

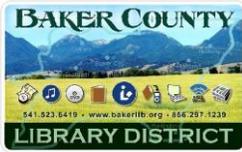
# Baker County Library District

Board of Directors

## Regular Meeting Minutes

Monday, Jan 12, 2015

<p><b>Call To Order</b></p>	<p>Gary Dielman, President <b>called the meeting to order at 6:00pm</b>. The meeting was held in the Archive Room at Baker County Public Library. Directors present were: Gary <b>Dielman</b>, Della <b>Steele</b>, and Nellie <b>Forrester</b>, with Betty <b>Palmer</b> arriving at 6:07pm. Others present were Perry <b>Stokes</b>, Library Director; Christine <b>Hawes</b>, Business Manager; and guest, Kent <b>Bailey</b>, District Auditor with Guyer &amp; Associates.</p>
<p><b>Agenda Approved</b></p>	<p>Dielman asked for additions or changes to the agenda. There were no changes.</p>
<p><b>Minutes Approved</b></p>	<p>Dielman asked for corrections to the minutes. There were none. <b>Forrester made a motion to approve both the Agenda and the December 8, 2014 Regular Meeting Minutes as presented; Steele seconded; motion passed unanimously</b> by three Directors present (Dielman, Steele, Forrester). Stokes asked how to approve the executive session minutes from December 8, 2014. Dielman suggested he send home copies with each Director to review. Each Director can either e-mail or call-in their approval. All agreed this was a good approach.</p>
<p><b>Conflicts or potential conflict of interest</b></p>	<p>Dielman asked if there were any potential conflicts of interest to be declared. There were none.</p>
<p><b>Open Forum</b></p>	<p>Dielman stated for the record that there were no members of public present other than our guest who is here to deliver the financial report.</p>
<p><b>Previous Business</b></p>	<p>Dielman noted that there was no previous business on the agenda to discuss.</p>
<p><b>Annual / Recurring Business: Audit Report for Fiscal Year 2013-14</b></p>	<p>Dielman welcomed Kent Bailey to review the audit report. Bailey passed out copies of the audited <b>Financial Report for the Fiscal Year Ended June 30, 2014</b> and a communication letter addressed to the Board of Directors. Bailey began by thanking BCLD for selecting his CPA firm as auditors. He said it was a pleasure to work with Stokes and Hawes during the audit, as usual. He noted various images of the library on the cover and interior of this year's financial report which he felt make the report look more professional and appealing. He thanked Hawes for adding those and the extra work on the report this year.</p> <p>Palmer arrived at 6:07 pm.</p> <p>Opening the report to the Page 2, Independent Auditor's Report, he read through the letter highlighting important statements. He said the Library District received a clean opinion with the last sentence noting there was one change in accounting method, which referred to removal of the Library Collection from fixed assets.</p>



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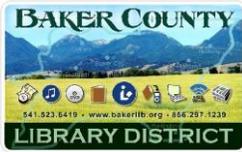
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Moving on to Page 10 in the **Basic Financial Statements** to the **Statement of Net Position**. He read the category totals and comparative numbers. Items of interest included removing the Library Collection under Capital Assets, a new Note Payable in Liabilities (City of Baker, street improvements), and a decline in the Unrestricted fund balance on the full accrual basis. Dielman asked if it would be benefit the District to pay off the note early. Bailey replied that the interest was so low that he wouldn't recommend it unless the District had a significant surplus of funds not needed for other priorities.

Turning the page to the **Statement of Activities**, Page 11, he read through totals and gave the previous year's numbers for comparison. The change in net assets, the amount that has be paid with taxes and other revenues, increased mostly due to a decrease in grants and contributions in the prior year. Total revenues were flat with a minor increase. The change in Net Assets is negative this year primarily due to depreciation exceeding asset additions. The District's **ending Net Position is \$2,092,749**.

