

ORCAS ISLAND LIBRARY DISTRICT  
MCAG Account No. 0611

**Building Fund 6327.00.00**  
FOR THE FISCAL YEAR ENDED December 31, 2011

Submitted pursuant to RCW 43.09.230  
to the  
STATE AUDITOR'S OFFICE

Certified correct this 29th day of May, 2012 to the best  
of my knowledge and belief:



Philip L. Heikkinen  
Director

Orcas Island Library District  
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Prepared By: Mary Pugh

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Orcas Island Library District  
Building Fund 6327.00.000  
For The Year Ended December 31, 2011

## Annual Report Disclosure Form

Certification	X
Annual Report Disclosure Form	X
Fund Resources and Uses Arising From Cash Transactions	X
Schedule 04 Revenues and Other Sources	X
Schedule 05 Expenditures and Other Uses	X
Schedule 09 Long-Term Debt	
Schedule 10 Limitations of Indebtedness	
Schedule 16a Expenditures of Federal Awards and State/Local Assistance	
Schedule 19 Labor Relations Consultants	X
Schedule 21 Risk Management	N/A
Financial Notes	X

**Building Fund 6327.00.00**  
 Fund Resources and Uses Arising From Cash Transactions  
 For The Year Ended December 31, 2011

BARS Acct No.	Description		
<b>308.00</b>	<b>Beginning Net Cash &amp; Investments</b>		<b>\$5,723.30</b>
Revenues & Other Sources			
	360 Miscellaneous Sources	\$9.76	
	Total Revenues & Other Sources	\$9.76	
	<b>Total Resources</b>		<b>\$5,733.06</b>
Operating Expenditures			
	572.60 Expenditures and Other Financing Uses	\$0.00	
	Total Operating Expenditures	\$0.00	
	<b>Total Expenditures &amp; Other Uses</b>		<b>\$0.00</b>
	<b>Ending Net Cash and Investments</b>		<b>\$5,733.06</b>

**Building Fund 6327.00.00**  
Detail of Revenue and Other Sources  
For The Year Ended December 31, 2011

BARS				
Acct No.	Description	Object Code	Object Description	Amount
<b>360</b>	<b>Miscellaneous Revenues</b>			<b>\$9.76</b>
		361.11.00	Investment Interest	\$9.76
			<b>Grand Total</b>	<b>\$9.76</b>

**Building Fund 6327.00.00**  
Detail of Expenditures and Other Uses  
For The Year Ended December 31, 2011

BARS Acct No.	Description	Object Code	Object Description	Actual Amount
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**Grand Total** **\$0.00**

Orcas Island Library District  
Schedule of Labor Relations Consultant  
For The Year Ended December 31, 2011

Has your government engaged labor relations consultants?

Building Fund 6327.00.00

No

Certified correct this 29th day of May, 2012  
to the best of my knowledge and belief:



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Philip L. Heikkinen  
Director

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Orcas Island 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 incorporated on December 11, 1987 and operates under Chapter 27.12 RCW, 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 using the revenue and expenditure classifications, statements, and schedules contained in the Cash Basis Budgeting, Accounting and Reporting System (BARS) manual for Library Districts. This basis of accounting and reporting is another comprehensive basis of accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

**a. Fund Accounting**

The accounts of the 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:

General Fund

This fund is the primary operating (current expense) fund of the District. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds

These funds account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specific purposes.

Capital Project Funds

These funds account for financial resources that are designated for the acquisition or construction of general government capital projects.

**b. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid, including those properly chargeable against the report year(s) budget appropriations as required by state law.

In accordance with state law the District also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

**Notes to Financial Statement**

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The basis of accounting described above represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**c. Budgets**

The District adopts annual appropriated budgets for the general and building funds. These budgets are appropriated at the department level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end. Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

Budgeted amounts are authorized to be transferred between 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 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. The interest on these investments is posted to the general fund.

**d. Deposits**

The District deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission).

**e. Collection Materials**

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

**f. Capital Assets**

Capital assets are long-lived assets of the District and are recorded as expenditures when purchased.

**g. Compensated Absences**

Accumulated vacation pay is payable upon separation or retirement. Sick leave may accumulate indefinitely. Upon separation or retirement, employees do not receive payment for unused sick leave.

**NOTE 2 - COMPLIANCE AND ACCOUNTABILITY**

There have been no material violations of finance-related legal or contractual provisions.

There have been no expenditures exceeding legal appropriations in any of the funds of the District.



**Notes to Financial Statement**

**NOTE 3 – INVESTMENTS**

The San Juan County Treasurer as its agent in the District's name holds the Orcas Island Library District's investments.

**NOTE 4 - PROPERTY TAX**

The San Juan County Treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed at the end of each month.

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

District's regular levy for the year 2011 was \$.19553 per \$1,000 on an assessed valuation of \$2,774,809,095 for a total regular levy of \$545,681.

**NOTE 5 – LONG-TERM DEBT**

Not Applicable

**NOTE 6 – PENSION PLANS**

All of the Orcas Island Library District's full-time and qualifying part-time employees participate in the Public Employee Retirement System Plan 1, Plan 2 or Plan 3 administered by the Department of Retirement Systems, under cost-sharing multiple employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the District's financial statement. Contributions to the system by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend or other information regarding each plan is presented in the state Department of Retirement Systems annual financial report. A copy of this report may be obtained at:

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