decreased \$3,350 with depreciation exceeding additions. The Library District uses electronic payments for payroll but has discontinued this service annually for the July 1 payroll in order to preserve the fiscal year end cash balance. This year the service was uninterrupted, resulting in prepaid expense of \$22,503 and a corresponding decrease in cash (see Note 2). This change was part of the transition to accrual basis budgeting.

At the close of the current fiscal year, the Baker County Library District's governmental funds reported combined ending fund balance (*modified accrual*) of \$307,122. The Special Revenue – Other Uses Funds balance of \$148,998 represents funds that are restricted, committed and assigned either by outside parties or management. The General Fund balance of \$158,124 represents the amount that assets exceed liabilities. The combined ending fund balance at the end of the previous fiscal year was \$311,204.

The General Fund contains the only funds available for discretionary spending, with a current balance of \$158,124 (*unassigned fund balance*). This unassigned fund balance shows a decrease of \$5,163 in the ending fund balance in the General Fund over the previous fiscal year, which was \$163,287 on the modified accrual basis. Combining assets in cash of \$189,603, property taxes receivable of \$77,574, prepaid expenses \$22,504 and miscellaneous assets of \$2,352 with liabilities of \$133,909, the General Fund ending balance is \$158,124. This represents a decrease in assets of \$10,514 and a decrease in liabilities of \$5,351 over the last fiscal year. The overall change in liabilities was largely due to a decrease in deferred inflows (property taxes receivable). Accounts payable increased slightly at \$1,329 while wages and payroll taxes payable decreased \$1,254.

The Library District did authorize debt of \$24,500 in May 2014, just prior to fiscal year end. The debt was acquired in conjunction with the City of Baker City improving the street that runs in front of the main library building. The Library District has no other debt at fiscal year-end.

## Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Baker County Library District's basic financial statements. The Library District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** These statements are designed to provide readers with a broad overview of the Baker County Library District's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Baker County Library District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements report functions of the Baker County Library District that are principally supported by taxes and intergovernmental revenues and are considered *governmental activities*. These *governmental activities* reported as full accrual numbers (see pages 10-11) yielded a total of \$938,966 in revenues, of which \$889,390 (95% of total District revenues) was derived from property taxes. The charges for services of \$17,888 (2% of revenues) are incidental cost-recovery for printing and faxing activities, sale of computer memory devices for in-house use, and fines for overdue materials. There are no charges for borrowing materials unless a person does not return them as agreed. Contributions, interest and miscellaneous revenues totaling \$31,688 represent the final 3% of District revenues. There were no grants received this fiscal year.

The governmental activities of the Baker County Library District are the provision of print and media materials, and some educational programming activities, to the general public. The government-wide financial statements can be found on pages 10-11 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Baker County Library District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial



Baker County Library District  
Management's Discussion and Analysis, Continued

statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the *governmental fund balance sheet* and the *governmental fund statement of revenues, expenditures and changes in fund balances* provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Baker County Library District maintains two individual governmental funds. Information is presented separately in the *governmental fund balance sheet* and in the *governmental fund statement of revenues, expenditures, and changes in fund balances* for each fund.

The Baker County Library District adopts an annual appropriated budget for each of its funds. A budgetary comparison statement for each fund has been provided to demonstrate compliance with the budget. This information can be found in the *required supplementary information* section.

The basic governmental fund financial statements can be found in the *Basic Financial Statement* section.

*Agency funds* are used to account for resources held by the District in a purely custodial capacity for another entity. On June 17, 2014, the Library District agreed to act as the fiscal agent for the Sage Library System at the request of the Sage User Council beginning on July 1, 2014. These funds are not available to support library operations. The Library District is the fiscal agent, administering the funds to operate activities for this council of regional libraries. (See reporting on page 16 and Note 1 on pages 18 and 21.)

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found behind the fund financial statements in the *Basic Financial Statement* section.

**Required supplementary information.** This section contains a statement of revenues, expenditures and changes in fund balance for each of the governmental funds on the modified accrual basis. These statements compare the budget with actual expenditures.

Baker County Library District  
 Management's Discussion and Analysis, Continued

**Government-wide financial analysis.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Baker County Library District, assets exceeded liabilities by \$2,092,749 at the close of the fiscal year (*full accrual method*).

The largest portion of the Baker County Library District's assets reflect its investment in capital assets (land, buildings, vehicles, equipment, library collections). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

A portion of the Baker County Library District's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unassigned net assets* may be used to meet the government's ongoing obligations to citizens and creditors. Net position shows a balance \$154,026 for unassigned net assets and \$148,998 for committed net assets on the full accrual basis.

	<u>Net Position</u>	
	<u>Fiscal Year</u> <u>2013-2014</u>	<u>Fiscal Year</u> <u>2012-2013</u>
Current assets	\$ 441,055	\$ 450,483
Capital assets	<u>1,789,725</u>	<u>2,091,034</u>
Total assets	<u>2,230,780</u>	<u>2,541,517</u>
Current liabilities	114,756	116,567
Long-term liabilities	<u>23,275</u>	<u>-</u>
Total liabilities	<u>138,031</u>	<u>116,567</u>
Invested in capital assets, Net of related debt	1,789,725	2,091,034
Unassigned, reported in		
General fund, unrestricted	154,026	185,999
Committed to special uses	<u>148,998</u>	<u>147,917</u>
Total net position	<u>\$2,092,749</u>	<u>\$2,424,950</u>

The District's current fiscal year net position decreased by \$332,201 over the prior fiscal year. The decrease was primarily due to a decrease in capital assets totaling \$301,309 that includes a decrease of \$253,695 for a change in collection valuation and depreciation of \$80,127. There was also a decrease in cash of \$24,515 mostly due to use of electronic direct deposits for the July 1 payroll. The change in net position is reported on page 11 of this report.

**Governmental funds.** Governmental funds combined fund balance decreased by \$4,082. The fund balance of the General Fund decreased by \$5,163 while the Other Uses Funds increased by \$1,081. The changes in fund balances are reported on page 14 of this report.

The modified accrual basis statements (Fund Financial Statements, pages 12 and 14) are reconciled with the full accrual statements (Government-wide Financial Statements, pages 10-11) on pages 13 and 15.

On the modified accrual method, the District has a fund balance of \$158,124 in the General Fund at fiscal year-end.

Baker County Library District  
 Management's Discussion and Analysis, Continued

Summary of Revenues, Expenditures and  
 Changes in Fund Balance for General Fund

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Total Revenues	<u>\$ 947,344</u>	<u>\$936,463</u>	<u>\$ (10,881)</u>
Expenditures:			
Personal Services	659,605	658,275	1,330
Materials & Supplies	301,931	285,878	16,053
Debt Service	10	0	10
Capital Outlay	10	24,500	(24,490)
Contingency	<u>205,000</u>	<u>0</u>	<u>205,000</u>
Total Expenditures	<u>1,166,556</u>	<u>968,653</u>	<u>197,903</u>
Revenues Over (Under) Expenditures	(219,212)	(32,190)	187,022
Other Financing Sources (Uses)	<u>2,527</u>	<u>27,027</u>	<u>24,500</u>
Revenues Over (Under) Expenditures And Other Financing Uses	(216,685)	(5,163)	211,522
Fund Balances, Beginning	<u>216,685</u>	<u>163,287</u>	<u>(53,398)</u>
Fund Balances, Ending	<u>\$ 0</u>	<u>\$158,124</u>	<u>\$158,124</u>

The *Other Uses Fund* comprises all other activities of the District. This "*Other Uses Fund*" includes the memorial department, technology department, capital projects department, the literacy coalition funds, and a provision for severance liability. The *Debt Service Fund*, which is held separate for repaying the bond from special tax levies, has been closed since the District currently does not have bonded debt.

