



Washington State Auditor's Office

Troy Kelley

Integrity • Respect • Independence

Financial Statements Audit Report

North Olympic Library System

Clallam County

For the period January 1, 2012 through December 31, 2013

Published January 12, 2015

Report No. 1013427





Washington State Auditor
Troy Kelley

January 12, 2015

Board of Trustees
North Olympic Library System
Port Angeles, Washington

Report on Financial Statements

Please find attached our report on the North Olympic Library System's financial statements.

We are issuing this report in order to provide information on the District's financial condition.

Sincerely,

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**North Olympic Library System
Clallam County
January 1, 2012 through December 31, 2013**

Board of Trustees
North Olympic Library System
Port Angeles, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the North Olympic Library System, Clallam County, Washington, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 22, 2014.

We issued an unmodified opinion on the fair presentation of the District's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the District using accounting practices prescribed by Washington State statutes and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial

statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS


As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement 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.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other

purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Troy X. Kelley". The signature is written in a cursive style with a large, stylized "X" in the middle.

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

December 22, 2014

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

North Olympic Library System Clallam County January 1, 2012 through December 31, 2013

Board of Trustees
North Olympic Library System
Port Angeles, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the North Olympic Library System, Clallam County, Washington, for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 10.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for 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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 District'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 District'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.

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the North Olympic Library System has prepared these financial statements to meet the financial reporting requirements of Washington State statutes using accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the North Olympic Library System, for the years ended December 31, 2013 and 2012, on the basis of accounting described in Note 1.

Basis for Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. The effects on the financial statements of the variances between GAAP and the accounting practices the District used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the North Olympic Library System, as of December 31,

2013 and 2012, or the changes in financial position or cash flows for the years then ended, due to the significance of the matter discussed in the above “Basis for Adverse Opinion on U.S. GAAP” paragraph.

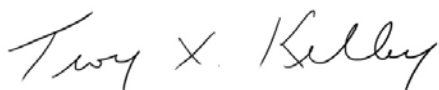
Other Matters

Supplementary and Other Information

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedules of Liabilities are presented for purposes of additional analysis as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the 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 taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2014 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.



TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

December 22, 2014

FINANCIAL SECTION

**North Olympic Library System
Clallam County
January 1, 2012 through December 31, 2013**

FINANCIAL STATEMENTS

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FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2013

BARS Code		001 General Fund
Beginning Cash and Investments		
30810	Beg Fund Bal-Reserved	1,592,375
30880	Beg Fund Bal-Unreserved	5,057,070
38800/58800	Prior Period Adjustments, net	0
Operating Revenues		
310	Taxes	3,770,016
330	Intergovernmental Revenues	257,485
340	Charges for Goods and Services	19,681
350	Fines & Penalties	56,637
360	Miscellaneous Revenues	303,632
Total Operating Revenues:		4,407,451
Operating Expenditures		
570	Culture And Recreation	3,386,391
598	Intergovernmental Payments	0
Total Operating Expenditures:		3,386,391
Net Operating Increase (Decrease):		1,021,060
Nonoperating Revenues		
370, 380, 395, 398	Other Financing Sources	1,478
391-393	Debt Proceeds	0
397	Transfers-In	0
Total Nonoperating Revenues:		1,478
Nonoperating Expenditures		
580, 596, 599	Other Financing Uses	1,448
591-593	Debt Service	0
594-595	Capital Expenditures	1,051,220
597	Transfers-Out	0
Total Nonoperating Expenditures:		1,052,668
Increase (Decrease) in Cash and Investments		-30,130
Ending Cash and Investments		
50810	End Fund Bal-Reserved	1,598,607
50880	End Fund Balance-Unreserved	5,019,974

The accompanying notes are an integral part of this Statement.

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2012

BARS Code		001 General Fund
Beginning Cash and Investments		
30810	Beg Fund Bal-Reserved	1,596,413
30880	Beg Fund Bal-Unreserved	4,059,817
38800/58800	Prior Period Adjustments, net	0
Operating Revenues		
310	Taxes	3,930,012
330	Intergovernmental Revenues	301,245
340	Charges for Goods and Services	15,236
350	Fines & Penalties	68,018
360	Miscellaneous Revenues	168,904
Total Operating Revenues:		4,483,415
Operating Expenditures		
510	General Government	0
570	Culture And Recreation	3,428,855
598	Intergovernmental Payments	1,535
Total Operating Expenditures:		3,430,390
Net Operating Increase (Decrease):		1,053,025
Nonoperating Revenues		
370, 380, 395, 398	Other Financing Sources	145,880
391-393	Debt Proceeds	0
397	Transfers-In	0
Total Nonoperating Revenues:		145,880
Nonoperating Expenditures		
580, 596, 599	Other Financing Uses	1,614
591-593	Debt Service	0
594-595	Capital Expenditures	204,074
597	Transfers-Out	0
Total Nonoperating Expenditures:		205,688
Increase (Decrease) in Cash and Investments		993,217
Ending Cash and Investments		
50810	End Fund Bal-Reserved	1,592,375
50880	End Fund Balance-Unreserved	5,057,070

The accompanying notes are an integral part of this Statement.

Notes to Financial Statements**For the Year Ended December 31, 2013****Note I – Summary of Accounting Policies**

The North Olympic Library System 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 January 4, 1973 and operates under Chapter 27.12 RCW, the laws of the state of Washington applicable to a library district.

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:

GOVERNMENTAL FUND TYPES:**General (Current Expense) Fund**

This fund is the primary operating fund of the District. It accounts for all financial resources.

b. Basis of Accounting

The North Olympic Library System reports financial activity using the revenue and expenditure classifications, statements and schedules contained in the Cash Basis Budgeting, Accounting and Reporting System (BARS) manual. 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.

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.

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

c. Cash

It is the District's policy to invest all temporary cash surpluses. The amount is included on the fund statement of resources and uses arising from cash transactions as cash and investments.

d. Deposits

The District's 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, etc.) are recorded as operating expenditures when purchased.

f. Capital Assets

Capital assets are assets with an initial individual cost of more than \$ 2,000 and an estimated useful life in excess of 1 year. The capital assets of the district are recorded as expenditures when purchased.

g. Compensated Absences

Vacation pay may accumulate up to 225 hours and is payable upon separation or retirement. The District's estimated liability for vacation leave termination benefits on December 31, 2013 was \$132,871.44.

Sick leave may accumulate indefinitely. Upon separation or retirement employees in good standing with at least five years of continuous service receive payment for 20% of unused sick leave hours at his or her final pay rate. The District's estimated liability for sick leave termination benefits on December 31, 2013 was \$22,770.36

h. Reserved Fund Balance

External restrictions: A 1999 lease agreement with the City of Port Angeles for the Port Angeles Main Library building requires the District to set aside at least \$65,510 annually in a facility maintenance fund during the life of the 17-year lease. Balance of the sinking fund as of December 31, 2013 is \$1,134,703 -- \$21,033 more than the \$1,113,670 required by the lease agreement.

Additionally, the District holds bequest funds whose use is restricted by the donor. As of December 31, 2013, these funds total \$463,904.

Note 2 -- Investments

The North Olympic Library System's investments are held by the Clallam County Treasurer as its agent in the District's name. Investments by type at December 31, 2013 were as follows:

<i>Type of Investment</i>	<i>Balance</i>
Local Government Investment Pool	\$5,021,229
Certificate of Deposit	220,029
Certificate of Deposit	235,312
Certificate of Deposit	576,240
Certificate of Deposit	<u>558,463</u>
Total	\$6,611,273

Note 3 – Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed after the end of each month.

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

The district's regular levy for the year 2013 was \$.50 per \$1,000 on an assessed valuation of \$7,173,041,376 for a total regular levy of \$3,586,521.

Note 4 – Debt Service Requirements

The accompanying Schedule of Long-Term Liabilities (09) provides more details of the outstanding debt and liabilities of the district and summarizes the district's debt transactions for the year ended December 31, 2013.

The debt service requirements for general obligation bonds, revenue bonds, compensated absences liabilities and other notes, including both principal and interest, are as follows:

	General Obligation Bonds	Revenue Bonds	Other Debt	Total Debt
2013			177,437	177,437
2014			3,000	3,000
			Grand Total	<u>180,437</u>

In addition to compensated absences liabilities, other debt includes a balance of \$3,000 in payments required by a retirement and separation agreement ratified in January, 2011. The funds are due in monthly installments of \$250 until December, 2014.

Note 5 – Pension Plans

Substantially all of the North Olympic Library System's full-time and qualifying part-time employees participate in the Public Employees Retirement System (PERS) plans administered by the Washington State 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 statements. Contributions to the systems 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 Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

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

Note 6 – Other Disclosures

a. North Olympic Library Foundation

Interested members of the public and the North Olympic Library System’s Board of Trustees created the North Olympic Library Foundation in 2011 to support and aid the achievement of the goals and mission of the North Olympic Library System. One current and one former member of the Library Board of Trustees serve as members of the Foundation Board. The Library Director serves as an *ex officio* member of the Foundation Board.

b. Self Insurance

The North Olympic Library System retains the risk of payment of unemployment insurance for terminated or laid-off employees. The district’s unemployment insurance payments in fiscal year 2013 were zero.

c. Construction Commitment

The North Olympic Library System had active construction projects as of December 31, 2013. The projects include a new Facilities Annex at 402 E. Orcas Street, Port Angeles, Washington across the street from the main library building, and renovation of the Forks Branch Library in Forks, WA.

At year-end the district’s commitments with contractors are as follows:

Contractor / Project	Spent to Date	Remaining Commitment
Hoch Construction Facilities Annex – new construction	\$134,173	\$6,488
Hoch Construction Forks Branch Library renovation	\$627,378	\$30,940
TOTAL:	\$761,551	\$37,428

Notes to Financial Statements**For the Year Ended December 31, 2012****Note 1 – Summary of Accounting Policies**

The North Olympic Library System 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 January 4, 1973 and operates under Chapter 27.12 RCW, the laws of the state of Washington applicable to a library district.

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:

GOVERNMENTAL FUND TYPES:**General (Current Expense) Fund**

This fund is the primary operating fund of the District. It accounts for all financial resources.

b. Basis of Accounting

The North Olympic Library System reports financial activity using the revenue and expenditure classifications, statements and schedules contained in the Cash Basis Budgeting, Accounting and Reporting System (BARS) manual. This basis of accounting and reporting is an other 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.

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.

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

c. Cash

It is the District's policy to invest all temporary cash surpluses. The amount is included on the fund statement of resources and uses arising from cash transactions as cash and investments.

d. Deposits

The District's 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, etc.) are recorded as operating expenditures when purchased.

f. Capital Assets

Capital assets are assets with an initial individual cost of more than \$ 2,000 and an estimated useful life in excess of 1 year. The capital assets of the district are recorded as expenditures when purchased.

g. Compensated Absences

Vacation pay may accumulate up to 225 hours and is payable upon separation or retirement. The District's estimated liability for vacation leave termination benefits on December 31, 2012 was \$113,739.

Sick leave may accumulate indefinitely. Upon separation or retirement employees in good standing with at least five years of continuous service receive payment for 20% of unused sick leave hours at his or her final pay rate. The District's estimated liability for sick leave termination benefits on December 31, 2012 was \$27,871.

h. Reserved Fund Balance

External restrictions: A 1999 lease agreement with the City of Port Angeles for the Port Angeles Main Library building requires the District to set aside at least \$65,510 annually in a facility maintenance fund during the life of the 17-year lease. Balance of the sinking fund as of December 31, 2012 is \$1,130,842 -- \$17,172 more than the \$1,113,670 required by the lease agreement.