On Page 12, **Governmental Funds Balance Sheet**, Bailey wanted to highlight one set of numbers, the General Fund – Unassigned Fund Balance near the bottom of the page. This year's **General Fund ending fund balance is \$158,124** as compared to last year \$163,287 is a small decrease of (\$5,163) on the modified accrual basis. He said these are the funds the district uses to operate on. These numbers are very close; the current year is very similar to last year, so funding is stable. On Page 14, Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balance, he read through total revenue numbers for all funds and the prior year totals. The decrease in revenues is due to two major items. Last year, a grant of \$15,000 was received and donations totaling \$64,991. The total expenditures under Library Services show an increase this year. The largest difference was the \$24,500 for the Resort Street Improvement Project that was expensed with the balance of that spread amongst other expenses. There was some objection to claiming the street expense as a Capital Outlay since that was an improvement of City property. Bailey explained the accounting requirement to the group for the street improvement. He said he doesn't necessarily agree with it, but it is the proper treatment for the expense.

On Page 16, this is the **Agency Fund** for Sage. This report shows the cash received of \$95,000 in June. Bailey said he has three options to present to the Board and the Sage User Council on how to report the Sage Fund in the future. Bailey said that government accounting allows the District a lot of flexibility in reporting on this matter. **Option 1) Agency Fund** – this means that those dollars aren't the district's money. The report shows condensed numbers for Assets and Liabilities



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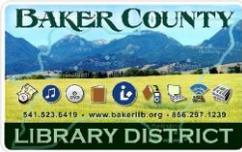
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(as displayed on page 16) as well as Revenue and Expenditures. The reporting is very brief and auditing the detail is not required.

**Option 2) Special Revenue Fund** – the report would give a very detailed (similar to page 30) breakdown of money received and spent. It does give more accountability and transparency. However, he doesn't recommend this option because it is combined with the governmental funds and would increase the District's net position.

**Option 3) Council of Governments** -- after reading through the Sage documents he realized that Sage already a structure in place to be considered a "Council of Governments" under Oregon statute. With this option, Sage would be an independent entity and separate financial reports would be issued. Sage would not be in BCLD financial statements. He gave an example of a County Council. The Library District can continue to act as contracted accountants and keep the books for Sage. Forrester asked what he recommended. Bailey replied that it depends on what the boards wish to see and what level of reporting is desired. An Agency Fund is the least expensive; it essentially requires only four numbers. He felt this makes most sense because Sage funds aren't the District's money but the option doesn't provide for much financial review. There was some discussion on the Council of Governments entity type. Bailey went on to say that his preference is an Agency Fund or a Council of Governments; the Special Revenue fund option would show up in BCLD financial reporting which would give a skewed picture of BCLD assets. He said Sage needs to consider how much detailed reporting its members want. If they are comfortable with the basic figures in the BCLD audit and get the financial reports they need, then this isn't a problem. Palmer looked up the Council of Governments on her smartphone and read the description to the group. Bailey said the district needs to discuss the options and make a decision by the end of this fiscal year. If the district were interested in the Council of Governments, then he recommended reporting Sage as an Agency Fund this year and registering Sage as a Council of Governments by July 1 2015.

Moving on to **Notes to the Basic Financial Statements**, Page 23, Bailey reviewed the changes in the Capital Assets (Note 5). The Library Collection was removed this year. Hawes did her own independent research and came to the conclusion that the books should not be capitalized. Bailey said he recently had a chance to talk to a specialist about this issue who was a presenter at an accounting conference. That person confirmed that since most books were well under the capitalization threshold they should not be capitalized. The increase in Buildings and Improvements includes the \$24,500 street improvements. Depreciation of \$80,127 exceeded the asset additions of \$32,513 contributing to the decrease in



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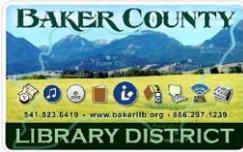
capital assets.

Turning to Page 25, **Long-Term Debit** (Note 9), he reviewed the terms of the note payable to the City for the street improvements. On the next page, Page 26 looking at Note 10, shows the change in the accounting method adjusting the beginning Net Position for the removal of the Library Collection.

As everyone turned to Page 28, Bailey said next the district will look at PERS and he will talk about the mandatory change coming next year. In the first paragraph, the report states that PERS cost the District \$47,463 this year, then \$47,991 and \$43,757 in the two previous fiscal years; about \$47,000 annually. Looking at the chart under in the middle of the page, the Unfunded Actuarial Liability column, the liability increased in 2011 from 2009 about \$144,000 primarily due to a bad stock market, and then it decreased in 2013 from 2011 about \$256,000 as the market improved. The stock market has shown an 8-9% return this year; it's been a good year. The change in the accounting standard (GASB 68) says that this PERS liability will now be booked on the government-wide full accrual statements (Page 10). This change will reduce BCLD fund balance by that amount, shown as a Pension Liability – Non-Current \$259,384. He added that he does not agree with this change but it is a mandatory accounting change. He gave an example of why this change happened, using the City of Chicago. He explained what happened there and the effect that had on the City unfunded liability; Chicago has a 35% funded ratio whereas the Library District has an 87% funded ratio. He went on to say that he dislikes it because booking a liability of \$516,000, then two years later \$259,000; a decrease of \$200,000 is a large fluctuation. These numbers are tied to the market and therefore less tied to reality. Some discussion ensued. Bailey said that a voluntary contribution can be made to pay down the liability but felt the District was in a solid position. PERS has issued reports bi-annually; they are now required to issue reports annually. This year the report is anticipated by September 30. Bailey said that he anticipates the District's liability to decrease this year by \$20,000; estimating 8% similar to the current market. The report is supposed to be issued early enough that Districts can include the liability in their financial reports.

On Page 32, the **Schedule of Property Tax Transactions**, he pointed out that this year's collections were good. The collections were 96.6% compared to last year at 95.6%; a slight increase. Of course, good collections means less future collections, the taxes receivable were \$77,574 this year compared to \$83,693 in the prior year.

And finally, looking at the Compliance Report on Page 33-34, there was one



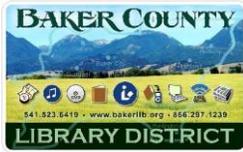
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	<p>compliance issue that had to be reported. The Resort Street Improvement Project was completed before June 30, so the district was required to book the \$24,500 as a Capital Outlay. The District’s approved budget for that category remained just a place taker figure of \$10, thereby creating an over expenditure. Other than that, there were no other issues to report.</p> <p>Bailey told the board his firm appreciates doing the audit. Since it looks extra nice, he had it scanned in color to send to the State.</p> <p>With no further questions, he left the meeting.</p>
<p><b>New Business: PRCF Community Service Agreement</b></p>	<p>Dielman opened the topic by saying that he had read through the Community Service Agreement and didn’t see anything to comment on. He added that the contract is made by the State so there isn’t much the district can change. It was asked if board member Rohner-Ingram had replied with any legal concerns to which Stokes replied he had not heard from her. Stokes said that the PRCF crew has been coming once a month for about a year. The facility has not requested bookmobile service be reinstated and it is not mentioned in the agreement.</p> <p><b>Palmer made a motion to authorize Perry Stokes, Library Director, to sign the contract titled Community Service Agreement between Powder River Correctional Facility and Baker County Library; Forrester seconded; motion passed unanimous.</b></p>
<p><b>Administrative Reports: Director’s Report</b></p>	<p>Stokes gave administrative reports. The Library operated smoothly through the holidays. He took a week off over Christmas to visit family and reduce his vacation accrual that is near the cap. Under <b>Facilities</b>, he reported that the Library received a <b>Leo Adler Grant of \$8,000</b> for the Richland Branch HVAC project. The State <b>Ready-to-Read Grant</b> was larger than expected; the district budgeted \$6,600 and received \$7,045. He received a resignation from volunteer photographer, Scott <b>Ungerecht</b>, who said he will be focusing on starting a ministry. Stokes has ordered spine label printers to use up grant funds previously received for that purpose. Technology Specialist, Jim White, is working on an upgrade to the District’s network <b>firewall</b>. He has been dissatisfied with the current vendor support and is exploring other options. Under Personnel, the district’s Hiring Committee selected Mr. John Brockman out of Anaheim, California for the <b>cataloging position</b>. He has property to sell before his family can move up here. The anticipated start date is the first week of April. It could be sooner if things go well. Also under Personnel, Stokes said that he granted Hawes’ recent request for additional hours and wage increase. Effective January 1, she will now be working 30 hours a week (25 hours paid by the District; 5 hours paid by Sage). When asked about the increase, Hawes replied that the hours are needed to keep up with the</p>