The Beginning Fund Balance variance of \$53,398 is primarily the final steps in the process of migrating the budget to the modified accrual basis of accounting.

**Economic Factors and Next Year's Budget.** The District has a five-year local option tax of 0.249 (that was renewed in May 2011, effective through June 30, 2017) in addition to its permanent rate of 0.5334. The District will lose a small percentage of collections on its permanent rate due to compression by overlapping taxing districts, which share proportionally in the loss of collections where the combined total of authority exceeds \$10 per \$1,000 Total Assessed Value (TAV). In the areas of the District that are already compressed with permanent tax rates, the local option tax may either be partially collectible or not at all.

The total budget for operations remained relatively flat in the upcoming fiscal year with the budget increasing for fiscal year 2014-2015 to \$1,179,056 as compared to fiscal year 2013-2014 of \$1,173,093 (including adopted changes). The local option levy voters approved was for operating funds to continue library services at the current service level. The contingency reserve goal of \$200,000 was realized in the prior year and has been preserved in the current budget. The contingency accumulation is intended to achieve the goal of greater fiscal stability and at the same time eliminate the need for borrowing operating funds in October until property tax revenues are received in early November.

In the current budget, Personal Services increased slightly at 6.2% over the previous fiscal year with effort given to maintain current personnel and public service levels. The largest personal services cost increase was for group health insurance. The District continued to provide the same group health insurance plan as in the prior fiscal year with a cost increase of 19.1%. The District once again gave a modest 1% cost-of-living pay increases in an effort to maintain the budget level along with scheduled

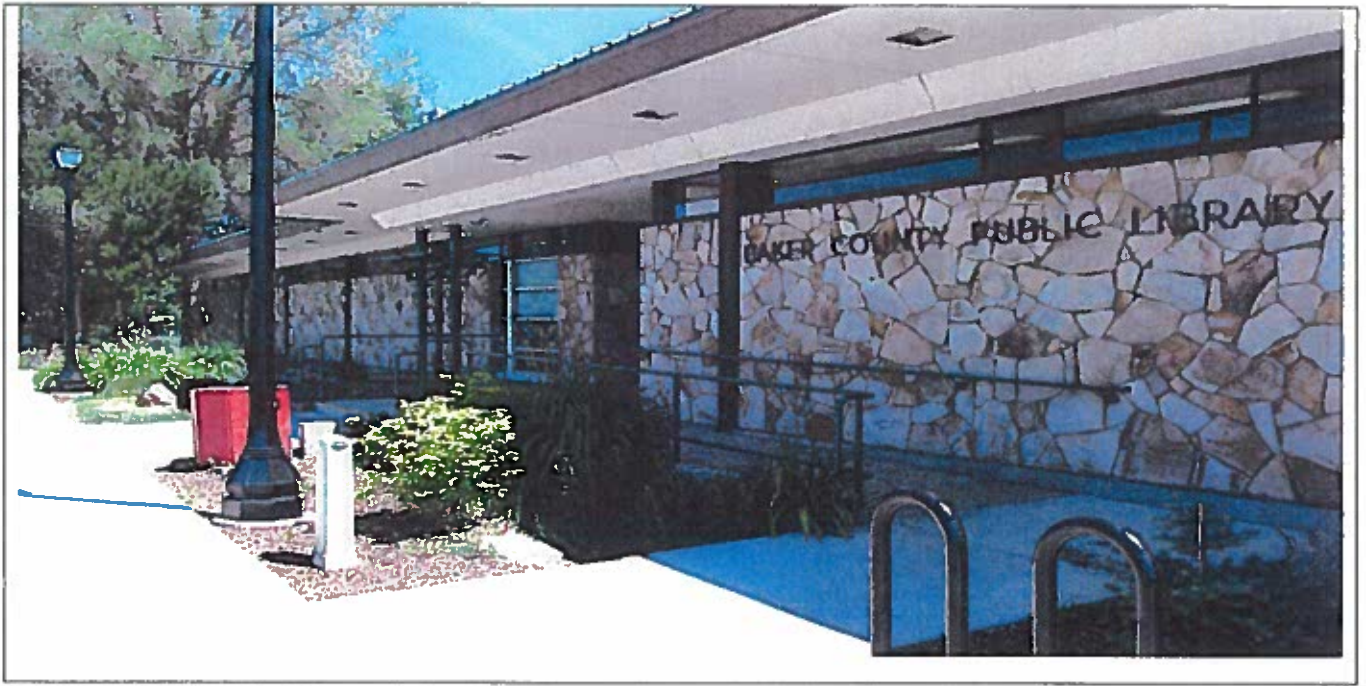
Baker County Library District  
Management's Discussion and Analysis, Continued

raises. The retirement contributions increased by 9.7% over the prior year mostly due personnel service levels. The PERS Tier 1/Tier 2 and OPSRP General Service contribution rates continued at the same rate this year, currently at 13.2% and 10.44%, respectively. Materials and Services increased slightly at 1.2% over last fiscal year. The book budget continued to hold at an average rate of 8% of the budget for the fourth consecutive fiscal year (the standard for the Library industry is 10-15%).

The Library District has nearly completed a two-year District-wide weeding project of its collections, replacing antiquated materials with current titles or new copies in all genres. The District continues to strive to maintain a viable and relevant collection that will ultimately increase library usage at all of the District library branches. The titles available in audio books, e-books and movie collections continue to increase to meet growing demand. The Library participates in the Sage Library System that exponentially expands the number of materials available to patrons. The current focus has been computer and software upgrades to keep up with technology changes and demands.

The District website offers access to the library collections for patrons, online subscription databases and added features including local weather and website links for areas of local interest. Branch hours continue at the same level. Free wireless Internet access, public computer workstations and other current digital tools are made available at each branch. All but one of the District's branches has a meeting room available for public use. The main branch is home to a large historical photo collection available both in-house and on-line. In addition to books, magazines and media, the District also offers equipment for checkout, including: digital projector, overhead projector and screens, telescopes, GPS units, Kill-A-Watt meters, museum passes, MP3 players and more. The District strives to offer tangible community services and materials to encourage lifelong education and reading and enhance quality of life in every Baker County community.

**Requests for Information.** This financial report is designed to provide a general overview of the Baker County Library District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Library Director, Baker County Library District, 2400 Resort Street, Baker City, Oregon 97814.



**Baker County Public Library, Baker City, Oregon photographed by Scott Ungerecht**

## *BASIC FINANCIAL STATEMENTS*

BAKER COUNTY LIBRARY DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2014

---

ASSETS	Total Governmental Activities	
	6/30/2014	6/30/2013
<b>Current Assets:</b>		
Cash and investments	\$ 337,805	\$ 362,320
Property taxes receivable	77,574	83,693
Accounts receivable	2,372	3,445
Payroll advances	800	900
Prepaid expenses	22,504	125
Total current assets	441,055	450,483
<b>Capital Assets (net of accumulated depreciation):</b>		
Land	42,800	42,800
Buildings and improvements	1,687,926	1,727,133
Furniture, fixtures and equipment	27,558	30,908
Vehicles	31,441	36,498
Library collection	0	253,695
Total capital assets	1,789,725	2,091,034
Total assets	2,230,780	2,541,517
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable	12,881	11,547
Wages and payroll taxes payable	43,478	44,039
Compensated absences payable	57,172	60,981
Note payable - current	1,225	0
Total current liabilities	114,756	116,567
Note payable - noncurrent	23,275	0
Total liabilities	138,031	116,567
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	1,789,725	2,091,034
<b>Unrestricted:</b>		
Committed for special uses	148,998	147,917
Unrestricted	154,026	185,999
Total net position	\$ 2,092,749	\$ 2,424,950

The accompanying notes are an integral part of these financial statements.

BAKER COUNTY LIBRARY DISTRICT  
BAKER CITY, OREGON  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2014

	Expenses	Charges for Services	Program Revenues Operating Grants, Reimbursements and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets	Net (Expense) Revenue and Changes in Net Assets
					6/30/2014	6/30/2013
Governmental Activities:						
Library Services	\$ 1,017,472	\$ 17,888	\$ 3,144	\$ -	\$ (996,440)	\$ (906,748)
Interest Expense	-	-	-	-	-	(952)
Total Governmental Activities	<u>\$ 1,017,472</u>	<u>\$ 17,888</u>	<u>\$ 3,144</u>	<u>\$ -</u>	<u>\$ (996,440)</u>	<u>\$ (907,700)</u>
General revenues:						
Property taxes					889,390	890,375
State Resource Sharing					6,564	5,838
Interest					10,382	9,734
Miscellaneous					11,598	11,369
Total general revenues					<u>917,934</u>	<u>917,316</u>
Change in net assets					(78,506)	9,616
Net position - beginning, as adjusted					2,171,255	2,415,334
Net position - ending					<u>\$ 2,092,749</u>	<u>\$ 2,424,950</u>

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

BAKER COUNTY LIBRARY DISTRICT  
 GOVERNMENTAL FUNDS  
 BALANCE SHEET  
 JUNE 30, 2014  
 with Comparative Totals for June 30, 2013

	General Fund	Special Funds - Other Uses Fund	Total Governmental Funds	Prior Year Total Governmental Funds	Increase (Decrease) Current year over prior year
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 189,603	\$ 148,202	\$ 337,805	\$ 362,320	\$ (24,515)
Property Taxes Receivable	77,574	0	77,574	83,693	(6,119)
Account Receivable	1,552	820	2,372	3,445	(1,073)
Payroll Advances	800	0	800	900	(100)
Prepaid Expenses	22,504	0	22,504	125	22,379
Total Assets	<u>\$ 292,033</u>	<u>\$ 149,022</u>	<u>\$ 441,055</u>	<u>\$ 450,483</u>	<u>\$ (9,428)</u>
 <b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE</b>					
<b>Liabilities and Deferred Inflows:</b>					
Accounts Payable	\$ 12,857	\$ 24	\$ 12,881	\$ 11,547	\$ 1,334
Wages Payable	36,284	0	36,284	37,370	(1,086)
Payroll Taxes and Benefits Payable	6,501	0	6,501	6,669	(168)
Prepaid Reimbursement	693	0	693	0	693
Deferred Inflows	77,574	0	77,574	83,693	(6,119)
Total Liabilities and Deferred Inflows	<u>133,909</u>	<u>24</u>	<u>133,933</u>	<u>139,279</u>	<u>(5,346)</u>
 <b>Fund Balance:</b>					
<b>Special Revenue - Other Uses Funds:</b>					
Restricted Fund Balance	0	25,680	25,680	25,748	(68)
Committed Fund Balance	0	48,629	48,629	45,982	2,647
Assigned Fund Balance	0	74,689	74,689	76,187	(1,498)
General Fund - Unassigned Fund Balance	158,124	0	158,124	163,287	(5,163)
Total Fund Balance	<u>158,124</u>	<u>148,998</u>	<u>307,122</u>	<u>311,204</u>	<u>(4,082)</u>
Total Liabilities, Deferred Inflows, and Fund Balance	<u>\$ 292,033</u>	<u>\$ 149,022</u>	<u>\$ 441,055</u>	<u>\$ 450,483</u>	<u>\$ (9,428)</u>

The notes to the financial statements are an integral part of this statement.



BAKER COUNTY LIBRARY DISTRICT  
 RECONCILIATION OF GOVERNMENTAL FUNDS  
 BALANCE SHEET TO STATEMENT OF NET POSITION

June 30, 2014

---

TOTAL FUND BALANCES \$ 307,122

Capital assets are not financial resources and therefore are not reported in the governmental funds:

Cost	\$ 3,035,139	
Accumulated depreciation	<u>(1,245,414)</u>	1,789,725

A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current years' operations, and therefore are not reported as revenue in the governmental funds. 77,574

All compensated absence liabilities are reported in the Statement of Net Assets. However, if they are not due and payable in the current period, they are not recorded in governmental funds. (57,172)

Long-term debt is reported in the Statement of Net Assets, however is not reported in governmental funds. (24,500)

TOTAL NET POSITION \$ 2,092,749

The accompanying notes are an integral part of these financial statements.

BAKER COUNTY LIBRARY DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR FISCAL YEAR ENDED JUNE 30, 2014  
with Comparative Totals for June 30, 2013

	General Fund	Special Funds - Other Uses Fund	Total Governmental Funds	Prior Year Total Governmental Funds	Increase (Decrease) Current year over prior year
<b>REVENUES</b>					
Property Taxes	\$ 895,509	\$ 0	\$ 895,509	\$ 889,867	\$ 5,642
Intergovernmental	6,564	0	6,564	5,838	726
Fines and Forfeitures	17,888	0	17,888	17,238	650
Grants	0	0	0	15,000	(15,000)
Contributions	140	604	744	64,991	(64,247)
Other Revenues	6,667	4,931	11,598	18,120	(6,522)
Interest	9,695	687	10,382	9,734	648
Total Revenue	<u>936,463</u>	<u>6,222</u>	<u>942,685</u>	<u>1,020,788</u>	<u>(78,103)</u>
<b>EXPENDITURES</b>					
Current:					
Library Services	968,653	2,614	971,267	923,934	47,333
Debt Service:					
Principal	0	0	0	0	0
Interest	0	0	0	952	(952)
Total Expenditures:	<u>968,653</u>	<u>2,614</u>	<u>971,267</u>	<u>924,886</u>	<u>46,381</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(32,190)</u>	<u>3,608</u>	<u>(28,582)</u>	<u>95,902</u>	<u>(124,484)</u>
Other Financing Sources (Uses):					
Transfers In	15,027	12,500	27,527	11,000	16,527
Transfers Out	(12,500)	(15,027)	(27,527)	(11,000)	(16,527)
Proceeds from Capital Financing	24,500	0	24,500	0	24,500
Total Other Financing Sources (Uses)	<u>27,027</u>	<u>(2,527)</u>	<u>24,500</u>	<u>0</u>	<u>24,500</u>
Net Change in Fund Balance	(5,163)	1,081	(4,082)	95,902	(99,984)
Fund Balance, Beginning	<u>163,287</u>	<u>147,917</u>	<u>311,204</u>	<u>215,302</u>	<u>95,902</u>
Fund Balance, Ending	<u>\$ 158,124</u>	<u>\$ 148,998</u>	<u>\$ 307,122</u>	<u>\$ 311,204</u>	<u>\$ (4,082)</u>

The notes to the financial statements are an integral part of this statement.

BAKER COUNTY LIBRARY DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2014

NET CHANGE IN FUND BALANCE \$ (4,082)

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Expenditures for capital assets, net of disposition	\$	5,613	
Donated assets		2,400	
Less net current year depreciation		<u>(80,127)</u>	(72,114)

Property taxes in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (6,119)

Compensated absences are expensed at the time such absences are paid for in the fund financial statements. In the Statement of Activities, they are reflected in expenditures at the time the liability is incurred. The change in compensated absences liability for the year is: 3,809

CHANGE IN NET POSITION \$ (78,506)

The accompanying notes are an integral part of these financial statements.

