Baker County Library District
Baker City, Oregon

Financial Statements
As of and for the year ended
June 30, 2018
# BAKER COUNTY LIBRARY DISTRICT
## TABLE OF CONTENTS
For the Fiscal Year Ended June 30, 2018

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elected Board of Directors</td>
<td>1</td>
</tr>
<tr>
<td>Independent Auditor’s Report</td>
<td>2-3</td>
</tr>
<tr>
<td>Management’s Discussion and Analysis</td>
<td>4-9</td>
</tr>
</tbody>
</table>

## BASIC FINANCIAL STATEMENTS

**Government-wide Financial Statements:**
- Statement of Net Position: 10
- Statement of Activities: 11

**Fund Financial Statements:**
- Governmental Funds:
  - Balance Sheet: 12
  - Reconciliation of the Balance Sheet - Governmental Funds 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 - Governmental Funds to the Statement of Activities: 15
- Agency Fund:
  - Statement of Fiduciary Net Position: 16

**Notes to the Financial Statements**
- Note 1 – Summary of Significant Accounting Policies: 17-21
- Note 2 – Cash and Investments: 22
- Note 3 – Receivables: 22
- Note 4 – Prepaid Expenses: 22
- Note 5 – Capital Assets: 23-24
- Note 6 – Operating Lease: 24
- Note 7 – Short-Term Debt: 24
- Note 8 – Long-Term Debt: 25
- Note 9 – Interfund Transfers: 25
- Note 10 – State Constitutional Property Tax Limit: 26
- Note 11 – Risk Management: 26
- Note 12 – Commitments and Contingencies: 26
- Note 13 – Pension Plan and Other Post Employment Benefits: 27-32
REQUIRED SUPPLEMENTARY INFORMATION

Governmental Individual Fund Schedules:
   Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Major Funds
   General Fund 33
   Special Revenue Funds – Other Uses Fund 34

Oregon Public Retirement System Schedules:
   Schedule of the Proportionate Share of the Net Pension Liability 35
   Schedule of Contributions 35

OTHER SUPPLEMENTARY INFORMATION

   Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Agency Fund 36
   Schedule of Property Tax Transactions 37

AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS:

   Independent Auditor’s Report Required by Oregon State Regulations 38-39
## List of Elected Board of Directors

For Fiscal Year Ended June 30, 2018

<table>
<thead>
<tr>
<th>Board of Directors</th>
<th>Term Expiration</th>
</tr>
</thead>
<tbody>
<tr>
<td>President Gary Dielman</td>
<td>June 30, 2019</td>
</tr>
<tr>
<td>Baker City, Oregon</td>
<td></td>
</tr>
<tr>
<td>Director Nellie Forrester</td>
<td>June 30, 2019</td>
</tr>
<tr>
<td>Halfway, Oregon</td>
<td></td>
</tr>
<tr>
<td>Director Betty Palmer</td>
<td>June 30, 2021</td>
</tr>
<tr>
<td>Baker City, Oregon</td>
<td></td>
</tr>
<tr>
<td>Director Della Steele</td>
<td>June 30, 2021</td>
</tr>
<tr>
<td>North Powder, Oregon</td>
<td></td>
</tr>
<tr>
<td>Director Kyra Rohner-Ingram</td>
<td>June 30, 2021</td>
</tr>
<tr>
<td>Baker City, Oregon</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Budget Committee</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Member Aletha Bonebrake</td>
<td>Appointed</td>
</tr>
<tr>
<td>Baker City, Oregon</td>
<td></td>
</tr>
<tr>
<td>Member Linda Collier</td>
<td>Appointed</td>
</tr>
<tr>
<td>Halfway, Oregon</td>
<td></td>
</tr>
<tr>
<td>Member Bob Savage</td>
<td>Appointed</td>
</tr>
<tr>
<td>Baker City, Oregon</td>
<td></td>
</tr>
<tr>
<td>Member Joy LeaMaster</td>
<td>Appointed</td>
</tr>
<tr>
<td>Baker City, Oregon</td>
<td></td>
</tr>
<tr>
<td>Member Anne Mehaffy</td>
<td>Appointed</td>
</tr>
<tr>
<td>Baker City, Oregon</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>District Administration</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Library Director and Budget Officer Perry Stokes</td>
<td>Appointed</td>
</tr>
<tr>
<td>Baker City, Oregon</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Registered Agent</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>District Attorney Matt Shirtcliff</td>
<td>Appointed</td>
</tr>
<tr>
<td>Baker City, Oregon</td>
<td></td>
</tr>
</tbody>
</table>
December 4, 2018

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, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

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 opinions 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Baker County Library District, as of June 30, 2018, 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.
To the Board of Directors  
Baker County Library District  

Other Matters  

Required Supplementary Information  

Accounting principles generally accepted in the United State of America require that the management’s discussion and analysis on pages 4-9 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 management’s discussion and analysis 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 and schedules of pension disclosures presented as Required Supplementary Information on pages 33-35, 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 4, 2018 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.

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

La Grande Office
541-963-6009
541-963-5589 fax
View from the reading room looking out over the Adler Pathway

MANAGEMENT’S DISCUSSION AND ANALYSIS

2 New books coming in monthly

3 Historic photo collection on display

1 Oregon history room hosts a recently restored Persian rug
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, 2018. 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 $1,469,419 (net position). The Library District's total net position decreased by ($145,057) over the prior fiscal year. The decrease primarily consisted of an increase in pension liability adjustments as supplied by PERS related to the GASB 68 required reporting. Combined current assets and capital assets increased $1,968. The total current assets decreased by ($30,984) over the prior fiscal year. While cash decreased ($29,973), other current assets decreased slightly by ($1,011) which consisted of an increase in property taxes $3,789, an increase in other receivables $1,103 and a decrease in prepaid expenses ($5,903). The total capital assets increased $1,968, the net of depreciation expense of ($81,212) and asset additions totaling $83,180. Building & Improvements decreased ($29,599) due to depreciation expense exceeding additions. The main branch made repairs to its soffit and gutter system of $41,571. Furniture, fixtures and equipment increased $17,567 with additions exceeding depreciation. The main branch remodeled its teen room utilizing Adler Grant funds. It also replaced trash can covers with metal painted units with support from the Friends of the Baker Library. Security equipment was upgraded at the main branch and four satellite branches. Vehicles remained unchanged. There is a new category for Art & Historic Treasures that will not be depreciated. A few items totaling $5,430 were moved from other categories and additions of $8,570 were added to this new category.

At the close of the current fiscal year, the Baker County Library District’s governmental funds reported combined ending fund balance (modified accrual) of $328,549. The Special Revenue – Other Uses Funds balance of $131,428 represents funds that are restricted, committed and assigned either by outside parties or management. The General Fund balance of $197,121 represents funds that are unassigned which is the amount that assets exceed liabilities. The combined ending fund balance at the end of the previous fiscal year was $380,846.

The General Fund contains the only funds available for discretionary spending, with a current balance of $197,121 in unassigned fund balance. This unassigned fund balance shows a decrease of $22,416 in the ending fund balance in the General Fund over the previous fiscal year, which was $219,537 on the modified accrual basis. Combining assets in cash of $262,434, property taxes receivable of $77,130, prepaid expenses $29,552, and other current assets of $4,798 with liabilities of $176,790, the General Fund ending fund balance is $197,121. This represents a decrease in assets of ($1,092) and an increase in liabilities of $21,324 over the prior fiscal year. The decrease in assets is primarily due to a decrease in prepaid payroll of ($5,903) offset by an increase in payroll taxes receivable of $3,789. The increase in liabilities was primarily due to a large increase in wages payable for a retirement severance payout. The decrease in accounts payable of ($4,638) over the prior fiscal year was offset by the increase in wages payable $18,358 and a corresponding increase in payroll taxes $2,921.
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 required and 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 pension information on the full accrual basis in accordance with Governmental Accounting Standards Board Statements (GASB) No 68.

