

ANNUAL REPORT CERTIFICATION

Fort Vancouver Regional Library
(Official Name of Government)

1637
MCAG No.

Submitted pursuant to RCW 43.09.230 to the Washington State Auditor's Office

For the Fiscal Year Ended 12/31/2016

GOVERNMENT INFORMATION:

Official Mailing Address 1007 E Mill Plain Blvd

Vancouver, WA 98663

Official Website Address www.fvrl.org

Official E-mail Address mgithens@fvrl.org

Official Phone Number 360-906-5061

AUDIT CONTACT or PREPARER INFORMATION and CERTIFICATION:

Audit Contact or Preparer Name and Title Mike Githens Finance Director

Contact Phone Number 360-906-5061

Contact E-mail Address mgithens@fvrl.org

I certify 18th day of May, 2017, that annual report information is complete, accurate and in conformity with the Budgeting, Accounting and Reporting Systems Manual, to the best of my knowledge and belief, having reviewed this information and taken all appropriate steps in order to provide such certification. I acknowledge and understand our responsibility for the design and implementation of controls to ensure accurate financial reporting, comply with applicable laws and safeguard public resources, including controls to prevent and detect fraud. Finally, I acknowledge and understand our responsibility for immediately submitting corrected annual report information if any errors or an omission in such information is subsequently identified.

Signatures

Mike Githens (mgithens@fvrl.org)

**Fort Vancouver Regional Library District
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2016**

Beginning Cash and Investments

30810	Reserved	-
30880	Unreserved	16,787,291
388 / 588	Prior Period Adjustments, Net	-

Revenues

310	Taxes	21,927,442
320	Licenses and Permits	-
330	Intergovernmental Revenues	408,954
340	Charges for Goods and Services	316,969
350	Fines and Penalties	30,003
360	Miscellaneous Revenues	433,923
Total Revenues:		23,117,291

Expenditures

570	Culture and Recreation	22,024,798
Total Expenditures:		22,024,798
Excess (Deficiency) Revenues over Expenditures:		1,092,493

Other Increases in Fund Resources

391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
386 / 389	Custodial Activities	-
381, 395, 398	Other Resources	427,844
Total Other Increases in Fund Resources:		427,844

Other Decreases in Fund Resources

594-595	Capital Expenditures	809,911
591-593, 599	Debt Service	-
597	Transfers-Out	-
585	Special or Extraordinary Items	-
586 / 589	Custodial Activities	-
Total Other Decreases in Fund Resources:		809,911

Increase (Decrease) in Cash and Investments: 710,426

Ending Cash and Investments

5081000	Reserved	-
5088000	Unreserved	17,497,717
Total Ending Cash and Investments		17,497,717

The accompanying notes are an integral part of this statement.

Fort Vancouver Regional Library District

Schedule 01

For the year ended December 31, 2016

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
1637	001	General	3088000	Unreserved Cash and Investments - Beginning	\$16,787,291
1637	001	General	3111000	Property Tax	\$21,946,147
1637	001	General	3370000	Local Grants, Entitlements and Other Payments	\$143,236
1637	001	General	3321560	Payment In-Lieu of Tax	\$3,780
1637	001	General	3370000	Local Grants, Entitlements and Other Payments	\$71,409
1637	001	General	3350233	DNR Timber Trust 2	\$188,174
1637	001	General	3951000	Proceeds from Sales of Capital Assets	\$399,511
1637	001	General	3370000	Local Grants, Entitlements and Other Payments	\$2,355
1637	001	General	3418100	Data/Word Processing, Printing, Duplicating and IT Services	\$48,982
1637	001	General	3472000	Library Services	\$197,235
1637	001	General	3479000	Other Fees	\$70,752
1637	001	General	3590000	Non-Court Fines and Penalties	\$30,003
1637	001	General	3611000	Investment Earnings	\$114,466
1637	001	General	3624000	Rents and Leases	\$17,423
1637	001	General	3670000	Contributions and Donations from Nongovernmental Sources	\$89,485
1637	001	General	3691000	Sale of Surplus	\$18,583
1637	001	General	3699100	Miscellaneous Other	\$193,966
1637	001	General	3980000	Insurance Recoveries	\$28,333
1637	001	General	5721010	Administration	\$2,280,053
1637	001	General	5721020	Administration	\$956,625
1637	001	General	5721030	Administration	\$596,623
1637	001	General	5721040	Administration	\$1,814,941
1637	001	General	5721050	Administration	\$960

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
1637	001	General	5722010	Library Services	\$5,866,543
1637	001	General	5722020	Library Services	\$2,978,203
1637	001	General	5722030	Library Services	\$106,636
1637	001	General	5722040	Library Services	\$169,264
1637	001	General	5722050	Library Services	\$1,714
1637	001	General	5722210	Library Services	\$1,122,416
1637	001	General	5722220	Library Services	\$571,699
1637	001	General	5722230	Library Services	\$3,661,074
1637	001	General	5722240	Library Services	\$40,535
1637	001	General	5724040	Training	\$104,898
1637	001	General	5725010	Facilities	\$411,172
1637	001	General	5725020	Facilities	\$224,655
1637	001	General	5725030	Facilities	\$154,784
1637	001	General	5725040	Facilities	\$962,003
1637	001	General	5947260	Capital Expenditures/Expenses - Libraries	\$809,911
1637	001	General	5088000	Unreserved Cash and Investments - Ending	\$17,516,422

**Fort Vancouver Regional Library District
Schedule of Liabilities
For the Year Ended December 31, 2016**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated absences		692,647	-	19,621	673,026
264.30	Net Pension Liability		7,727,295	1,444,893	-	9,172,188
	Total Revenue and Other (non G.O.) Debt/Liabilities:		8,419,942	1,444,893	19,621	9,845,214
	Total Liabilities:		8,419,942	1,444,893	19,621	9,845,214

FORT VANCOUVER REGIONAL LIBRARY DISTRICT
Notes to Financial Statements
For the year ended December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The District reports financial activity in accordance with the Cash Basis Budgeting, Accounting and Reporting System (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The Schedule of Liabilities is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

A. Fund Accounting

The financial transactions and accounts of the Fort Vancouver Regional Library District are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprises its cash, investments, revenues, and expenditures as appropriate. The District's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by the District:

Governmental Fund Type

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

B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

FORT VANCOUVER REGIONAL LIBRARY DISTRICT
Notes to Financial Statements
For the year ended December 31, 2016

C. Budget

The Fort Vancouver Regional Library District Board of Trustees adopts an annual appropriated budget for the General Fund. This budget is appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end. The annual appropriated budget is adopted on the same basis of accounting as used for financial reporting.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

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

2016

Fund	Final Appropriated Amount	Actual Expenditures	Variance
General	\$ 24,933,947	\$ 22,834,709	\$ 2,099,238

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

D. Cash

It is the District’s policy to invest all temporary cash surpluses. The amount is included on the statement of resources and uses arising from cash transactions as net cash and investments. See Note 2, *Deposits and Investments* for detailed year-end information and data.

E. Collection Materials

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

F. Capital Assets

Capital assets are assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of 3 years. Capital assets are long-lived assets of the District and are recorded as expenditures when purchased.

G. Compensated Absences

FORT VANCOUVER REGIONAL LIBRARY DISTRICT
Notes to Financial Statements
For the year ended December 31, 2016

Vacation leave may be accumulated up to 240 hours and is payable upon separation or retirement. Payments are recognized as expenditures when paid. The liability is reflected on Schedule 09, the schedule of long-term liabilities. The District's estimated liability for vacation pay benefits on December 31, 2016 is \$673,026.

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

H. Other Financing Sources or Uses

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

I. Risk Management

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

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS

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

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

FORT VANCOUVER REGIONAL LIBRARY DISTRICT
Notes to Financial Statements
For the year ended December 31, 2016

	<u>12/31/2016</u>
Cash on hand	\$ 1,877
Cash held by Clark County *	<u>600,360</u>
Subtotal – Cash	<u>602,237</u>
FVRL Investment	<u>17,495,533</u>
Subtotal – Clark County Investment Pool	<u>17,495,533</u>
Total Cash & Investments	<u>\$ 18,097,770</u>

*\$600,053 held to pay warrants outstanding at 12/31/2016.

*\$18,705 held for property tax revenue received on 12/30/2016.

NOTE 3 – PENSION PLANS

Substantially all District full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined contribution retirement plans, PERS 1 and PERS 2/3.

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
 Communications Unit
 PO Box 48380
 Olympia, WA 98504-8380.

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

At June 30, 2016 (the measurement date of the plans), the District's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

Plan	Allocation %	Liability (Asset)
Pers 1	0.004570%	4,270,491
Pers 2/3	0.098240%	4,901,697

NOTE 4 – PROPERTY TAX

The county treasurer acts as an agent to collect property tax levied in the county for all taxing

FORT VANCOUVER REGIONAL LIBRARY DISTRICT
Notes to Financial Statements
For the year ended December 31, 2016

authorities. Collections are distributed (at/after) the end of each month.

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

Fort Vancouver Regional Library District's regular levy for the year 2016 was \$.4480 per \$1,000 as follows:

<u>County</u>	<u>Assessed Valuation</u>	<u>Levy</u>
Clark	\$ 43,305,085,693 \$	14,900,063
Skamania	1,440,624,433	645,378
Klickitat	3,478,943,186	1,558,517
Cowlitz	620,729,032	278,077
	<u>\$ 48,845,382,344 \$</u>	<u>17,382,035</u>

NOTE 5 – Library Capital Facility Areas

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

In 1995, The Washington Legislature adopted legislation, codified as Chapter 27.15 RCW, permitting the creation of library capital facility areas (LCFA) for the purpose of financing the construction of library capital facilities (libraries). An LCFA is formed when a library district and a city or town request a county legislative authority to both establish a library capital facility area and submit a ballot proposition to create an LCFA. Once formed, an LCFA may issue general obligation bonds with a super majority (60%) approval of voters in the LCFA and then construct a library capital facility including the building, equipment, collection and other items needed to operate a library with the LCFA.

The District has entered into two such library capital facility areas with Clark County. The Library Capital Facility Areas are independent taxing districts that are separate from the County, the Library District and the City. The District has been designated by interlocal agreements with Clark County to perform specific functions relative to the Capital Facility Areas and serve as administrator of them. The Library District, with assistance from the County Treasurer, is responsible for selecting the underwriter, bond counsel and other consultants necessary for issuance of the Bonds. The bonding for

The books, records and financial statements of the Vancouver Library Capital Facility Area and Three Creeks Library Capital Facility Area are available at FVRL's District Headquarters located at 1007 E. Mill Plain Blvd, Vancouver, WA 98663.

FORT VANCOUVER REGIONAL LIBRARY DISTRICT
Notes to Financial Statements
For the year ended December 31, 2016

The Three Creeks Library Capital Facility exists to collect delinquent taxes. The bonds have been paid off and ownership of the Three Creeks Community Library facility is by Fort Vancouver Regional Library District.

NOTE 6 – Yale Valley Library District

Fort Vancouver Regional Library District serves as fiscal agent for Yale Valley Library District. In May 2003, citizens in the Yale precinct successfully voted to form a partial-county, rural library district. Yale Valley Library District contracts with Fort Vancouver Regional Library District for services. Citizens who reside in the Yale precinct, northeast of Woodland in Cowlitz County are eligible for a Fort Vancouver Regional Library District library card, access to the library catalog, use of Yale Library Express on Wednesdays from 2:30–4:00, or any of FVRL’s 14 other locations, including full-service nearby libraries at Battle Ground, Woodland and La Center, toll-free phone calls to FVRL’s telephone information services and ask a librarian assistance via web form, live chat or text message.

NOTE 7 – Fort Vancouver Regional Library Foundation

The Fort Vancouver Regional Library Foundation is designed to provide assistance and aid in the development, maintenance and promotion of growth and preservation of the Fort Vancouver Regional Library District. Fort Vancouver Regional Library District and the Fort Vancouver Regional Library Foundation have a current agreement entered into on August 21, 2015. The articles of incorporation and the bylaws of the foundation specifically limit the activities of the foundation to projects that support Fort Vancouver Regional Library District. The relationship between the foundation and the library is contractual. The foundation has agreed to solicit and manage donations on behalf of the library in return for administrative support. The Foundation supports programs which complement, but do not supplant, tax-based funding for FVRL.