**BAKER COUNTY LIBRARY DISTRICT**  
**AGENCY FUND - SAGE FUND**  
**Statement of Changes in Assets and Liabilities**  
**For Fiscal Year Ended June 30, 2014**

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<b>SAGE LIBRARY SYSTEM - SAGE FUND</b>				
<b>ASSETS</b>				
Cash	<u>\$ -</u>	<u>\$ 95,000</u>	<u>\$ -</u>	<u>\$ 95,000</u>
<b>LIABILITIES</b>				
Due to Sage User Council	<u>\$ -</u>	<u>\$ 95,000</u>	<u>\$ -</u>	<u>\$ 95,000</u>

The notes to the financial statements are an integral part of this statement.

BAKER COUNTY LIBRARY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For Fiscal Year Ended June 30, 2014

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**The Financial Reporting Entity**

The Baker County Library District (Library District) is an Oregon Municipal Corporation incorporated in July 1986. Effective July 1, 1988, the District became a separate reporting entity when the voters of Baker County approved a levy to establish a County Library District Tax Base. The Library District is governed by a separately elected five member Board of Directors (Board) who approves the administrative officials. The daily functioning of the Library District is under the supervision of the Library Director. As required by generally accepted accounting principles, all activities of the Library District have been included in the basic financial statements.

Previously, the library had been operated by Baker County and, accordingly, its financial operations had been included with those of Baker County, Oregon.

**Basis of Presentation**

**Government-wide Financial Statements:**

The Statement of Net Position and the Statement of Activities display information about the Library District. These statements include the governmental financial activities of the overall District. Eliminations have been made to remove the double counting of internal activities. Governmental activities are financed primarily through property taxes, intergovernmental revenues, and charges for services.

The Statement of Activities presents a comparison between direct expenses and a given function or segment of program revenues. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities. Program revenues include: (1) charges for services that include fines for overdue books, magazines, audio and video materials, copy and printing fees, and other fees, (2) operating grants or contributions that are restricted to a particular function or segment and (3) capital grants or contributions that are restricted to a particular function or segment. Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

Separate financial statements are provided for governmental funds and an agency fund. Major individual governmental funds are reported as separate columns in the fund financial statements.

Net position is reported as restricted when constraints placed on net asset use are either externally restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling legislation.

**Fund Financial Statements:**

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. For the fiscal year the Library District has two major governmental funds:

The General Fund is the District's primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund.

The special revenue fund titled *Other Uses Funds* accounts for revenue derived from donations and grants, which typically are restricted to finance particular functions or activities. There are five departments in this fund to account for this type of revenue including Memorial Department, Literacy Department, Technology Department, Capital Projects Department and Severance Liability Department.

BAKER COUNTY LIBRARY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For Fiscal Year Ended June 30, 2014

**Basis of Presentation, Continued:**

**Agency Fund Statement:**

The agency fund statement provides information about the District's new fund. As of June 17, 2014, Baker County Library District agreed to act as the fiscal agent for the Sage Library System as requested by the Sage User Council. The only transaction in the current fiscal period was to accept \$95,000 on June 28, 2014. Full reporting will begin next year.

**Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred and there are both restricted and unrestricted assets available to finance the program, it is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Except for immaterial amounts, the District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

**Cash, Cash Equivalents and Investments**

The Library District's cash and cash equivalents consist entirely of demand deposits and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The LGIP is stated at cost, which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares.

The Oregon State Treasury administers the LGIP. The Local Government Investment Pool (LGIP) is included in the Oregon Short Term Fund (OSTF), which was established by the State Treasurer. OSTF is subject to requirements established in Oregon Revised Statutes, investment policies adopted by the Oregon Investment Council, and portfolio guidelines established by the Oregon Short Term Fund Board. The Governor appoints the members of the Oregon Investment Council and the Oregon Short Term Fund Board.

BAKER COUNTY LIBRARY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For Fiscal Year Ended June 30, 2014

**Property Taxes Receivable**

Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding after May 15 are considered delinquent.

Uncollected property taxes are recorded on the statement of net position. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the District.

**Accounts Receivable**

Accounts receivable are primarily comprised of program expense reimbursements due from a sponsor.

**Capital Assets**

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The Library District defines capital assets as assets with an initial cost of more than \$1,000 and an estimated life in excess of two years. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and Improvements	15 to 40 years
Furniture, Fixtures and Equipment	10 years
Computers and Related Equipment	5 years
Vehicles	5 to 10 years

Assets that are not capitalized include: Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The Library Collection is comprised of items that are individually below the District's capitalization policy. Historic photographs are classified as historic treasures and are not capitalized under guidelines from the Governmental Accounting Standards Board.

**Retirement Plans**

Substantially all of the Library District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged to expenditures as funded.

**Compensated Absences**

Most full-time employees have available ten to fifteen days of vacation leave and twelve days of sick leave, annually; either vacation or sick leave may be used as bereavement leave. Unused vacation leave is accumulated with a maximum accumulation of 250 hours; vacation leave vests after one year. Unused sick leave is also accumulated and is available in future years, if extended illness should occur; one-half of accumulated sick leave vests after five years and is payable to the employee upon termination or retirement. For Tier One and Tier Two employees only (those hired prior to January 1, 2004), at retirement, one-half of unused sick leave is added to the total days worked for the purpose of calculating appropriate pension benefits. Compensated absences are charged to expense in the fund financial statements when the benefit is paid. The current value of accrued vacation time and sick leave vested at fiscal year-end is accrued into the government wide financial statements.

BAKER COUNTY LIBRARY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For Fiscal Year Ended June 30, 2014

**Long-Term Obligations**

In the government-wide financial statements long-term debt is reported as a liability in the statement of net position. The Library District has outstanding debt of \$24,500 at June 30, 2014. The debt was approved by the Board of Directors in May 2014 and the first payment is scheduled in Fiscal Year 2014-2015 budget (see note 9).

**Fund Balances**

The Library District has implemented Statement No 54 of the Governmental Accounting Standards Board (GASB No 54) regarding fund balance reporting. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the previous fund balances classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance represents amounts that are not in a spendable form (including inventory). Restricted fund balance represents amounts that are generally restricted by outside parties for a specific purpose (including donor and grant requirements). Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of these funds is approved by resolution. Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an authorized official. Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance.

There were no non-spendable fund balances at fiscal year-end.

Fund Balances at fiscal year ended June 30, 2013 were reclassified to meet the category requirements above for comparison purposes.

**Order of Expenditures**

When both restricted and unrestricted assets are available, restricted resources would generally be considered to be used first and then the unrestricted resources as they are needed. When unrestricted fund balances resources are expended they would be considered to be expended in order from the committed, assigned if applicable, and unassigned reporting categories.



BAKER COUNTY LIBRARY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For Fiscal Year Ended June 30, 2014

**Budgetary Information**

A budget is prepared and legally adopted for each governmental fund on the accrual basis of accounting using program categories required by Oregon State Budget Law.

The Library District begins its budgeting process by appointing budget committee members each year. Recommendations are developed through early spring with the Board approving the budget in late spring. Public notices of the budget hearing are published generally in early June with the public hearing being held in late June. The final budget is adopted, appropriations made, and the tax levy declared no later than June 30.

Consistent with Oregon law, expenditures are appropriated for each legally adopted annual operating budget at the following levels of control: Personal Services, Materials and Services, Capital Outlay, Transfers, Debt Service, and Contingency.

Expenditure budgets are appropriated at the major program level for each fund. The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. Expenditure appropriations may not be legally over-expended except in limited circumstances including the case of dedicated grant receipts, which could not be reasonably estimated at the time the budget was adopted.

Supplemental budgets less than 10% of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. Appropriations lapse at the end of each fiscal year. The budget may also be modified for unanticipated grants or gifts restricted for special purposes by Board resolution. During the year ended June 30, 2014 various fund budgets were amended primarily due to receipt of unanticipated funds.