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 $1,155,875 in revenues. Revenues from property taxes of $1,039,757 represent 90% of total District revenues. The charges for services of $19,736 (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. Grants, contributions, interest and miscellaneous revenues for the year totaled $64,819 (5% of revenues) and one-time insurance proceeds $31,563 (3% of revenues).

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.

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 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 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.

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 and compare the budget with actual expenditures.

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 $1,469,419 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, art, buildings, vehicles, and equipment). 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 unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors. Net position shows a negative balance of ($177,156) for unrestricted net assets and a positive balance of $10,615 for restricted net assets.
Baker County Library District
Management’s Discussion and Analysis, Continued

<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year 2017-2018</th>
<th>Fiscal Year 2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>$505,366</td>
<td>$536,350</td>
</tr>
<tr>
<td>Capital assets</td>
<td>1,654,098</td>
<td>1,652,130</td>
</tr>
<tr>
<td>Deferred outflows, pensions</td>
<td>398,110</td>
<td>425,520</td>
</tr>
<tr>
<td>Total assets and deferred outflows</td>
<td>2,557,574</td>
<td>2,614,000</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>159,242</td>
<td>153,041</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>866,334</td>
<td>767,274</td>
</tr>
<tr>
<td>Long-term liabilities</td>
<td>16,631</td>
<td>17,832</td>
</tr>
<tr>
<td>Deferred inflows, pensions</td>
<td>45,948</td>
<td>61,377</td>
</tr>
<tr>
<td>Total liabilities and deferred inflow</td>
<td>1,088,155</td>
<td>999,524</td>
</tr>
<tr>
<td>Net Investment in capital assets</td>
<td>1,635,960</td>
<td>1,652,130</td>
</tr>
<tr>
<td>Restricted</td>
<td>10,615</td>
<td>24,824</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>(177,156)</td>
<td>(62,478)</td>
</tr>
<tr>
<td>Total net position</td>
<td>$1,469,419</td>
<td>$1,614,476</td>
</tr>
</tbody>
</table>

The District's current fiscal year net position decreased by ($145,057) over the prior fiscal year. The decrease was primarily due to liability adjustments for GASB 68 required reporting. There was a decrease in the ending current assets and an increase in current liabilities. The largest contributing factor to the increase in total liabilities and the decrease in total net position was the large increase in net pension liability. The change in net position is reported on page 11.

The District’s Library Service expenses for Fiscal Year 2017-2018 increased to $1,300,332 compared to $1,190,185 for Fiscal Year 2016-2017, an increase of $110,747. The majority of this increase is attributed to changes in pension expense recorded for this fiscal year.

In Fiscal Year 2017-2018, the District reported a decrease in Operating Grants, Reimbursements, and Contributions, reporting $32,702 compared to $58,756 in the prior Fiscal Year 2016-2017.

Property tax revenues increased in Fiscal Year 2017-2018, with the District reporting $1,039,757 compared to $992,671 in the prior Fiscal Year 2016-2017 due to increases in the current levy.

**Governmental funds.** Governmental funds combined fund balance decreased by ($52,297). The fund balance of the General Fund decreased by ($22,416) while the Other Uses Funds decreased by ($29,881). 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 combined unassigned fund balance of $197,121 in the General Fund at fiscal year-end.

The Special Revenue - Other Uses Fund comprises all other activities of the District. This 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 was held separately for repaying the bond from special tax levies, has been closed since the District currently does not have bonded debt.
### Summary of Revenues, Expenditures and Changes in Fund Balance for General Fund

<table>
<thead>
<tr>
<th></th>
<th>For the Year Ended June 30, 2018</th>
<th>FYE 6/30/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Variance (Unfavorable)</td>
<td>Budget</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$ (5,951)</td>
<td>$ 1,104,320</td>
</tr>
<tr>
<td><strong>Expenditures:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Services</td>
<td>12,479</td>
<td>784,462</td>
</tr>
<tr>
<td>Materials &amp; Services</td>
<td>(9,300)</td>
<td>388,065</td>
</tr>
<tr>
<td>Debt Service</td>
<td>-</td>
<td>2,000</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Contingency</td>
<td>242,849</td>
<td>242,849</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>247,028</td>
<td>1,418,376</td>
</tr>
<tr>
<td><strong>Revenues Over (Under) Expenditures</strong></td>
<td>241,077</td>
<td>(314,056)</td>
</tr>
<tr>
<td><strong>Other Financing Sources (Uses)</strong></td>
<td>(1,037)</td>
<td>51,600</td>
</tr>
<tr>
<td><strong>Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</strong></td>
<td>240,040</td>
<td>(262,456)</td>
</tr>
<tr>
<td><strong>Fund Balances, Beginning</strong></td>
<td>(42,919)</td>
<td>262,456</td>
</tr>
<tr>
<td><strong>Fund Balances, Ending</strong></td>
<td>197,121</td>
<td>-</td>
</tr>
</tbody>
</table>

#### Economic Factors and Next Year's Budget.

The Library District has a permanent tax rate of 0.5334 plus a local option tax rate of 0.249 which was renewed in May 2016, effective July 1, 2017 through June 30, 2021. The District loses 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 uncollectible. The local option levy that voters approved was for operating funds to continue library services at the current service level.

The total budget for operations decreased 3.4% in the next Fiscal Year 2018-2019 to $1,379,641 compared to Fiscal Year 2017-2018 of $1,428,376 (including adopted changes). The Board of Director’s minimum contingency reserve target number of $200,000 continues to be preserved in the current budget.

In the Fiscal Year 2018-2019 budget, Personal Services decreased 1.3% over Fiscal Year 2017-2018. Public service levels continue to be maintained. The District continued with the same insurance carrier through Special Districts Insurance Services and rates have remained stable compared with the prior fiscal year. Though pension costs were the largest cost increase last fiscal year those will remain flat for the upcoming fiscal year. Materials & Services decreased 6.3% over the prior fiscal year. Total Revenues will decrease by 3.4% while Tax Revenues are anticipated to increase 3.0% and Other Financing Sources will decrease significantly (discussed below). Cash at the beginning of the fiscal year remains stable and consistent with the prior year original budget.
The pension costs will remain relatively stable in Fiscal Year 2018-2019 due to the fact that rates set biannually. The PERS rates are projected to significantly increase again over 5% in Fiscal Year 2019-2020, which is anticipated to cost the District over $26,000. The Oregon PERS Tier 1/Tier 2 and OPSRP General Service contribution rates for Fiscal Year 2018-2019 are 21.12% and 13.96%, respectively. The “Advisory 2019-2021 Employer Rates” effective July 1, 2019 are projected at 26.46% and 19.11%, respectfully, reported on the PERS website.

**Current Year Budget.** The Fiscal Year 2017-18 operating budget increased overall by 6.57% over the prior Fiscal Year 2016-2017. Total Revenues increased 6.5% with an increase in tax revenues budgeted at 14%, insurance proceeds from a building damage claim and a small increase in cash carryover from the prior fiscal year that was offset by a decrease in grant revenues. Personal services increased 8.0% primarily due to over a $20,000 increase in pension costs and a severance payout also over $20,000. Materials & Services increased significantly at 21.3% over last fiscal year. Amendments to the original budget included accommodating a retiring employee and the building damage claim along with offsetting insurance proceeds and transfers. The District increased the facility maintenance line by over $60,000 to accommodate needed building repairs due to an unusually harsh winter. The roof and soffit structures were damaged requiring significant repairs for which the District received $29,749 of insurance proceeds. The book budget was originally set at 8.4% of the original budget ($90,000). However, with the increased facility budget and a small decrease in the book budget, the overall percentage decreased to 6.2% of the final budget ($88,650). The District strives to increase the book budget to meet the industry standard of 10-15% of budget, although in most recent years it has achieved up to 9%. Even with budget constraints, the book budget has supported updating and improving two to three genres each fiscal year. Most recently, the teen and children’s collections have been the refresh project focus. The teen room furnishings were updated using Leo Adler Foundation grant funds and the book collections significantly expanded. New adult books come in monthly which are rotated throughout the District and featured at each branch. This has helped to increase circulation at all locations.

The District website offers access to the library collections for patrons and online subscription databases including Library2Go (e-books and audio), Auto Repair Reference Center and Ancestry.com. 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 a variety of equipment for checkout. All but one of the District’s branches has a meeting room available for public use. 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.
The children’s book collection has been weeded and updated. The Storyroom has a large new monitor for programs.

The Baker County Public Library offers a variety of materials and atmosphere for young visitors.
**BAKER COUNTY LIBRARY DISTRICT**  
**STATEMENT OF NET POSITION**  
**As of June 30, 2018**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>6/30/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets:</td>
<td></td>
</tr>
<tr>
<td>Cash and investments</td>
<td>$393,799</td>
</tr>
<tr>
<td>Property taxes receivable</td>
<td>77,130</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>1,180</td>
</tr>
<tr>
<td>Expense reimbursement receivable</td>
<td>3,405</td>
</tr>
<tr>
<td>Payroll advances</td>
<td>300</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>29,552</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>505,366</td>
</tr>
<tr>
<td>Capital Assets (net of accumulated depreciation):</td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>42,800</td>
</tr>
<tr>
<td>Art &amp; Historic Treasures</td>
<td>14,000</td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>1,524,323</td>
</tr>
<tr>
<td>Furniture, fixtures and equipment</td>
<td>52,845</td>
</tr>
<tr>
<td>Vehicles</td>
<td>20,130</td>
</tr>
<tr>
<td><strong>Total capital assets</strong></td>
<td>1,654,098</td>
</tr>
<tr>
<td>Deferred Outflows of Resources Related to Pensions</td>
<td>398,110</td>
</tr>
<tr>
<td><strong>Total assets and deferred outflows</strong></td>
<td>2,557,574</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Liabilities:</td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>17,408</td>
</tr>
<tr>
<td>Wages and payroll taxes payable</td>
<td>82,279</td>
</tr>
<tr>
<td>Note payable - current</td>
<td>1,507</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>101,194</td>
</tr>
<tr>
<td>Noncurrent Liabilities:</td>
<td></td>
</tr>
<tr>
<td>Compensated absences payable</td>
<td>58,048</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>866,334</td>
</tr>
<tr>
<td>Note payable - noncurrent</td>
<td>16,631</td>
</tr>
<tr>
<td><strong>Total noncurrent liabilities</strong></td>
<td>941,013</td>
</tr>
<tr>
<td>Deferred Inflows of Resources Related to Pensions</td>
<td>45,948</td>
</tr>
<tr>
<td><strong>Total liabilities and deferred inflows</strong></td>
<td>1,088,155</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET POSITION</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment in capital assets</td>
<td>1,635,960</td>
</tr>
<tr>
<td>Restricted</td>
<td>10,615</td>
</tr>
<tr>
<td>Unrestricted (Deficit)</td>
<td>(177,156)</td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td>$1,469,419</td>
</tr>
</tbody>
</table>

The notes are an integral part of these financial statements.
<table>
<thead>
<tr>
<th>Governmental Activities:</th>
<th>Expenses</th>
<th>Charges for Services</th>
<th>Operating Grants, Reimbursements and Contributions</th>
<th>Capital Grants and Contributions</th>
<th>6/30/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Library Services</td>
<td>$1,300,332</td>
<td>$19,736</td>
<td>$32,702</td>
<td>$-</td>
<td>$(1,247,894)</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>600</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$(600)</td>
</tr>
<tr>
<td>Total Governmental Activities</td>
<td>$1,300,932</td>
<td>$19,736</td>
<td>$32,702</td>
<td>$-</td>
<td>$(1,248,494)</td>
</tr>
</tbody>
</table>

General revenues:
- Property taxes: 1,039,757
- Insurance Proceeds: 31,563
- Interest: 14,446
- Miscellaneous: 17,671

Total general revenues: 1,103,437

Change in net assets: (145,057)

Net position - beginning: 1,614,476

Net position - ending: $1,469,419

The notes are an integral part of these financial statements.
### BAKER COUNTY LIBRARY DISTRICT
#### GOVERNMENTAL FUNDS
#### BALANCE SHEET
As of June 30, 2018

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Special Funds - Other Uses Fund</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$262,434</td>
<td>$131,365</td>
<td>$393,799</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>1,180</td>
<td>0</td>
<td>1,180</td>
</tr>
<tr>
<td>Property Taxes Receivable</td>
<td>77,130</td>
<td>0</td>
<td>77,130</td>
</tr>
<tr>
<td>Expense Reimbursement Receivable</td>
<td>3,615</td>
<td>0</td>
<td>3,615</td>
</tr>
<tr>
<td>Prepaid Expense</td>
<td>0</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td>Prepaid Payroll</td>
<td>29,552</td>
<td>0</td>
<td>29,552</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$373,911</td>
<td>$131,455</td>
<td>$505,366</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Special Funds - Other Uses Fund</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities and Deferred Inflows:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>$17,381</td>
<td>$27</td>
<td>$17,408</td>
</tr>
<tr>
<td>Wages Payable</td>
<td>67,513</td>
<td>0</td>
<td>67,513</td>
</tr>
<tr>
<td>Payroll Taxes and Benefits Payable</td>
<td>13,872</td>
<td>0</td>
<td>13,872</td>
</tr>
<tr>
<td>Prepaid Reimbursement</td>
<td>894</td>
<td>0</td>
<td>894</td>
</tr>
<tr>
<td>Deferred Inflows</td>
<td>77,130</td>
<td>0</td>
<td>77,130</td>
</tr>
<tr>
<td><strong>Total Liabilities and Deferred Inflows</strong></td>
<td>176,790</td>
<td>27</td>
<td>176,817</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Special Funds - Other Uses Fund</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Balance:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted Fund Balance</td>
<td>0</td>
<td>10,615</td>
<td>10,615</td>
</tr>
<tr>
<td>Committed Fund Balance</td>
<td>0</td>
<td>50,082</td>
<td>50,082</td>
</tr>
<tr>
<td>Assigned Fund Balance</td>
<td>0</td>
<td>70,731</td>
<td>70,731</td>
</tr>
<tr>
<td>Unassigned Fund Balance</td>
<td>197,121</td>
<td>0</td>
<td>197,121</td>
</tr>
<tr>
<td><strong>Total Fund Balance</strong></td>
<td>197,121</td>
<td>131,428</td>
<td>328,549</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Special Funds - Other Uses Fund</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Liabilities, Deferred Inflows, and Fund Balance</strong></td>
<td>$373,911</td>
<td>$131,455</td>
<td>$505,366</td>
</tr>
</tbody>
</table>

The notes are an integral part of these financial statements.
Capital assets are not financial resources and therefore are not reported in the governmental funds:

- **Cost**: $3,173,343
- **Accumulated depreciation**: $(1,519,245)

Net of accumulated depreciation:

1,654,098

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.

77,130

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 the governmental funds.

(58,048)

Long-term debt is reported in the Statement of Net Assets, but is not reported in the governmental funds.