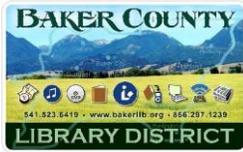
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	<p>increase in work load, both for Sage and the Library District in general. The 20 hours a week that she had historically worked is no longer adequate.</p>
<p><b>Business and Financial Report</b></p>	<p>Hawes passed out check packets for signatures. Referencing the financial report she had already handed out, the <b>General Fund received \$28,553.93</b> in tax turnovers in January and Oregon Trail Library District paid the delinquent Tech Visit billing of \$1,317.13. A check was written to the Friends to remit \$251.82 in visa sales for the book sale and book store collected October through mid-December. She said that the board is signing <b>56 checks for the General Fund totaling \$14,284.43</b>. Included in the checks is <b>Alpine Alarm</b> \$600 for annual alarm monitoring; <b>Black Distributing</b> \$99.97 for the bookmobile is considerably decreased due to the bookmobile being on winter break for 6 weeks; <b>Ed Staub</b> \$491.40 for Haines Branch heating fuel; <b>Payne West</b> \$1,090 for annual boiler insurance renewal; <b>Scott's Heating</b> \$100 for Baker Library system service call; <b>Secretary of State</b> \$250 the annual audit filing fee; <b>Value Line Publishing</b> \$1,000 for Investment reference materials; and the <b>Ingram</b> bill of \$337.34 was paid on January 2 with payroll to pay the bill through December 31 before staff went on vacation.</p> <p>In <b>Other Funds</b>, there were donations of \$440 in memory of Tom Vaughan (long time Unity resident) and \$100 cash donation to the Sumpter Branch. Checks were writing for commissions totaling \$77.66 and postage to ship Amazon book sales of \$73.03 along with one check to Ryder Brothers \$23.50 for an endorsement stamp for this checking account. Stokes pointed out that Amazon revenues are \$1,843 to date, which is about the same as what the Friends net from the Miners' Jubilee book sale. So, the book budget continues to benefit from the online sales program. A transfer of \$4,000 is budgeted to the General Fund to the book budget; last year that was \$5,000.</p> <p>The Sage Fund wrote 10 checks. The notable checks include CatExpress \$1,074.29, OCLC \$1,294.70, and reimbursement to the Hood River Library for monthly contract services \$4,550.06.</p> <p>Hawes wanted to review some numbers of interest. Fund cash balances are: General Fund \$550,542.98; Other Funds \$155,792.79; and Sage Fund \$197,483.58. Referencing a separate report on Memorial Funds, Hawes has tied out designated funds being held in this fund for specific reasons. Fund account receivables are: General Fund \$198.99 an expense reimbursement due from the Friends (a new pre-lit tree for the lobby \$99.99 and a Nook for the book sale raffle \$99); Other Funds \$400 due from Phillip Charette (the latest payment of \$100 was received in December); Sage Fund \$4,780 due for memberships from 7 libraries (Longwell will</p>



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	<p>be following up with those unpaid).</p> <p>Checks were signed and returned to Hawes; the Approved Bills Lists were initialed.</p> <p>In other business news, a policy update project is in progress. She and Stokes have been working on updating the District's policies on the website. Nearly all of the policies available on the Library website (<a href="http://www.bakerlib.org">www.bakerlib.org</a>) are current. The one exception is the Internet &amp; Computer Use Policy that will be added soon and complete the project. A complete set of originals will be kept on file. There will be one hard copy manual available at the Main Branch front desk as soon as the last policy has been added. Quarterly payroll reports have been started; she hopes to have annual W-2's out the end of next week. Posting requirements were reviewed last week. A new set of posters were sent to the branches and a new set posted in the Baker Library staff lounge. There were a few posters that changed this year. The Oregon Department of Revenue now requires submitting W-2's on their website; they requested the district file calendar year 2013 with them, which was completed. Downloading the reports in their system was convoluted, so the manual option was utilized to comply with their request. That is now an annual filing requirement.</p> <p>Dielman asked about the Value Line check of \$1,000. Stokes said those are reference materials for investors the Library makes available to patrons. They get regular use at the library and on occasion are lent out on special loan to a local investment club. With no further questions, the business report concluded.</p>
<b>Next Meeting Date</b>	The next regular meeting will be February 9, 2015 at 6:00pm.
<b>Adjourn</b>	<p>The meeting was adjourned at 7:17pm.</p> <p>Respectfully submitted,</p> <p>Perry Stokes, Secretary to the Board</p> <p>PS/ch</p>