Additionally, the District holds bequest funds whose use is restricted by the donor. As of December 31, 2012, these funds total \$461,533.

Note 2 -- Investments

The North Olympic Library System's investments are held by the Clallam County Treasurer as its agent in the District's name. Investments by type at December 31, 2012 were as follows:

<i>Type of Investment</i>	<i>Balance</i>
Local Government Investment Pool	\$5,077,079
Certificate of Deposit	220,144
Certificate of Deposit	234,760
Certificate of Deposit	555,421
Certificate of Deposit	<u>555,421</u>
Total	\$6,642,825

Note 3 – Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed after the end of each month.

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

The district's regular levy for the year 2012 was \$.50 per \$1,000 on an assessed valuation of \$7,524,783,407 for a total regular levy of \$3,762,392.

Note 4 – Debt Service Requirements

The accompanying Schedule of Long-Term Liabilities (09) provides more details of the outstanding debt and liabilities of the district and summarizes the district's debt transactions for the year ended December 31, 2012.

The debt service requirements for general obligation bonds, revenue bonds, compensated absences liabilities and other notes, including both principal and interest, are as follows:

	General Obligation Bonds	Revenue Bonds	Other Debt	Total Debt
2013			144,610	144,610
2014			3,000	3,000
			Grand Total	<u>147,610</u>

In addition to compensated absences liabilities, other debt includes a balance of \$6,000 in payments required by a retirement and separation agreement ratified in January, 2011. The funds are due in monthly installments of \$250 until December, 2014.

Note 5 – Pension Plans

Substantially all of the North Olympic Library System's full-time and qualifying part-time employees participate in the Public Employees Retirement System (PERS) plans administered by the Washington State 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 statements. Contributions to the systems 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 Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

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

Note 6 – Other Disclosures

a. North Olympic Library Foundation

Interested members of the public and the North Olympic Library System's Board of Trustees created the North Olympic Library Foundation in 2011 to support and aid the achievement of the goals and mission of the North Olympic Library System. One current and one former member of the Library Board of Trustees serve as members of the Foundation Board. The Library Director serves as an *ex officio* member of the Foundation Board.

b. Self Insurance

The North Olympic Library System retains the risk of payment of unemployment insurance for terminated or laid-off employees. The district's unemployment insurance payments in fiscal year 2012 were zero.

c. Construction Commitment

The North Olympic Library System has active construction projects as of December 31, 2012. The projects include demolition of a dilapidated storage house at 402 E. Orcas Street, Port Angeles, Washington across from the main library building and construction of a new facilities office and storage annex on the same property in 2013.

At year-end the district's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Demolition of Orcas Street storage house	\$0	\$9,675

Schedule of Liabilities
For the year ended December 31, 2013

Debt Type	ID. No.	Description	Maturity/Payment Due Date	Beginning Balance January 1, 2013	Additions	Reductions	Ending Balance December 31, 2013
Revenue Obligations							
	259.12	Compensated absences	12/31/2013	141,610	41,075	8,248	174,437
	263.99	Miscellaneous liabilities	12/21/2014	6,000	0	3,000	3,000
		Total Revenue Obligations:		147,610	41,075	11,248	177,437
		Total Liabilities:		147,610	41,075	11,248	177,437

Schedule of Liabilities
For the year ended December 31, 2012

Debt Type	ID. No.	Description	Maturity/Payment Due Date	Beginning Balance January 1, 2012	Additions	Reductions	Ending Balance December 31, 2012
Revenue Obligations							
	259.12	Compensated absences	12/31/2012	136,027	24,493	18,910	141,610
	263.99	Miscellaneous Liabilities	12/21/2014	9,000	0	3,000	6,000
		Total Revenue Obligations:		145,027	24,493	21,910	147,610
		Total Liabilities:		145,027	24,493	21,910	147,610

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Deputy Director for Communications	Thomas Shapley Thomas.Shapley@sao.wa.gov (360) 902-0367
Public Records requests	(360) 725-5617
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov