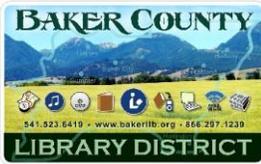


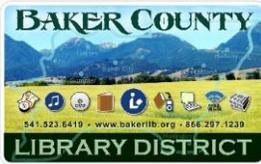
Baker County Library District  
Board of Directors  
**Regular Meeting Minutes**  
Monday, Feb 13, 2017

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| <p><b>Call To Order</b></p>                                | <p>Gary Dielman, President called the meeting to order at 6:05 pm. The meeting was held in the Riverside Meeting Room. Present at the meeting were Gary <b>Dielman</b>, Della <b>Steele</b>, Kyra <b>Rohner-Ingram</b>, Nellie <b>Forrester</b>, and Betty <b>Palmer</b>, <b>Directors</b>; Perry <b>Stokes</b>, Library Director and Christine <b>Hawes</b>, Business Manager. And Guest Kent Bailey from Guyer &amp; Associates to deliver the audit.</p>                                                                                                                                                                                                                                                            |
| <p><b>Consent Agenda</b></p>                               | <p>Dielman asked if there were any changes to items in the consent agenda including tonight’s agenda and minutes from two prior meetings. There were no changes to the agenda. Director’s read through the minutes.</p> <p><b>Rohner-Ingram moved</b> to approve the Agenda and Regular Meeting Minutes for November 14, 2016 as she was not at the December meeting; <b>Forrester seconded</b>.</p> <p><b>Dielman moved</b> to approve the Meeting Minutes for December 12, 2016; <b>Forrester seconded</b>. Following a short discussion, Dielman called for the vote for both motions; <b>Both motions passed unanimously</b>.</p>                                                                                  |
| <p><b>Conflicts or Potential Conflicts of Interest</b></p> | <p>Rohner-Ingram stated that she felt she had a potential conflict with the video security records policy that would be discussed later on the agenda. As an attorney who on occasion needs this kind of evidence, she feels she has an interest in the policy. The group agreed that she has stated her potential conflict and can participate in discussion but may opt out of voting on the policy.</p>                                                                                                                                                                                                                                                                                                             |
| <p><b>Open Forum for general public</b></p>                | <p>Dielman stated for the record that there were no members of the public present for the comment period. Kent Bailey, representing the CPA firm contracted to perform the district’s financial audit, is present for that Agenda item.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <p><b>REPORTS: Director</b></p>                            | <p>Stokes said that he is going to give highlights of the written notes attached to the agenda in the board packets. In 2017, <b>three Directors will be up for re-election in May</b> including Della Steele, Betty Palmer and Kyra Rohner-Ingram. Their terms will expire in June. <b>The Friends had a successful Winter Book Sale</b> (held 1/27-2/4/17) that raised about \$1,200. <b>The Foundation elected officers</b> at a meeting last week. Aletha Bonebrake is President. Damien Yervasi is Vice-President. The Foundation is planning to do fundraising soon to bring the Dolly Parton Imagination program to Baker.</p> <p>Stokes has <b>submitted an insurance claim with Special Districts</b> for</p> |



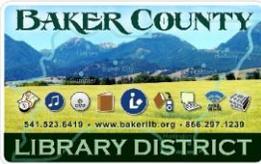
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|                       | <p>damage to the building on the main library due to the heavy snow and ice buildup this winter. The roof has had several leaks on the building interior in addition to significant exterior damage to eaves and soffits.</p> <p>Stokes reported the <b>hiring of two part-time people that will both have a short weekly shift and be trained as substitute Bookmobile staff.</b> He was pleased about the high quality of applicants but that does make it harder to have to turn down strong candidates.</p> <p>Library Technology Manager, Jim White, was on the front page of the paper featuring his latest creation, an <b>Augmented Reality Sandbox</b> that will eventually be on exhibit in the Library. It will be the hallmark of this year's summer reading program. It can also be a tool for science education such as geography, water cycles and watershed systems. White has also reported that since the <b>final phase of Network System upgrade that took place on 12/26/2016</b> when the library was closed there has been a ten-fold increase in network capacity.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <p><b>Finance</b></p> | <p>Hawes passed out check packets for signatures and gave a brief financial report. <b>General Fund</b> received tax turnovers of \$31,767 in February and \$82,566 in January. The District has collected 93.3% of budgeted current tax revenues to-date. Checks written include \$165.77 to The Friends to remit net visa sales from the January Winter Book Sale. The book budget includes \$5,487.04 to Ingram and the Visa includes Abebooks book purchases of \$380.46, Amazon book purchases of \$119.62 and Amazon DVD movie purchases of \$1,789.02. Building Maintenance snow removal has been summarized by branch in the margin. You will note that the building expenses are over budget due to the LED Lighting project net cost of \$26,822 (the total project cost in November 2016 was \$48,865 less the OTECC rebate received 12/27/2016 of \$22,044). Also included in branch building expenses on Visa were 2 vacuums at \$284.99 each (Halfway and Huntington branches). The bookmobile repairs are tonight's highlight with the recent repairs by Mike Bork Auto Repair of \$652.15 in February and \$674.90 in January. The repair invoices were read to the group including those in prior months for the fiscal year. A check to Guyer &amp; Associates for audit services of \$8,140 plus \$25 bank confirm fees are included in the Auditor budget line. Under Programs, The Friends reimbursed the District for solar eclipse viewers of \$915 and comic books \$300 for upcoming programs which were posted to this line to offset the expenses. In Youth Programs, the Sandbox project cost to-date is \$1,587.</p> <p>In Insurance expenses, the Special Districts annual general liability</p> |



**Baker County Library District**  
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|-------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                     | <p>insurance of \$16,218 was paid on 02/01/2017 and tonight a check to CNA Surety Company for \$350 for annual officer bonds (for Stokes and Hawes). Hawes requested a quote for additional insurance for earthquake coverage and equipment breakdown Stokes had requested. Stokes told the board that he did hear back on the quote: Earthquake coverage would cost \$3,150 annually and Equipment Breakdown would cost \$1,600 for a cumulative total of \$4,750 annual. He will have this on a future meeting agenda as part of budget discussions. Stokes noted that fines and fees revenues are coming in a regular pace despite a recent discovery that the software had reverted to an old rate. Late fines for adult accounts should accrue at 20 cents a day but the system was charging only 10 cents a day; he assumes this happened with the recent system update in January. The problem has been corrected. However, items checked out prior to the correction will continue to have the reduced rate assessed.</p> <p><b>Other Funds</b> received its final E-Rate reimbursement of \$5,925.60 for the Technology Internet Network update that has been completed. Amazon book sale revenues for the past three months were \$871.72 in January, \$605.21 in December, and \$541.85 in November; revenues have averaged \$548 a month in sales for the current fiscal-year-to-date. These funds support the book budget. Budgeted transfers of \$11,000 were received on \$02/09/2017 from the General fund (Severance \$10,000 and Tech Dept \$1,000). Expenses included Amazon sales commissions totaling \$234.01 and Visa \$142.79 postage to mail books sold. A check was written to The Friends for \$150 to transfer undesignated donations received this past year. Total cash in this fund is \$165,180; with Technology Dept recently restored to a positive balance with the refunds and transfer received of \$1,892.47.</p> <p><b>Sage Fund</b> has an accounts receivable of \$1,580.13 for CatExpress Reimbursement invoices recently sent out. Expenses include courier expenses totaling \$2,481.48 this month and Visa supplies for courier labels \$316.25 and computer repair \$71.99. A check was written to Library Technology for annual record processing of \$2,224.30 (last year \$2,500). And finally, a check for the monthly tech contract \$4,673.44 reimbursed to the Hood River Library District.</p> <p>Checks and approval lists were signed.</p> |
| <p><b>New Business:</b><br/> <b>District Audit</b><br/> <b>Delivery FY15-16</b></p> | <p>Kent Bailey, Guyer &amp; Associates, thanked the board for choosing them to do the audit. He thanked Christine Hawes for her professionalism working with them. Beginning with the Independent Auditor’s Report on page 20,</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |



# Baker County Library District

Board of Directors

## Regular Meeting Minutes

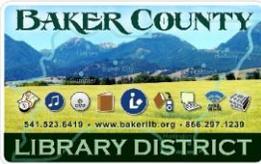
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Bailey read the first two paragraphs, commenting that management (Hawes) is responsible for the preparation of the financial reports, and the auditors are responsible to obtain reasonable assurance that the financial statements are free from material misstatement. He continued on to read the final Opinion paragraph stating that the Library District has a clean report.