**Use of Estimates**

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**Subsequent Events**

Subsequent events are events or transactions that occur after the financial statements date, but before financial statements are issued. The Library District recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the financial statements, including the estimates inherent in the process of preparing the financial statements. The Library District's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the financial statement but arose after the financial statements date and before the financial statements are available to be issued. The Library District has evaluated subsequent events through December 31, 2014, the date that the financial statements were available to be issued.

The Library District had one subsequent event to report. The Library District accepted the fiscal agency responsibility for the Sage Library System effective at July 1, 2014. A new fund was established for the Sage Library System. The Library District received an initial fund transfer of \$95,000 on June 27, 2014. These funds are reported in this report in an appropriate fund statement. Full financial reporting for this fund will commence in the subsequent Fiscal Year 2014-15.

BAKER COUNTY LIBRARY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 For Fiscal Year Ended June 30, 2014

**2. CASH AND INVESTMENTS**

The Library District maintains two bank demand deposit accounts at US Bank. The District also invests in the Oregon Local Government Investment Pool.

Governmental Funds cash and investments are comprised of the following as of June 30, 2014:

Cash in Bank Demand Deposit US Bank - General Checking	\$ 2,586
Cash in Bank Demand Deposit US Bank - Other Uses Funds	2,746
Demand Deposits in Local Government Investment Pool-General Fund	187,018
Demand Deposits in Local Government Investment Pool-Other Uses (Total of 2 LGIP accounts, cost approximates market, interest approximately 0.54% at June 30)	<u>145,455</u>
Total Cash and Investments	<u>\$337,805</u>

Agency Fund cash is comprised of the following at June 30, 2014:

Cash in Bank Demand Deposit US Bank – Sage Fund	<u>\$95,000</u>
---	-----------------

The Local Government Investment Pool (LGIP) is included in the Oregon Short Term Fund (OSTF), which was established by the State Treasurer. OSTF is not subject to SEC regulation. OSTF is subject to requirements established in Oregon Revised Statutes, investment policies adopted by the Oregon Investment Council, and portfolio guidelines established by the Oregon Short Term Fund Board. The investment activity of the District for the year ended June 30, 2014 was limited to the LGIP and such investments are not required to be categorized according to the level of custodial credit risk.

Chapter 295 requires municipalities to hold deposits only with banks listed as Qualified Depositories for Public Funds by the Office of the Treasurer of the State of Oregon when they exceed the federal depository insurance limit. The District currently maintains deposits at US Bank, which is a bank included in the list of Qualified Depositories for Public Funds. Deposits at US Bank did not exceed FDIC coverage during the fiscal year. The District has no formal investment policy but does follow the requirements of Chapter 295 of the Oregon Revised Statutes for managing custodial funds.

**3. RECEIVABLES**

Receivables are comprised of the following as of June 30, 2014:

Property Taxes Receivable	\$77,574
USAC E-Rate program, reimbursement due	1,383
Friends of the Library, program support reimbursement	143
Swire Coca-Cola, vending machine commission	26
Artist Contract Default, supply refund due	820
Total	<u>\$79,946</u>

The amount due from USAC E-Rate Program represents reimbursements requested for second quarter 2014 to complete the funding for the fiscal year. This Federal program subsidizes telephone and Internet costs for rural schools and libraries to expand the use of technology in rural areas. The amount due from Friends of the Library represents program support for approved supplies purchased. The Swire Coca-Cola represents commissions due from a soda vending machine located in the library. The Artist Contract Default represents funds advanced for materials for a sculpture contract. The project was incomplete at the deadline date at which time the Directors denied the extension request. The artist is on a payment plan to refund the advance.

**BAKER COUNTY LIBRARY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For Fiscal Year Ended June 30, 2014**

**4. PREPAID EXPENSES:**

Prepaid Expenses represents the amount due for electronic paychecks payable on July 1, the next business day, of \$22,503.46. The District subscribes to Quick Books Payroll Services for payroll processing and the use of direct deposit services for monthly electronic paycheck deposits for employees. Currently, 88% of employees have elected to use this optional service. Historically, the Library District has discontinued use of direct deposit one month annually for the July 1 paycheck in order to preserve the contingency funds balance at the fiscal year end. This was the first year the service was uninterrupted and, therefore, the pre-payment shown on the financial statements.

**5. CAPITAL ASSETS:**

Capital assets activity for the year was as follows:

	Balance, Beginning of fiscal year	Increases	Decreases	Balance, End of fiscal year
Capital assets not being depreciated:				
Land	\$ 42,800	\$	\$	\$ 42,800
Library collection	<u>253,695</u>		<u>(253,695)</u>	<u>0</u>
Total capital assets not being depreciated	<u>296,495</u>		<u>(253,695)</u>	<u>42,800</u>
Capital assets being depreciated:				
Buildings and improvements	2,579,091	25,924		2,605,015
Furniture, fixtures and equipment	283,603	6,589		290,192
Vehicles	<u>97,132</u>	<u>0</u>		<u>97,132</u>
Total capital assets being depreciated	<u>2,959,826</u>	<u>32,513</u>		<u>2,992,339</u>
Less accumulated depreciation for:				
Buildings and improvements	(851,958)	(65,131)		(917,089)
Furniture, fixtures and equipment	(252,695)	(9,939)		(262,634)
Vehicles	(60,634)	(5,057)		(65,691)
Total accumulated depreciation	<u>(1,165,287)</u>	<u>(80,127)</u>	<u>0</u>	<u>(1,245,414)</u>
Total capital assets being depreciated, net	<u>1,794,539</u>	<u>(47,614)</u>	<u>0</u>	<u>1,722,425</u>
Total capital assets, net	\$ <u>2,091,034</u>	\$ <u>(47,614)</u>	\$ <u>(253,695)</u>	\$ <u>1,789,725</u>

The land and building on 2400 Resort Street, which houses the Baker County Public Library that was previously owned by the City of Baker City, Oregon. Baker City deeded the building to the Library District on July 27, 1990. The donated land and building were valued at \$270,000, the estimated market value at the time of transfer. This library also serves as the administrative offices for the Library District.

The land and building in Halfway which houses the Halfway Branch Library was purchased on March 18, 2003 for \$50,000. The building was the historic Halfway Masonic Lodge. The District remodeled the building during the fiscal year ended June 30, 2004.

The land and building in Haines which houses the Haines Branch Library was previously owned by the City of Haines, Oregon. The City of Haines deeded the historic City Hall building to the Library District on October 1, 2003. The donated land and building were valued at \$45,000, the estimated market value at the time of transfer. The District entered into a Memorandum of Understanding with the City of Haines on the same date, which requires the District to use the property as a library. The District assumed responsibility for all costs associated with the property. If at any time the District discontinues use of the building for library purposes, then the property will be deeded back to the City of Haines.

BAKER COUNTY LIBRARY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For Fiscal Year Ended June 30, 2014

**Capital Assets, Continued**

The City of Huntington deeded two City lots to the Library District on June 20, 2005. The donated land was valued at \$5,300, the estimated market value at the time of transfer. The District entered into a Donation Agreement with the City of Huntington on the same date, which requires the District to use the property for a library site. The District assumed responsibility for all costs associated with the property. If at any time the District discontinues use of the property for library purposes, then the property will be deeded back to the City of Huntington. During fiscal year ended June 30, 2005, the District placed a new modular building on the lots to serve as the Huntington Branch Library.

The District operates a branch library in Richland in the Richland School Senior Housing (operated by Northeast Oregon Housing Authority). The housing authority donates the space for the library to operate the Richland Branch Library for the benefit of the community as well as the housing residents. The District pays a proportionate share of the related utilities for the use of the space.

The District operates a branch library in Sumpter in the museum building. The District shares the cost of the related utilities with the City of Sumpter based on an allocation of space occupied by the library. The space is donated for library use for the Sumpter Branch Library.

The District has historic photos, microfilm, several works of art and historical treasures that are not capitalized. Appraisals have not been obtained and, therefore, no value has been established to add to the capital assets. The items include several original paintings (oil and watercolors) by local artists, an antique Persian rug, an antique United States Flag, historical photographs and documents, and other miscellaneous artifacts.

The Library District adopted a new accounting method related to the Library Collection. The District will expense collection purchases as they individually are less than the capitalization threshold. In addition, the Library District will no longer place a value on unit items in the collection and has removed related costs from the government wide financial statements. (Also see Note 10.)

Depreciation expense of \$80,127 for the year was charged to the *Library Services* function in the Statement of Activities. The District capitalizes minor improvements and equipment that exceeds the capitalization threshold. The District includes these expenditures as library materials and services for budgetary and reporting purposes.

**6. PREPAID REIMBURSEMENT**

The District has one retired employee who elected to continue group health insurance coverage through the Federal COBRA program until qualifying for Medicare. The Library District is reimbursed for the full amount plus a 2% administration fee (allowable by law) on the first of each month when health insurance is paid for the month forward. In this case, the payment was received a few days in advance of the first and was, therefore, reported as a pre-payment on the financial statements.

**7. OPERATING LEASE**

The District has an operating lease agreement with Xerox for a Xerox Workcentre 7830 copier. The Lease Agreement was effective May 1, 2013 and is for 60 months at \$121.34 a month plus the monthly copy charges. The lease agreement provides for a purchase option at the end of the lease to purchase the copier at fair market value. The current fair market value of this copier is \$15,325. Historically, the District initiates a new lease for current equipment at the termination of the lease. Included in the agreement, Xerox provides all consumable supplies to operate the equipment and provides maintenance. The total fiscal year lease expense and copy charges were \$2,668.

BAKER COUNTY LIBRARY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 For Fiscal Year Ended June 30, 2014

**8. SHORT-TERM DEBT**

The Library District did not utilize a tax anticipation note during the fiscal year. The Library District was able to operate on its own funds during the period (July-October) when it historically would have borrowed funds to operate. The General Fund contingency combined with funds available in the Other Uses Funds were adequate to carry operations until November when the tax revenues are received.

**9. LONG-TERM DEBT:**

The following is a summary of the District's outstanding debt at June 30, 2014:

Debt Description	General Long-Term Debt Obligation
The District has incurred a new long-term debt through a city project titled Resort Street Underground Utility Local Improvement District 2012. The City of Baker City made improvements to Resort Street in 2013 which runs in front of the main library building located in Baker City. The District was billed for \$24,500 in April 2014, payable in 40 semi-annual installments of \$612.50, representing its portion of the street improvements. The board approved the payment of the debt in May 2014 in installments of \$2,000 annually over 14 years. The first payment is due November 23, 2014 with subsequent payments due May 23 and November 23 each year thereafter. The interest rate is variable and will be set every six months using the State Local Government Investment Pool average for the previous six months (currently 0.54%) plus 1%. The current interest rate is 1.54% effective May 23, 2014.	\$24,500
<b>Total Governmental Activity Long-Term Liabilities</b>	<b><u>\$24,500</u></b>

The following is a summary of the governmental long-term liability intended repayment schedule as of June 30, 2014:

Note Payable to the City of Baker City, LID Project:

Fiscal Year	Principal	Interest	Total
Year 1 2014-2015	\$1,628.84	\$371.16	\$2,000.00
Year 2 2015-2016	\$1,654.02	\$345.98	\$2,000.00
Year 3 2016-2017	\$1,679.59	\$320.41	\$2,000.00
Year 4 2017-2018	\$1,705.56	\$294.44	\$2,000.00
Year 5 2018-2019	\$1,731.92	\$268.08	\$2,000.00
Years 6-10 2020-2025	\$9,069.62	\$930.38	\$10,000.00
Years 11-14 2025-2028	\$7,030.45	\$226.40	\$7,256.85
<b>Totals</b>	<b>\$24,500.00</b>	<b>\$2,756.85</b>	<b>\$27,256.85</b>

BAKER COUNTY LIBRARY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 For Fiscal Year Ended June 30, 2014

**10. ADJUSTMENT OF BEGINNING NET POSITION DUE TO CHANGE IN ACCOUNTING METHOD**

In the current year, the District made a change in accounting method related to the Library Collection. Under the new policy, the District will expense collection purchases as incurred and will no longer capitalize such purchases. In addition, the beginning net book value of the collection (\$253,695) was removed from the balance sheet, with an offsetting decrease to beginning Net Position Invested in Capital Assets. The newly adopted accounting principle is preferable as the Library Collection is primarily comprised of items that are individually below the District's capitalization threshold.

Beginning Net Position Invested in Capital Assets, as of June 30, 2013, has been adjusted as follows:

Beginning net position, as previously reported	\$2,424,950
Reduction to remove value of District's collections, as previously reported	<u>(253,695)</u>
Beginning net position, as adjusted	<u>\$2,171,255</u>

**11. INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2014 are as follows:

	<u>Transfers In:</u>
<u>Transfers Out:</u>	<u>Special Fund – Other Uses</u>
General Fund	\$ 1,000
General Fund	\$ 1,500
General Fund	\$10,000
	<u>General Fund</u>
Other Uses Funds-Severance Liability Department	\$10,027
Other Uses Funds-Memorial Department	\$ 5,000

A budgeted transfer of \$1,000 from the General Fund to the Technology Department (Special Revenue-Other Uses Funds) was made to save funds for future technology needs.

A budgeted transfer of \$1,500 from the General Fund to the Memorial Department (Special Revenue-Other Uses Funds), was made to set aside funds for anticipated election costs.

A budgeted transfer of \$10,000 from the General Fund to the Severance Liability Department (Special Revenue-Other Uses Funds) was made to accumulate monies for projected retirement packages. A transfer of \$10,027 from the Severance Liability Department back to the General Fund was budgeted to cover a June retirement payout.

A budgeted transfer of \$5,000 from the Memorial Department (Special Revenue – Other Uses) was dispersed out of online book sales revenues that accumulate in the Memorial Department to supplement the General Fund book budget.

BAKER COUNTY LIBRARY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For Fiscal Year Ended June 30, 2014

**12. STATE CONSTITUTIONAL PROPERTY TAX LIMIT**

The Oregon voters in 1990 approved a state constitutional limit on property taxes for schools and non-school government operations (Measure 5). Under those provisions of the limitation, tax revenues are separated into those for the public school system and those for local government operations other than the public school system. The limitation specified a maximum allowable tax of \$10.00 for each \$1,000 of property real market value imposed by the local government for fiscal 1995-1996 and thereafter. The Oregon Department of Revenue established permanent rates for each taxing district in effect eliminating all tax bases.

In May 1997 Oregon voters approved an additional state constitutional limit (Measure 50) on assessed values used on the calculation of property taxes for school and non-school government operations. Beginning in fiscal 1997-98 assessed values were rolled back to the lesser of fiscal 1995-96 real market values, less an additional 10% or current real market values. New construction from July 1, 1995 and taxes levied for repayment of debt are not subject to the roll back. Future increases in assessed values of an individual property are limited to a maximum 3% increase independent of new construction.

The permanent tax rate for the District set by the State is \$0.5334 per \$1,000 of assessed valuation. The caps imposed by Measure 5 significantly affect the availability of property tax revenues for the District in areas where all local government taxes combined exceed the \$10 limit. In areas that are compressed, the tax rate will yield only its proportionate amount of the \$10.

**13. PENSION PLAN**

**Plan Description**

The Baker County Library District contributes to the Oregon Public Employees Retirement System (PERS), a cost-sharing multiple employer defined benefit pension plan. PERS provides retirement and disability benefits, post-employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. As a result of 2003 PERS reform legislation, in addition to the original retirement funds, PERS also administers the Oregon Public Service Retirement Plan (OPSRP), which is also a defined benefit pension plan with a defined contribution plan component referred to as the Individual Account Program (IAP). The original PERS Tier One and Tier Two accounts were closed as of December 31, 2003 to new members and to any further contributions by existing members. PERS members retain their existing PERS accounts. However beginning January 1, 2004, all PERS member contributions go into the IAP portion of OPSRP. PERS is administered under Oregon Revised Statue Chapter 238. ORS Chapter 238.630 establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial result that includes financial statements and required supplementary information. That report may be obtained by writing to PERS, P.O. Box 23700, Tigard, OR 97281-3700 or by calling 1-503-598-7377.

**BAKER COUNTY LIBRARY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For Fiscal Year Ended June 30, 2014**

**Funding Policy**

Members of PERS are required to contribute 6.00% of their salary covered under the plan. The contribution requirements for plan members are established by ORS Chapter 238.200 and may be amended by an act of the Oregon Legislature. The District is required by ORS 238.225 to contribute at an actuarially determined rate that is determined by PERS. The District's contributions to PERS for the years ended June 30, 2014, 2013, and 2012 were approximately \$47,463, \$47,991, and \$43,757, respectively, equal to the required contributions for each year. PERS covered payroll, as a percentage of total payroll was approximately 89%, 90%, and 91%, respectively.

**Net Pension Obligation**

The following is a summary of the additional information with respect to the Baker County Library District, required to comply with Governmental Accounting Standards Board Statement Number 27 (GASB 27) "Accounting for Pensions by State and Local Governmental Employers":

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability	Unfunded Actuarial Liability	Funded Ratio	Covered Payroll	UAL/ Payroll
12/31/09	1,664,767	2,150,155	371,661	77%	359,242	103%
12/31/11	1,868,422	2,494,673	516,302	75%	412,825	125%
12/31/13	2,460,497	2,823,014	259,384	87%	437,340	59%

In evaluations prior to and including December 31, 2003, the Entry Age Normal Cost Method was used. PERS calculated the rate at which each employer would fund its retirement obligations annually. A new pooling method, the Projected Unit Credit Method, was developed and implemented at January 1, 2004 that resulted in common rates for every employer in the pool. Normal cost rates are developed on a pooled basis for each tier and member classification. Under this method, all employers in the pool pay the same Unfunded Actuarial Liability (UAL) rate regardless of when they joined the pool. The Unfunded Actuarial Liability is amortized over 24 years commencing on the December 31, 2003 valuation date and ending on December 31, 2027. In order to implement the new pooling method, the liabilities and assets reported for each employer on the December 31, 2003 actuarial valuation were recalculated. A Fresh Start transition liability or surplus amount was calculated for each employer to ensure that each one entered the pool on a comparable basis.

At the date of implementation for the new method, the Library District had a UAL surplus of (\$147,042). The District has received a credit ranging from 2.20%-3.19% for the surplus on its monthly PERS contributions each fiscal year. In the data shown above, the credit is absorbed in the UAL liability. For the actuarial valuation December 31, 2013, the District has a UAL of \$362,517 less its surplus of (\$103,133) nets the UAL shown of \$259,394.

The Library District's current employer contribution rates as maintained by a 2013 Federal mandate for the fiscal year ended June 30, 2014 were for Tier1/Tier2 13.20% and for OPSRP General Service 10.44%. The Actuarial Valuation Report for December 31, 2013 announced small increases in the employer contribution rates for the upcoming two-year period July 1, 2015 through June 30, 2017 to Tier 1/Tier 2 at 15.64% (2.44% increase) and OPSRP General Service at 10.69% (0.25% increase). The increase is anticipated to have a minor impact on expenses with an estimated increase of \$5,500 in the upcoming fiscal year budget.



BAKER COUNTY LIBRARY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For Fiscal Year Ended June 30, 2014

**14. RISK MANAGEMENT**

The Library District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years. The Library District obtains most of its insurance coverage through Special Districts Association of Oregon under an insurance pooling arrangement in which many special districts in Oregon participate. The risk of additional assessments to the Library District over premiums previously paid is presently deemed remote by District management.

**15. COMMITMENTS AND CONTINGENCIES**

The Library District is self-insured for unemployment claims purposes. Information related to maximum exposure of the District for all terminated employees at the end of the fiscal year is not available. Management believes there are no claims for the fiscal year.

Compensated absences are comprised of accumulated vacation leave and accumulated sick leave that has vested at the fiscal year end and are accrued in the government-wide financial statements.

During fiscal year, the Library District paid out one retirement package totaling \$9,296.24. This payment represents the payoff of the balance of accumulated vacation and sick leave through the retirement date.

*REQUIRED SUPPLEMENTARY INFORMATION*

BAKER COUNTY LIBRARY DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - MAJOR FUND  
GOVERNMENTAL FUNDS - GENERAL FUND  
For Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
<b>Taxes:</b>				
Current Year Taxes	\$ 869,817	\$ 862,000	\$ 854,669	\$ (7,131)
Prior Years' Taxes	40,000	40,000	37,594	(2,406)
Other Tax Revenues	3,500	3,500	3,046	(454)
<b>Total Taxes</b>	<b>913,317</b>	<b>905,500</b>	<b>895,309</b>	<b>(9,991)</b>
<b>Intergovernmental Revenues:</b>				
State Resource Sharing	6,000	6,564	6,564	0
<b>Fines and Fees:</b>				
Overdue fines and fees	16,000	18,000	17,666	(112)
Grant Revenues	0	0	0	0
Contributions	100	200	140	(60)
Other Revenues - Misc	100	580	688	108
Other Revenues - USAC E-Rate Program	5,000	5,500	4,469	(1,031)
Other Revenues - job training programs	100	0	0	0
Technology Manager - special contracts	3,100	1,500	1,510	10
Interest	6,000	9,500	9,695	195
<b>Total Revenues</b>	<b>951,717</b>	<b>947,344</b>	<b>936,463</b>	<b>(10,881)</b>
<b>EXPENDITURES</b>				
<b>Personal Services:</b>				
Library director	69,384	71,040	71,098	(58)
Administrative assistant	17,723	18,155	18,262	(107)
Bookmobile drivers	15,154	13,841	13,399	242
Branch supervisors and clerks	58,284	58,502	59,367	(865)
Business manager	20,321	20,592	20,746	(154)
Cataloging specialist	26,640	27,335	25,085	2,250
Children and youth librarian	23,734	24,156	24,239	(83)
Clerks - general	56,625	51,684	51,611	53
Collection management and branch lead	27,650	28,145	28,319	(174)
Facilities maintenance	9,102	9,180	9,168	12
Job Training Intern	2,076	0	0	0
Office manager and administrative asst	37,769	38,665	38,867	(182)
Periodicals manager	29,713	30,430	30,454	(24)
Shelving and volunteer manager	14,576	15,520	15,514	6
Technology manager - IT network and system admin	45,074	47,500	46,823	677
Technology manager - special contracts	2,100	1,300	0	1,300
Vacation substitutes	7,921	8,180	8,990	(810)
Severance retirement	0	9,300	9,296	4
PERS retirement program	68,812	48,440	48,341	(901)
Payroll taxes and insurance	38,583	39,405	39,208	197
Group health and life insurance	82,021	98,435	98,488	(53)
<b>Total Personal Services</b>	<b>663,262</b>	<b>659,605</b>	<b>658,275</b>	<b>1,330</b>
<b>Materials and Services:</b>				
Collection development (books and periodicals)	79,589	102,740	100,468	2,272
Library consortium - Sage membership and expenses	10,700	10,400	10,477	(77)
Facilities maintenance	23,800	32,925	28,793	6,132
Janitorial contract	11,000	9,500	9,460	40
Janitorial supplies	2,100	2,300	2,013	287
Equipment lease	3,500	5,200	2,668	2,532
Computer maintenance	17,500	17,750	18,935	815
Bookmobile operations	8,000	8,350	8,098	252
Insurance	13,500	13,915	13,888	27
Travel and training	3,000	2,800	2,997	(197)
Technician travel - special contract	1,000	1,100	862	238
Election	0	0	0	0
Professional fees - audit services	7,475	7,475	7,475	0
Bookkeeping supplies	600	840	835	5
Dues and subscription	1,700	1,550	1,578	(29)
Publication	1,000	1,250	1,215	35
Financial management fees	775	1,050	928	122
Legal administration	200	250	250	0
Public programs	2,000	1,500	808	892
Branch mileage	2,500	3,200	3,221	(21)
Library service supplies	14,000	14,500	14,153	347
Youth and childrens programs	3,500	4,500	3,443	1,057
Postage	1,700	1,800	1,476	324
Utilities	46,485	44,893	43,548	1,445
Telecommunications	14,625	12,043	12,288	(245)
<b>Total Materials and Services</b>	<b>270,449</b>	<b>301,931</b>	<b>285,878</b>	<b>18,053</b>
Debt Service Payments	1,000	10	0	10
Capital Outlay	100	10	24,500	(24,490)
Operating Contingency	225,000	205,000	0	205,000
<b>Total Expenditures</b>	<b>1,159,811</b>	<b>1,168,556</b>	<b>968,653</b>	<b>197,903</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(208,094)</b>	<b>(219,212)</b>	<b>(32,190)</b>	<b>187,022</b>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	3,000	15,027	15,027	0
Operating Transfers Out	(12,500)	(12,500)	(12,500)	0
Proceeds from Capital Financing	0	0	24,500	24,500
<b>Total Other Financing Uses</b>	<b>(9,500)</b>	<b>2,527</b>	<b>27,027</b>	<b>24,500</b>
<b>Revenues Over (Under) Expenditures and Other Financing Uses</b>	<b>(217,594)</b>	<b>(216,685)</b>	<b>(5,163)</b>	<b>211,522</b>
<b>Fund Balances, Beginning</b>	<b>217,594</b>	<b>216,685</b>	<b>163,287</b>	<b>(53,398)</b>
<b>Fund Balances, Ending</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 158,124</b>	<b>\$ 158,124</b>

The notes to the financial statements are an integral part of this statement.

BAKER COUNTY LIBRARY DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - MAJOR FUND  
GOVERNMENTAL FUNDS - OTHER USES FUNDS  
For Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
<b>Local Sources:</b>				
Grants	\$ 121,000	\$ 1,000	\$ 0	\$ (1,000)
Contributions	1,000	1,500	604	(896)
Other Revenues	3,000	3,500	4,931	1,431
Interest	350	350	687	337
<b>Total Revenues</b>	<u>125,350</u>	<u>6,350</u>	<u>6,222</u>	<u>(128)</u>
<b>EXPENDITURES:</b>				
<b>Personnel Services:</b>				
Grant - Sage Cataloger	41,000	0	0	0
<b>Materials and Services:</b>				
Memorial Department	98,231	83,623	2,576	81,047
Literacy Department	1,000	1,000	1	999
Technology Department	12,000	8,200	11	8,189
Severance Liability Department	58,000	40,000	26	39,974
<b>Capital Outlay:</b>				
Memorial Department	6,000	6,000	0	6,000
<b>Total Expenditures</b>	<u>216,231</u>	<u>138,823</u>	<u>2,614</u>	<u>136,209</u>
<b>Revenues Over (Under)     Expenditures</b>	<u>(90,881)</u>	<u>(132,473)</u>	<u>3,608</u>	<u>136,081</u>
<b>Other Financing Sources:</b>				
Operating Transfers In	12,500	12,500	12,500	0
Operating Transfers Out	(3,000)	(15,027)	(15,027)	0
<b>Total Other Financing Sources</b>	<u>9,500</u>	<u>(2,527)</u>	<u>(2,527)</u>	<u>0</u>
<b>Revenues and Other Financial Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>(81,381)</u>	<u>(135,000)</u>	<u>1,081</u>	<u>136,081</u>
<b>Fund Balances, Beginning</b>	<u>81,381</u>	<u>135,000</u>	<u>147,917</u>	<u>12,917</u>
<b>Fund Balances, Ending</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 148,998</u>	<u>\$ 148,998</u>

The notes to the financial statements are an integral part of this statement.

*OTHER SUPPLEMENTARY INFORMATION*

BAKER COUNTY LIBRARY DISTRICT  
 SCHEDULE OF PROPERTY TAX TRANSACTIONS  
 For Fiscal Year Ended June 30, 2014

Tax Year	Taxes Receivable June 30, 2013	Current Levy	Adjustments	Discounts Allowed	Taxes Collected	Taxes Receivable June 30, 2014
2013-14	\$ 0	\$ 912,628	\$ 2,173	(22,556)	\$ 857,942	\$ 34,303
2012-13	40,087	0	(558)	0	17,453	22,076
2011-12	24,702	0	(621)	0	8,645	15,435
2010-11	12,994	0	(908)	0	8,031	4,055
2009-10	4,232	0	(484)	0	3,225	523
2008-09	681	0	(169)	0	206	306
2007-08	169	0	(56)	0	10	103
All Prior Years	<u>828</u>	<u>0</u>	<u>(31)</u>	<u>0</u>	<u>24</u>	<u>773</u>
<b>Total</b>	<b>\$ <u>83,693</u></b>	<b>\$ <u>912,628</u></b>	<b>\$ <u>(654)</u></b>	<b>\$ <u>(22,556)</u></b>	<b>895,536</b>	<b>\$ <u>77,574</u></b>
				Interest Collections	8,289	
				<b>Total Collections</b>	<b>\$ <u>903,825</u></b>	

	General Fund
<b>Current Year Tax Collections:</b>	
Current General Levy	\$ 626,462
Current Local Option Levy	228,406
Other Taxes	3,046
Current Interest	527
<b>Total Current Year</b>	<b>\$ <u>858,441</u></b>
<b>Prior Years Tax Collections:</b>	
Prior General & Local Option Levy	\$ 37,594
Prior Interest	7,790
<b>Total Prior Years</b>	<b><u>45,384</u></b>
<b>Combined Totals</b>	<b>\$ <u>903,825</u></b>

AUDIT COMMENTS AND DISCLOSURES  
REQUIRED BY STATE REGULATIONS

**Independent Auditor's Report  
Required by Oregon State Regulations**

We have audited the basic financial statements of the Baker County Library District as of and for the year ended June 30, 2014, and have issued our report thereon dated December 31, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

**Compliance**

As part of obtaining reasonable assurance about whether the Baker County Library District financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements 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.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294.900).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).




In connection with our testing nothing came to our attention that caused us to believe the Baker County Library District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except capital expenditures exceeded budget by \$24,490 due to unexpected expenditures related to the street improvements that were completed in June 2014.

#### **OAR 162-10-0230 Internal Control**

In planning and performing our audit, we considered Baker County Library District internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Baker County Library District internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Baker County Library District internal control over financial reporting. We have included our comments on internal control in a separate letter to the board of Directors dated December 31, 2014.

This report is intended solely for the information and use of the board of directors/council members/commissioners and management of Baker County Library District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

  
Guyer & Associates  
Certified Public Accountants  
A Professional Corporation  
Baker City, Oregon

December 31, 2014