(18,138)

Certain assets are not current financial resources in the governmental funds, but are reported in the Statement of Net Position:

- **Deferred outflows of resources related to pensions**: 398,110

All pension related liabilities are reported in the Statement of Net Position, however if they are not due and payable in the current period, they are not recorded in the governmental funds:

- **Net pension liability**: $(866,334)
- **Deferred inflows of resources related to pensions**: $(45,948)

**TOTAL NET POSITION**

$1,469,419

The 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, 2018

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Special Funds - Other Uses Fund</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Taxes</td>
<td>$1,035,968</td>
<td>$0</td>
<td>$1,035,968</td>
</tr>
<tr>
<td>Fines and Fees</td>
<td>19,736</td>
<td>0</td>
<td>19,736</td>
</tr>
<tr>
<td>Grants</td>
<td>12,912</td>
<td>0</td>
<td>12,912</td>
</tr>
<tr>
<td>Contributions</td>
<td>5,351</td>
<td>4,669</td>
<td>10,020</td>
</tr>
<tr>
<td>Program Reimbursements</td>
<td>6,417</td>
<td>0</td>
<td>6,417</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>6,058</td>
<td>5,196</td>
<td>11,254</td>
</tr>
<tr>
<td>Interest</td>
<td>11,927</td>
<td>2,519</td>
<td>14,446</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>1,098,369</td>
<td>12,384</td>
<td>1,110,753</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Library Services</td>
<td>1,169,348</td>
<td>23,265</td>
<td>1,192,613</td>
</tr>
<tr>
<td>Debt Service:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td>1,400</td>
<td>0</td>
<td>1,400</td>
</tr>
<tr>
<td>Interest</td>
<td>600</td>
<td>0</td>
<td>600</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>1,171,348</td>
<td>23,265</td>
<td>1,194,613</td>
</tr>
<tr>
<td><strong>Excess (Deficit) of Revenues Over</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditures</td>
<td>(72,979)</td>
<td>(10,881)</td>
<td>(83,860)</td>
</tr>
<tr>
<td>Other Financing Sources (Uses):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers In</td>
<td>29,000</td>
<td>10,000</td>
<td>39,000</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>(10,000)</td>
<td>(29,000)</td>
<td>(39,000)</td>
</tr>
<tr>
<td><strong>Other Financing Sources</strong></td>
<td>31,563</td>
<td>0</td>
<td>31,563</td>
</tr>
<tr>
<td>Total Other Financing Sources (Uses)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>50,563</td>
<td>(19,000)</td>
<td>31,563</td>
</tr>
<tr>
<td><strong>Net Change in Fund Balance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(22,416)</td>
<td>(29,881)</td>
<td>(52,297)</td>
</tr>
<tr>
<td><strong>Fund Balance, Beginning</strong></td>
<td>219,537</td>
<td>161,309</td>
<td>380,846</td>
</tr>
<tr>
<td><strong>Fund Balance, Ending</strong></td>
<td>$197,121</td>
<td>$131,428</td>
<td>$328,549</td>
</tr>
</tbody>
</table>

The notes are an integral part of these financial statements.
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 capital outlay exceeded depreciation in the current period.

- Expenditures for capital assets, net of disposition: $83,180
- Less net current year depreciation: $(81,212)

\[
\text{Change in net position} = 1,968
\]

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

- Property taxes: $3,789

Compensated absences are expensed at the time such absences are paid 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:

- Change in compensated absences: $11,124

Repayments of long-term debt use current financial resources are reported as expenditures in the funds. In the government-wide statements, the payment of debt principal does not affect the Statement of Activities, but it is reported as a decrease in noncurrent liabilities in the Statement of Net Position.

- Repayments of long-term debt: $1,400

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension income (expense).

- Change in pension contributions: $(111,041)

\[
\text{Change in net position} = 15
\]
Agency Fund
Ending Balance

Total Assets
$ 206,510

Total Liabilities
$ 206,510

The notes are an integral part of these financial statements.
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. At that time, the library was operated by Baker County and, accordingly, its financial operations were included with those of Baker County, Oregon. 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.

**Basis of Presentation**

**Government-Wide Financial Statements**

The Statement of Net Position and the Statement of Activities present information about the Library District. These statements include the governmental financial activities of the overall District. 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 is offset by program revenues. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. 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.

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.

**Governmental Fund Financial Statements**

The governmental fund financial statements provide information about the District’s funds. The emphasis of fund financial statements is on major governmental funds which are reported in separate columns. In addition, separate financial statements are provided for governmental funds and an agency fund. 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.
Agency Fund Statements
The agency fund statements provide information for a custodial fund that was adopted on 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 Sage Library System is a regional consortium of libraries that voluntarily participate in an organized program using shared software and agree to share resources amongst member libraries. The system exponentially expands the resources available to all member library patrons. The Sage User Council administers this regional program, sets its own operating policies and is self-funding. As a fund of the Library District, it adheres to the general policies of the Library District. A budget and actual comparison is presented in Other Supplementary Information but is not reflected elsewhere in these statements. The Sage Fund paid the District $2,560 agency fee and certain other wages and related expenses.

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 when a liability is incurred, regardless of the timing of related cash flows. 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. It is the District’s policy to first use restricted resources prior to the use of unrestricted general revenues when an expense is incurred for which there are both restricted and unrestricted assets are available.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. 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 generally are recorded when a liability is incurred. 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.

Property Taxes Receivable
Property taxes are levied July 1 on property values assessed as of January 1. The tax levy is divided into three installments with collection dates of 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. The taxes are considered past due after May 15, at which time the applicable property is subject to penalties and interest.

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 or grant. Therefore, no allowance for uncollectibles has been established.

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

The cost of normal maintenance and repair 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 and are not capitalized. Historic photographs and artwork are classified as historical treasures. Those with historical costs or assessed value are capital assets but are not depreciated; those that have not been appraised are not capitalized under guidelines from the Governmental Accounting Standards Board.

**Compensated Absences**
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. 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 Oregon PERS 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.

**Long-Term Obligations**
Long-term debt is reported as a liability in the government-wide financial statement of net position. However, in fund financial statements, long-term debt payments are displayed in expenditures as debt service.

**Deferred Inflows and Outflows of Resources Related to Pensions**
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (PERS) and additions to/deductions from PERS’s fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Under the accrual basis of accounting, these *deferred amounts related to pensions and OPEB* (other postemployment benefits) is reported only on the Statement of Net Position.
Order of Expenditures
When both restricted and unrestricted assets are available, restricted resources would generally 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.

Use of Estimates
The preparation of the District’s 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 financial statements. Actual results could differ from the estimates.

Fund Equity

Government-Wide Financial Statements
Equity is classified as Net Position and displayed in the following four components:
- **Net investment in capital assets** – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, or improvements of those assets.
- **Restricted net position** – Consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.
- **Unrestricted net position** – All other net position that does not meet the definition of restricted or net investment in capital assets as shown above.
- **Nonexpendable** – Includes permanent endowments and permanent fund principal amounts and is required to be retained in perpetuity.

Governmental Fund Financial Statements
Governmental fund equity is classified in the following categories of fund balance:
- **Non-spendable** – amounts that are not in a spendable form (including inventory) or are required to be retained in perpetuity (such as an endowment). The District did not have funds in this category for the current fiscal year.
- **Restricted** – amounts that are generally restricted by outside parties for a specific purpose (including donors, grantors, or bondholders), through constitutional provisions or by enabling legislation.
- **Committed** – consists of funds formally set aside by the Board of Directors for a particular purpose. This usually occurs by adoption of a resolution. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same formal action.
- **Assigned** - amounts the District intends to use for a specific purpose. Assignment can be made by the designation of revenue sources to a particular fund, by informal motion of the Board of Directors or by decision of management.
- **Unassigned** – Amounts that are available for any purpose.
Budgetary Information

An annual budget is prepared and legally adopted for each governmental fund on the modified accrual basis of accounting using program categories required by Oregon State Budget Law for Municipal Corporations. Consistent with Oregon law, expenditures are appropriated at the following levels of control: Personal Services, Materials and Services, Capital Outlay, Transfers, Debt Service, and Contingency.

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 each year.

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. The Board of Directors approved transfers of budgetary appropriations during the fiscal year.

New Accounting Pronouncements

Accounting Standards GASB 68, Reporting for Pensions

Effective fiscal year ended June 30, 2015, the District implemented Governmental Accounting Standards Board Statement No 68, Accounting and Financial Reporting for Pensions (GASB 68). GASB 68 established accounting and financial reporting requirements for governmental entities that provide their employees with pensions. This statement requires the employer’s statement of net position to include the employer’s proportionate share of the retirement system’s overall unfunded liability (net pension liability). The statement also requires the employer’s pension expense be reported as the change in the proportionate share of the net pension liability.

Recently Adopted Accounting Standards – GASB 75, Reporting for Postemployment Benefits

GASB 75 is a new pronouncement effective June 30, 2018 for the District. The Library District implemented Governmental Accounting Standards Board Statement No 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions (GASB 75). GASB 75 establishes new accounting and financial reporting requirements for governmental entities that requires them to accrue liabilities associated with post-employment benefits. See Note 13B for further information.
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.

At the fiscal year-end, Governmental Funds cash and investments are comprised of the following:
- Cash in Bank Demand Deposit US Bank - General Checking $25,144
- Cash in Bank Demand Deposit US Bank - Other Uses Funds 3,579
- Demand Deposits in Local Government Investment Pool-General Fund 237,290
- Demand Deposits in Local Government Investment Pool-Other Uses 127,786
(Total of 2 LGIP accounts, cost approximates market, interest approximately 1.8% at June 30)

Total Cash and Investments $393,779

At the fiscal year-end, Agency Fund cash is comprised of the following:
- Cash in Bank Demand Deposit US Bank – Sage Fund $201,284

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 and is unrated for credit quality. 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 fiscal year 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 as of the year-end for the District’s governmental funds are comprised of the following:
- Property Taxes Receivable $77,130
- USAC E-Rate program reimbursements due 897
- Other expense reimbursements due 583
- Due from Sage Fund 1,406

Total $80,016

The amount due from USAC E-Rate Program represents reimbursements requested to complete the funding for the fiscal year. This Federal program subsidizes Internet costs for rural schools and libraries to expand the use of technology in rural areas. Sage Fund reimburses General fund for its portion of the monthly PERS liability.

4. PREPAID EXPENSES
Prepaid Expenses on the Governmental Funds Balance Sheet of $29,552 represents the amount already withdrawn from the District account for electronic paychecks payable on July 1, the next business day. The General Fund portion of $29,552 is for paychecks due to library staff. The Sage Fund portion of $3,974 for Sage Library System staff was reimbursed to the General fund on June 29 and therefore, not included in reimbursements due. 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. The Sage Fund processes its own payroll but is obligated to reimburse the General Fund for the payment of its payroll due to constraints inherent in the payroll service. Currently, 92% of employees have elected to use this service.
5. **CAPITAL ASSETS**

Capital asset activity for the fiscal year was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Balance, Beginning of fiscal year</th>
<th>Increases</th>
<th>Decreases and Transfers</th>
<th>Balance, End of fiscal year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital assets not being depreciated:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$42,800</td>
<td>$-</td>
<td>$-</td>
<td>$42,800</td>
</tr>
<tr>
<td>Historical treasures</td>
<td>$-</td>
<td>$8,570</td>
<td>$5,430</td>
<td>$14,000</td>
</tr>
<tr>
<td><strong>Total capital assets not being depreciated</strong></td>
<td>$42,800</td>
<td>$8,570</td>
<td>$5,430</td>
<td>$56,800</td>
</tr>
<tr>
<td><strong>Capital assets being depreciated:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>$2,672,798</td>
<td>$42,571</td>
<td>$(630)</td>
<td>$2,714,739</td>
</tr>
<tr>
<td>Furniture, fixtures and equipment</td>
<td>$292,028</td>
<td>$32,039</td>
<td>$(19,395)</td>
<td>$304,672</td>
</tr>
<tr>
<td>Vehicles</td>
<td>$97,132</td>
<td>$-</td>
<td>$-</td>
<td>$97,132</td>
</tr>
<tr>
<td><strong>Total capital assets being depreciated</strong></td>
<td>$3,061,958</td>
<td>$74,610</td>
<td>$(20,025)</td>
<td>$3,116,543</td>
</tr>
<tr>
<td><strong>Total capital assets before depreciation</strong></td>
<td>$3,104,758</td>
<td>$83,180</td>
<td>$(14,595)</td>
<td>$3,173,343</td>
</tr>
<tr>
<td><strong>Less accumulated depreciation for:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>$(1,118,876)</td>
<td>$(71,540)</td>
<td>$-</td>
<td>$(1,190,416)</td>
</tr>
<tr>
<td>Furniture, fixtures and equipment</td>
<td>$(256,750)</td>
<td>$(9,672)</td>
<td>$14,595</td>
<td>$(251,827)</td>
</tr>
<tr>
<td>Vehicles</td>
<td>$(77,002)</td>
<td>$-</td>
<td>$-</td>
<td>$(77,002)</td>
</tr>
<tr>
<td><strong>Total accumulated depreciation</strong></td>
<td>$(1,452,628)</td>
<td>$(81,212)</td>
<td>$14,595</td>
<td>$(1,519,245)</td>
</tr>
<tr>
<td><strong>Total capital assets, net</strong></td>
<td>$1,652,130</td>
<td>$1,968</td>
<td>$-</td>
<td>$1,654,098</td>
</tr>
</tbody>
</table>

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 location 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.
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 United States Flag, historical photographs and documents, and other miscellaneous artifacts. However, an antique Persian rug that was sent in for restoration was appraised by a professional. This item has been added to the capital assets at its appraised value $8,570. Items totaling $5,430 that were previously included in assets were transferred from Furniture, Fixtures and Equipment to the new “Historical Treasures” category. They included an original painting and a large mural.

The District’s collection of library materials are expensed when purchased as they individually are less than the capitalization threshold.

Depreciation expense of $81,212 for the year was charged to the Library Services function in the government-wide 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. OPERATING LEASE

The District has an operating lease agreement with Xerox for a Xerox Workcentre 7830 copier. The Lease Agreement expired at May 12, 2018 and continues on a month-to-month basis 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 approximate fair market value of this copier is $3,300. 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 $2,545.

7. SHORT-TERM DEBT

The Library District did not require the use of a short-term loan during the fiscal year.
8. **LONG-TERM DEBT**

The following is a summary of the District’s outstanding debt at fiscal year-end:

<table>
<thead>
<tr>
<th>Debt Description</th>
<th>General Long-term Debt Obligation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The District incurred a 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 was 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 plus 1%. The current interest rate as of May 2018 was 2.8%.</td>
<td>$18,138</td>
</tr>
</tbody>
</table>

The following is a summary of the governmental long-term liability *intended* repayment schedule at fiscal year-end. An increase in the interest rate may push the payments out one additional fiscal year at the payment rate that the board approved in 2014.

<table>
<thead>
<tr>
<th>Note Payable to the City of Baker City, LID Project:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Year</td>
</tr>
<tr>
<td>---------------------</td>
</tr>
<tr>
<td>Year 1 2018-2019</td>
</tr>
<tr>
<td>Year 2 2019-2020</td>
</tr>
<tr>
<td>Year 3 2020-2021</td>
</tr>
<tr>
<td>Year 4 2021-2022</td>
</tr>
<tr>
<td>Year 5 2022-2023</td>
</tr>
<tr>
<td>Year 6-10 2024-2028</td>
</tr>
<tr>
<td>Year 11 2028-2029</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
</tr>
</tbody>
</table>

9. **INTERFUND TRANSFERS**

Interfund transfers for the fiscal year are as follows:

**Transfers Out:**
- General Fund
- Other Uses Funds-Memorial Department
- Other Uses Funds-Severance Reserve

**Transfers In:**
- Special Fund – Other Uses Fund: $10,000
- General Fund: $4,000
- Other Uses Funds-Severance Reserve: $25,000

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 budgeted transfer of $4,000 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. A budgeted transfer of $25,000 from Severance Reserve funds held in the Memorial Department (Special Revenue – Other Uses) was transferred to General Fund for a severance package due upon retirement at June 30.
10. 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.

11. 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.

12. COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS:

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.

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 the date that the financial statements were available to be issued and found that no adjustments or disclosures were necessary.
13. PENSION PLAN AND OTHER POST-EMPLOYMENT BENEFIT PLANS

A. Public Employees Retirement System (PERS)

Plan Description

The Baker County Library District provides employees with pensions through the Oregon Public Employees Retirement System (PERS) a cost-sharing multiple-employer defined benefit pension plan. The Oregon Legislature delegated authority to the Public Employees Retirement Board to administer and manage the system.

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after this date. Contribution requirements are established by ORS and may be amended by the PERS Board of Trustees.

Oregon PERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at: https://www.oregon.gov/PERS/Pages/Financials/Actuarial-Financial-Information.aspx

Benefits Provided

1. PERS Defined Benefit (DB) Pension Plan, Tier One/Tier Two Retirement Benefit (ORS 238)

Pension Benefits – The Defined Benefit Pension Plan (ORS 238) is closed to new members on or after August 29, 2003. The PERS retirement allowance is payable monthly for life, selected from several retirement benefit options. These options include annuities, survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if they have had a contribution in each of five calendar years. General Service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. For a complete list of requirements related to vesting and retirement age, see the PERS website.

Death Benefits – Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member’s account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:
- The member was employed by a PERS employer at the time of death,
- The member died within 120 days after termination of PERS-covered employment,
- The member died as a result of injury sustained while employed in a PERS-covered job, or
- The member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits – A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes After Retirement – Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes.
2. Oregon Public Service Retirement Plan Pension Program (OPSRP DB, ORS238A)

Pension Benefits – The Pension Program (ORS 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age: for General Service 1.5 percent is multiplied by the number of years of service and the final average salary. The normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age or the date on which termination becomes effective, if the pension program is terminated. For complete list of requirements related to vesting and retirement age, see the PERS website.*

Death Benefits – Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50 percent that would otherwise have been paid to the deceased member.

Disability Benefits – A member with 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member’s salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement – Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first $60,000 of annual benefit and 0.15 percent on annual benefits above $60,000.

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits – An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completed 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, or 20-year period or an anticipated life span option. Each distribution option has a $200 minimum distribution limit.

Death Benefits – Upon the death of a non-retired member, the beneficiary receives in a lump sum the member’s account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Recordkeeping – PERS contracts with VOYA Financial to maintain IAP participant records.

Contributions:
PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and Other Postemployment Benefit (OPEB) Plans.

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation, effective July 1, 2017 through June 30, 2019. Employer contributions for the year ended June 30, 2018 were $75,202, excluding amounts to fund employer specific liabilities.

The rates in effect for the fiscal year ended June 30, 2018 were 21.12% for Tier One/Tier Two General Service members and 13.96% for OPSRP Pension Program General Service members, and 6% for OPSRP Individual Account Program.
Actuarial Valuations
The employer contribution rates were set using the entry age actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, the method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the actuarial evaluation was determined using the following actuarial assumptions:

<table>
<thead>
<tr>
<th>Valuation date</th>
<th>December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measurement date</td>
<td>June 30, 2017</td>
</tr>
<tr>
<td>Actuarial cost method</td>
<td>Entry Age Normal</td>
</tr>
<tr>
<td>Amortization method</td>
<td>Amortized as a level percentage of payroll; as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years</td>
</tr>
<tr>
<td>Asset valuation method</td>
<td>Market value of assets</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Actuarial assumptions:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation rate</td>
</tr>
<tr>
<td>Investment rate of return</td>
</tr>
<tr>
<td>Discount rate</td>
</tr>
<tr>
<td>Projected salary increases</td>
</tr>
<tr>
<td>Cost of Living Adjustment</td>
</tr>
<tr>
<td>Retiree healthcare participation</td>
</tr>
<tr>
<td>Healthcare cost trend rate</td>
</tr>
<tr>
<td>Mortality</td>
</tr>
</tbody>
</table>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of odd numbered years. The methods and assumptions shown above are based on the 2015 Experience Study which reviewed experience for the four-year period ending on December 31, 2015. For complete list of actuarial assumptions, see the PERS website*.

Long-Term Expected Rate of Return
To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015, the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For complete list of investment assets, see the PERS website*. 

29
**Discount Rate**

The discount rate used to measure the total pension liability was 7.50 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Discount Rate Sensitivity**

The sensitivity of the District’s net pension liability to changes in the discount rate is presented below, which shows the District’s net pension liability calculated using the discount rate of 7.50% as well as the net pension liability using a discount rate that is 1.0% (6.50%) lower or 1.0% (8.50%) higher than the current rate.

<table>
<thead>
<tr>
<th>Discount Rate</th>
<th>1% Decrease</th>
<th>Current Rate</th>
<th>1% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportionate share of the Net Pension Liability (Asset)</td>
<td>$1,476,391</td>
<td>$866,334</td>
<td>$356,213</td>
</tr>
</tbody>
</table>

**Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2018, the District reported a liability of $866,334 for its proportionate share of the net pension liability. As the fiscal agent, this liability also includes the Sage Fund. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to June 30, 2017. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the District’s proportionate share was 0.00642679%.

For the year ended June 30, 2018, the District recognized pension expense at the fund level of $75,202. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<table>
<thead>
<tr>
<th>Differences between expected and actual experience</th>
<th>Deferred Outflows of Resources</th>
<th>Deferred Inflows of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in assumptions</td>
<td>$41,896</td>
<td>$157,917</td>
</tr>
<tr>
<td>Net difference between projected and actual earnings on investments</td>
<td>$8,925</td>
<td>$91,660</td>
</tr>
<tr>
<td>Changes in proportionate share</td>
<td>$91,660</td>
<td>$35,572</td>
</tr>
<tr>
<td>Differences between employer contributions and proportionate share of system contributions</td>
<td>$12,949</td>
<td>$10,376</td>
</tr>
<tr>
<td>Total (prior to post-Measurement Date MD contributions)</td>
<td>$313,347</td>
<td>$45,948</td>
</tr>
<tr>
<td>Contributions subsequent to the MD</td>
<td>$84,763</td>
<td>N/A</td>
</tr>
<tr>
<td>Total (after post-MD contributions)</td>
<td>$398,110</td>
<td>$267,399</td>
</tr>
</tbody>
</table>

Amounts reported as deferred outflows or inflows of resources related to pensions will be recognized in pension expense as follows:

<table>
<thead>
<tr>
<th>Subsequent Fiscal Year</th>
<th>Deferred Outflow (Inflow) of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Fiscal Year</td>
<td>$51,361</td>
</tr>
<tr>
<td>2nd Fiscal Year</td>
<td>$122,027</td>
</tr>
<tr>
<td>3rd Fiscal Year</td>
<td>$88,102</td>
</tr>
<tr>
<td>4th Fiscal Year</td>
<td>$(1,642)</td>
</tr>
<tr>
<td>5th Fiscal Year</td>
<td>$7,552</td>
</tr>
<tr>
<td>Thereafter</td>
<td>$0</td>
</tr>
<tr>
<td>Total</td>
<td>$267,399</td>
</tr>
</tbody>
</table>
Changes in Plan Provisions Subsequent to Measurement Date
The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

The increase in the pension liability due is reflected in the current measurement period reported.

The information in this Pension Note was provided by PERS. For complete information see the PERS website*.

B. Other Post-Employment Benefits (OPEB)
Plan Description
The District is required by ORS 243.303 make available to retirees, on a self-pay basis, group health and dental insurance from the date of retirement until Medicare eligibility. This continued medical coverage is offered to the District’s eligible retirees and their spouse and dependents. This insurance is administered through the District’s group health insurance and is a cost-sharing multiple employer plan. Premiums are paid by retirees based on the rates established for active employees plus 2% for administrative costs. The District does not subsidize any of the cost after retirement.

At June 30, 2018, there was one inactive, retired employee receiving benefits under the District’s group health insurance and 11 active employees covered by the plan. The liability for the implicit post-employment insurance subsidy the District provides while not actuarially calculated, is not believed to be material.

Once the retiree qualifies for Medicare they are eligible to participate in health insurance that is offered through Oregon PERS. PERS administers the Retirement Health Insurance Account (RHIA) cost-sharing, multiple-employer defined benefit Other Postemployment Benefit (OPEB) plan. The insurance is offered to the retiree and their spouse and dependents. Premiums are determined by PERS and the cost is not known to the District.

Retirement Eligibility – To be eligible for the above plan, a retiree must be receiving benefits from Oregon PERS. Tier 1 or Tier 2 PERS members must be the earlier of age 55 or have 30 years of service. OPSRPO members must be at least age 55 with 5 years of service.

Funding Requirements – The District does not make contributions directly to the health insurance plan.

Actuarial Assumptions – The assumptions are generally based upon those used in valuing pension benefits under Oregon PERS. The key actuarial assumptions and methods are stated above under Section 13A.

While the OPEB liability (asset) associated with the PERS RHIA is explained and disclosed below. The total assets and liabilities are immaterial and have not been reflected in these financial statements.
Discount Rate Sensitivity
The sensitivity of the District’s net OPEB liability (asset) to changes in the discount rate is presented below, which shows the District’s OPEB liability (asset) calculated using the discount rate of 7.50% as well as the net OPEB liability (asset) using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

<table>
<thead>
<tr>
<th></th>
<th>1% Decrease</th>
<th>Current Discount Rate</th>
<th>1% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6.5%</td>
<td>7.50%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Total OPEB Liability</td>
<td>$280</td>
<td>($2,011)</td>
<td>($3,959)</td>
</tr>
</tbody>
</table>

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Benefits:

<table>
<thead>
<tr>
<th></th>
<th>Deferred Outflow of Resources</th>
<th>Deferred Inflow of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net difference between projected and actual Earnings on investments</td>
<td>$0</td>
<td>$931</td>
</tr>
<tr>
<td>Changes in proportionate share</td>
<td>$0</td>
<td>$102</td>
</tr>
<tr>
<td>Net Deferred Outflow (Inflow) of Resources</td>
<td>$0</td>
<td>($1,033)</td>
</tr>
</tbody>
</table>

The District has deemed these amounts to be immaterial to the financial statements, therefore, has opted to not record them for the current year.

Changes Subsequent to Measurement Date
Management is not aware of any other changes subsequent to the June 30, 2017 measurement date that require disclosure.
The notes are an integral part of these financial statements.
# BAKER COUNTY LIBRARY DISTRICT

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

### BUDGET AND ACTUAL - MAJOR FUND

**GOVERNMENTAL FUNDS - OTHER USES FUNDS**

For Fiscal Year Ended June 30, 2018

<table>
<thead>
<tr>
<th></th>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Sources:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>$ 20,000</td>
<td>$ 5,000</td>
<td>0</td>
<td>$(5,000)</td>
</tr>
<tr>
<td>Contributions</td>
<td>1,000</td>
<td>1,000</td>
<td>4,669</td>
<td>3,669</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>5,000</td>
<td>7,500</td>
<td>5,196</td>
<td>(2,304)</td>
</tr>
<tr>
<td>Interest</td>
<td>1,000</td>
<td>2,000</td>
<td>2,519</td>
<td>519</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>27,000</strong></td>
<td><strong>15,500</strong></td>
<td><strong>12,384</strong></td>
<td><strong>(3,116)</strong></td>
</tr>
</tbody>
</table>

| **EXPENDITURES:** |                 |              |        |                        |
| Personal Services: |                 |              |        |                        |
| Wages            | 0               | 0            | 1,087  | (1,087)                |
| Payroll taxes and related expense | 0 | 0 | 135 | (135) |
| Materials and Services: |                 |              |        |                        |
| Memorial Department | 112,650       | 109,150      | 21,954 | 87,196                |
| Literacy Department | 850           | 850          | 0      | 850                    |
| Technology Department | 2,500         | 0            | 89     | (89)                   |
| Severance Liability Department | 67,500       | 42,500       | 0      | 42,500                 |
| Capital Outlay:  |                 |              |        |                        |
| Capital Projects Department | 5,000      | 5,000        | 0      | 5,000                  |
| **Total Expenditures** | **188,500** | **157,500** | **23,265** | **134,235** |

| Revenues Over (Under) Expenditures | (161,500) | (142,000) | (10,881) | 131,119 |
| Other Financing Sources (Uses): |                 |              |        |                        |
| Operating Transfers In | 12,500 | 10,000 | 10,000 | 0 |
| Operating Transfers Out | (4,000) | (30,000) | (29,000) | 1,000 |

| **Total Other Financing Sources** | **8,500** | **(20,000)** | **(19,000)** | **1,000** |

| Revenues and Other Financial Sources Over (Under) Expenditures and Other Financing Uses | (153,000) | (162,000) | (29,881) | 132,119 |
| **Fund Balances, Beginning** | 153,000 | 162,000 | 161,309 | (691) |
| **Fund Balances, Ending** | $ 0 | $ 0 | $ 131,428 | $ 131,428 |

The notes are an integral part of these financial statements.
# SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

<table>
<thead>
<tr>
<th>Year Ended June 30,</th>
<th>(a) Employer's proportion of the net pension liability (NPL)</th>
<th>(b) Employer's proportionate share of the net pension liability (NPL)</th>
<th>(c) District's covered payroll</th>
<th>(b/c) NPL as a percentage of covered payroll</th>
<th>Plan fiduciary net position as a percentage of the total pension liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>0.00642679 %</td>
<td>$ 866,334</td>
<td>$ 575,443</td>
<td>150.55 %</td>
<td>83.10 %</td>
</tr>
<tr>
<td>2017</td>
<td>0.00511096 %</td>
<td>767,274</td>
<td>586,334</td>
<td>130.86 %</td>
<td>80.53 %</td>
</tr>
<tr>
<td>2016</td>
<td>0.00597198 %</td>
<td>342,879</td>
<td>535,187</td>
<td>64.07 %</td>
<td>91.90 %</td>
</tr>
<tr>
<td>2015</td>
<td>0.00570098 %</td>
<td>(129,225)</td>
<td>478,356</td>
<td>(27.01) %</td>
<td>103.60 %</td>
</tr>
<tr>
<td>2014</td>
<td>0.00597198 %</td>
<td>290,929</td>
<td>412,408</td>
<td>70.54 %</td>
<td>91.97 %</td>
</tr>
</tbody>
</table>

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

# SCHEDULE OF CONTRIBUTIONS

<table>
<thead>
<tr>
<th>Year Ended June 30,</th>
<th>Statutorily required contribution</th>
<th>Contributions in relation to the statutorily required contribution</th>
<th>Contribution deficiency (excess)</th>
<th>Employer's covered payroll</th>
<th>Contributions as a percent of covered payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$ 84,763</td>
<td>$ 84,763</td>
<td>-</td>
<td>$ 535,867</td>
<td>15.82 %</td>
</tr>
<tr>
<td>2017</td>
<td>65,496</td>
<td>65,496</td>
<td>-</td>
<td>575,443</td>
<td>11.38 %</td>
</tr>
<tr>
<td>2016</td>
<td>68,520</td>
<td>68,520</td>
<td>-</td>
<td>586,334</td>
<td>11.69 %</td>
</tr>
<tr>
<td>2015</td>
<td>46,457</td>
<td>46,457</td>
<td>-</td>
<td>535,187</td>
<td>8.68 %</td>
</tr>
<tr>
<td>2014</td>
<td>47,143</td>
<td>47,143</td>
<td>-</td>
<td>478,356</td>
<td>9.86 %</td>
</tr>
</tbody>
</table>

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

The notes are an integral part of these financial statements.
BAKER COUNTY LIBRARY DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE—  
BUDGET AND ACTUAL  
AGENCY FUND - SAGE LIBRARY SYSTEM  
For the Year Ended June 30, 2018

<table>
<thead>
<tr>
<th>REVENUES:</th>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Sources:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>$50,000</td>
<td>$54,000</td>
<td>$57,240</td>
<td>$3,240</td>
</tr>
<tr>
<td>Membership dues</td>
<td>211,000</td>
<td>211,000</td>
<td>209,006</td>
<td>(1,994)</td>
</tr>
<tr>
<td>Other revenues</td>
<td>2,575</td>
<td>2,575</td>
<td>1,260</td>
<td>(1,315)</td>
</tr>
<tr>
<td>Interest</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total revenues</td>
<td>263,585</td>
<td>267,575</td>
<td>267,506</td>
<td>(69)</td>
</tr>
</tbody>
</table>

| EXPENDITURES: |                 |              |        |                                  |
| Personal Services: |                 |              |        |                                  |
| Sage system manager | 58,000       | 58,000       | 57,981 | 19                               |
| Business manager    | 5,750         | 5,750        | 5,632  | 118                              |
| Sage payroll taxes & benefits | 25,880     | 25,945       | 25,712 | 233                              |
| Sub-total Sage fund personal services | 89,630     | 89,695       | 89,325 | 370                              |
| Catalog specialist (grant) | 0          | 0            | 0      | 0                                |
| Catalog project payroll taxes & benefits | 0         | 0            | 0      | 0                                |
| Sub-total grant personal services | 0          | 0            | 0      | 0                                |
| Total personal services | 89,630      | 89,695       | 89,325 | 370                              |

| Materials and Services: |                 |              |        |                                  |
| Courier services and supplies | 90,000        | 93,600       | 82,129 | 11,471                           |
| Fiscal agency fee          | 2,560         | 2,560        | 2,560  | 0                                |
| Dues and subscriptions    | 3,750         | 3,750        | 1,554  | 2,196                           |
| Legal services            | 50            | 50           | 0      | 50                               |
| Member credit expense     | 12,520        | 12,520       | 6,931  | 5,589                           |
| Office supplies and miscellaneous | 525        | 5,525        | 297    | 5,228                           |
| Postage                  | 50            | 50           | 39     | 11                              |
| Technical services contract | 57,783       | 43,000       | 48,000 | (5,000)                          |
| Technology maintenance expense | 4,500        | 4,500        | 5,113  | (613)                           |
| Technical services expense | 2,500         | 5,500        | 3,233  | 2,267                           |
| Telecommunications        | 250           | 250          | 234    | 16                              |
| Training                 | 5,000         | 5,000        | 937    | 4,063                           |
| Travel                   | 2,500         | 4,000        | 2,967  | 1,033                           |
| Total materials and services | 181,988      | 180,305      | 153,994| 26,311                          |
| Capital outlay           | 21,000        | 21,000       | 2,182  | 18,818                          |
| Operating contingency    | 11,000        | 11,000       | 0      | 11,000                          |
| Total expenditures       | 303,618       | 302,000      | 245,501| 56,499                          |

| Revenues Over (Under) Expenditures | (40,033) | (34,425) | 22,005 | 56,430 |

| Fund Balances, Beginning | 160,350 | 191,000 | 179,053 | (11,947) |
| Fund Balances, Ending   | $120,317 | $156,575 | $201,058 | $44,483 |

Agency Fund information is for supplementary use only and is not reflected in the basic financial statements.
# BAKER COUNTY LIBRARY DISTRICT
## SCHEDULE OF PROPERTY TAX TRANSACTIONS
### For Fiscal Year Ended June 30, 2018

<table>
<thead>
<tr>
<th>Tax Year</th>
<th>Taxes Receivable (June 30, 2017)</th>
<th>Current Levy</th>
<th>Adjustments</th>
<th>Discounts Allowed</th>
<th>Taxes Collected (June 30, 2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td>$0</td>
<td>$1,067,757</td>
<td>$1,595</td>
<td>(27,393)</td>
<td>$1,007,406, $35,371</td>
</tr>
<tr>
<td>2016-17</td>
<td>28,074</td>
<td>0</td>
<td>176</td>
<td>0</td>
<td>16,399, 13,687</td>
</tr>
<tr>
<td>2015-16</td>
<td>19,059</td>
<td>0</td>
<td>173</td>
<td>0</td>
<td>7,374, 11,757</td>
</tr>
<tr>
<td>2014-15</td>
<td>12,626</td>
<td>0</td>
<td>168</td>
<td>0</td>
<td>6,624, 6,492</td>
</tr>
<tr>
<td>2013-14</td>
<td>5,664</td>
<td>0</td>
<td>162</td>
<td>0</td>
<td>3,185, 2,896</td>
</tr>
<tr>
<td>2012-13</td>
<td>2,684</td>
<td>0</td>
<td>163</td>
<td>0</td>
<td>409, 2,211</td>
</tr>
<tr>
<td>2011-12</td>
<td>3,378</td>
<td>0</td>
<td>135</td>
<td>0</td>
<td>258, 3,086</td>
</tr>
<tr>
<td>All Prior Years</td>
<td>1,856</td>
<td>0</td>
<td>134</td>
<td>0</td>
<td>127, 1,630</td>
</tr>
</tbody>
</table>

Total $73,341, $1,067,757, $2,706 (27,393) 1,041,782, $77,130

Interest Collections (5,814)

Total Collections $1,035,968

Current Year Tax Collections:

- **Current General Levy**: $734,035
- **Current Local Option Levy**: $270,030
- **Other Taxes**: $2,897
- **Current Interest**: $443

**Total Current Year**: $1,007,405

Prior Years Tax Collections:

- **Prior General & Local Option Levy**: $29,007
- **Prior Interest**: $5,370

**Total Prior Years**: $34,377

**Combined Totals**: $1,041,782

The notes are an integral part of these financial statements.

37
December 4, 2018

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, 2018, and have issued our report thereon dated December 4, 2018. 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
- Local budget law (ORS 294.305-294.565)
- 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 for two instances:

1. The District reported an over-expenditure of $9,300 in the General Fund related to Materials and Services.
2. Electrical repair work related to the soffit repair project exceeded the $5,000 threshold, which required informal quotes as outlined by ORS 279; these quotes were not obtained.
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 4, 2018.

This report is intended solely for the information and use of the Board of Directors 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 4, 2018