Management's Discussion and Analysis, page 4, reading highlights from the first 2 paragraphs. The District's net position is \$1.6 million which decreased by \$294,784 over the prior year. That decrease is primarily due to a change in the PERS liability. The asset we reported last fiscal year reversed to a liability this fiscal year as he predicted it would. However, on an operating basis the District had a net income of \$18,984, which is the amount that we are concerned with tonight. The ending fund balance on the modified accrual basis was \$368,622. On page 9 of the MD&A, highlighting the second paragraph, he read through the current PERS rates and the significant increase in rates for the coming fiscal year, anticipated to cost the district \$19,000, a 32% increase. PERS has adjusted the rates to pay the liability over 16 years; we won't see a change in rates until the liability is paid.

Moving to the statements prepared by the Auditing firm, pages 10 and 11. The Statement of Net Position shows a small increase in current assets of \$1,596. The pension asset from last fiscal year became a pension liability this fiscal year, a swing of \$472,000 in liability. Capital assets decreased due to depreciation. Current liabilities decreased by \$21,000 which is a good change. The bottom line shows the current net position of \$1,688,901. He pointed out that the unrestricted funds reported in the Net Position portion, is still a positive number even with the PERS liability. For other audits he has delivered this is not always the case. He felt that was positive note for the District. Looking at the Statement of Activities, the change in Net Assets column shows library net expenses of \$1,300,447, which includes the net pension expense, compared to the prior year number of \$826,805. The increase of \$473,642 in net expense is primarily due to the increase in the PERS liability of \$472,000. General Revenues increased \$44,136. The Change in Net Assets decreased by \$294,784.

The statements prepared by the District, looking at the Balance Sheet on page 12, shows what district operations really did. Total Assets increased by \$1,596. Liabilities and deferred inflows decreased by \$17,000 which was good. Fund Balance increased by \$18,984. Notice that the General



# Baker County Library District

Board of Directors

## Regular Meeting Minutes

Monday, Feb 13, 2017

fund unassigned fund balance of \$216,851 increased by \$42,766 over the prior fiscal year. Governmental Funds on page 14, the total governmental funds column shows a net increase of \$18,984. Total Revenues increased over the prior fiscal year by \$77,379. Total Expenditures also increased primarily due to volume of grant activity. On page 16, Sage Fund Assets of \$174,800 increased by \$4,580 over the prior fiscal year. Highlights in the footnotes, starting on page 21 looking at Note 2 Cash and Investments, Governmental Funds total cash and investments is \$386,956 while the Sage Fund total cash is \$148,803. Note 9 Long Term Debt on page 24, the District has debit of \$21,217 for the street improvements.

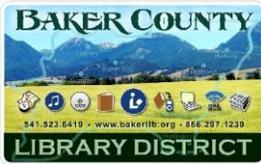
Bailey directed attention to the footnotes on Page 28 in Note 11 Pensions. In the table showing assumptions, PERS assumes an investment rate of return of 7.75%. This means that PERS projects their investments to increase 7.75% annually. He looked at the stock market for the last three years; it has averaged a return on investment (ROI) of 9.01% over the last three years. Bailey feels that PERS is using a reasonable estimate. The Discount Rate Sensitivity, at the bottom of the page, the current rate of 7.75% is used to project the liability of \$342,879. If the rate is actually one percent lower, or 6.75%, then our liability will double. If they have not earned what they thought, then the rates will go up again. If the rate is actually 1% better, or 8.75% which he feels is possible, then we would have an asset of \$65,501 rather than a liability. The investment return affects the liability over the next 30 years and the anticipated retirements. The pay back is estimated with the rate adjusted over 16 years. He explained in more detail why he believes the numbers are reasonable. On the next page, states the District recognized pension expense of \$264,586.

The compliance report on page 35, Bailey ready through the legal compliance requirements they look at. There were a couple over expenditures that are reported, but these are minor compared to most he sees. They did not find any compliance issues to report.

Bailey said that Guyer & Associates are pleased to have Linda Cyr (who worked on our audit) on their team. She worked at a large CPA firm in Portland for 10 years and is highly qualified.

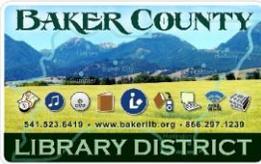
Palmer thanked Bailey for the through explanation he gave.

Bailey passed out the Management Letter. He said there is nothing to report. He is legally required to make a report to the board.



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 Board of Directors  
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|                                            | <p>The board thanked Bailey for presenting the audit. Bailey left the meeting.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <p><b>2017 Holiday Closure</b></p>         | <p>Stokes told the board that Special Districts Best Practices recommends we prepare a holiday closure schedule annually. The group reviewed the schedule. There were no recommended changes. <b>Rohner-Ingram made a motion to approve the 2017 Holiday Closure Schedule as presented; Forrester passed; motion passed unanimous.</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <p><b>Video Security Policy Update</b></p> | <p>Stokes is proposing significant changes to the Video Security &amp; Records Policy. The policy needs to be updated for current preferred practices, to better improve the organization of policy elements, to simply the purpose, address audio recording, clarify usage to assist law enforcement investigations, address public inquiries, establish a liability disclaimer and provide appeal/review procedures.</p> <p>Rohner-Ingram again wanted to state for the record that as an attorney she feels she has a general interest in the policy. The group discussed the extent of her interest and determined that it was not a potential conflict of interest. She does not have a pecuniary interest. The consensus was she could participate in the policy setting actions.</p> <p>The policy was read through in its entirety and the changes reviewed. Stokes described regular uses of video records. The most common occasion of video footage are to keep an eye on areas prone to disruptive or hazardous behavior such as the young adult and children’s computer labs. Recordings have been valuable for accident investigation and documentation of criminal incidents such as assault, harassment, theft, trespassing, and criminal mischief.</p> <p>Rohner-Ingram asked about video storage, the policy refers to 30 days. Stokes said the main library has 30 days storage capacity, but branch DVR units are smaller and may have only about 7 days. The policy was revised to say “up to 30 days” to avoid being held liable for footage it is not able to preserve. Rohner-Ingram recommended signage stating that there are video cameras on site; people should know they are being recorded. Stokes reported that signage is up at one of the entrances and agreed that additional signage is needed.</p> <p>Forrester asked who can request information. Stokes said access is reserved for law enforcement investigations. The board discussed the</p> |



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 Board of Directors  
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|                                 | <p>potential for a citizen to have a legitimate need to request and access the information. Forrester recommending keeping access restricted in the interest of library user privacy. It was agreed that access should be restricted in general but that the Library Director has discretion to provide special access for circumstances such as citizens representing themselves in legal cases. Dielman was concerned that the phrase “criminal investigations” was too broad. Rohner-Ingram recommended a verbiage change to allow records to be given to an attorney or investigator so that we are assisting both sides rather than just law enforcement. A defense attorney could also use the same evidence. Revisions were agreed upon. Stokes made notes of the recommended revisions.</p> <p>Dielman asked for any further comments, there were none.</p> <p><b>Rohner-Ingram made a motion to approve the Video Security &amp; Records Policy as revised and amended; Forrester seconded; the motion passed unanimously.</b></p> |
| <p><b>Next Meeting Date</b></p> | <p>The next Board meeting will be March 13, 2017 at 6:00pm.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <p><b>Adjourn</b></p>           | <p>The meeting was adjourned at 7:30 pm.</p> <p>Respectfully submitted,</p> <p>Perry Stokes,<br/>Secretary to the Board</p> <p>PS/ch</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |