



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements Audit Report

## North Olympic Library System

For the period January 1, 2021 through December 31, 2023

*Published December 26, 2024*

Report No. 1036357



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**Office of the Washington State Auditor  
Pat McCarthy**

December 26, 2024

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 activities and condition.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*

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## SCHEDULE OF AUDIT FINDINGS AND RESPONSES

### North Olympic Library System January 1, 2021 through December 31, 2023

#### **2023-001    The District did not have adequate internal controls over financial statement preparation to ensure accurate and reliable financial reporting.**

##### ***Background***

District management is responsible for designing, implementing and maintaining internal controls to ensure the financial statements are fairly presented, and to provide reasonable assurance that financial reporting is reliable. The District prepares its financial statements using the cash-basis accounting method as prescribed by the *Budgeting, Accounting and Reporting System* (BARS) Manual.

Governments reporting under the cash-basis accounting method are required to disclose other postemployment benefits (OPEB) on the Schedule of Liabilities and in the notes to the financial statements. The most common OPEB benefit local governments provide is through the Public Employees Benefits Board (PEBB) plan. This plan provides OPEB benefits through implicit and explicit rate subsidies for retirees. Even though retirees pay 100% of their premiums, their payments do not represent the full cost of the benefits. Retirees pay less because participating employers such as the District pay higher premiums.

Additionally, the BARS Manual requires governments to classify beginning and ending cash and investments as non-spendable, restricted, committed, assigned or unassigned. These classifications indicate “the extent to which the government is bound to honor constraints on the *specific purposes for which amounts in the fund* can be spent.” The classifications reflect these limitations and inform management and financial statement users how much of the government’s resources are reserved for a specific purpose or use and how much is freely available for spending.

Our audit found deficiencies in internal controls over accounting and financial reporting that affected the District’s ability to produce reliable financial statements.

*Government Auditing Standards* requires the State Auditor’s Office to communicate a material weakness in internal controls, as defined in the Applicable Laws and Regulations section below, as a finding.

### ***Description of Condition***

We identified deficiencies in internal controls that represent a material weakness. The District had processes to review both BARS Manual accounting and reporting updates and the District's own financial statement reporting. However, they were ineffective for ensuring the District implemented all applicable updates and detected and corrected errors. Specifically, the District did not:

- Apply the BARS Manual update for reporting the District's OPEB liabilities
- Adequately research accounting requirements to classify ending cash and investment balances properly

### ***Cause of Condition***

District staff were unaware of the OPEB liability reporting requirements and that the District had members participating in the PEBB plan. Staff also did not adequately understand cash and investment classification reporting requirements.

### ***Effect of Condition***

The District omitted OPEB liabilities and did not include applicable note disclosures for fiscal years 2021, 2022 and 2023. The District omitted the following ending liability balances from the Schedules of Liabilities:

- 2021 – \$2,672,616
- 2022 – \$1,944,119
- 2023 – \$1,343,303

Additionally, the District incorrectly classified ending cash and investment balances in the financial statements by the following amounts:

<b>Year</b>	<b>Reported Classification</b>	<b>Correct Classification</b>	<b>Amount</b>
2021	Restricted	Unassigned	\$811,455
2022	Restricted	Unassigned	\$472,907
2023	Committed	Unassigned	\$5,095,194

The District subsequently corrected these errors.

### ***Recommendation***

We recommend the District strengthen and follow internal controls over preparing its financial statements, which would include:

- Researching and implementing BARS Manual accounting and reporting changes
- Reporting all liabilities on the Schedule of Liabilities
- Performing a review of ending cash and investments balances for proper classification

### ***District's Response***

*The North Olympic Library System (NOLS) thanks and appreciates the State Auditor's Office for their time and expertise in helping NOLS identify conditions and make recommendations. NOLS acknowledges and agrees with the findings, and reiterates that the corrections have been made. The goal of NOLS is to provide accurate and complete financial statements, and going forward, will follow the State Auditor's Office recommendations outlined above.*

### ***Auditor's Remarks***

We thank the District for its cooperation throughout the audit and the steps it is taking to address these concerns. We will review the status of the District's corrective action during our next audit.

### ***Applicable Laws and Regulations***

*Government Auditing Standards*, July 2018 Revision, paragraphs 6.40 and 6.41 establish reporting requirements related to significant deficiencies or material weaknesses in internal control, instances of fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 265, Communicating Internal Control Related Matters Identified in an Audit, paragraph 7.

RCW 43.09.200, Local government accounting – Uniform system of accounting, requires the state auditor to prescribe and install a uniform system of accounting and reporting for all local governments.

*Budgeting, Accounting and Reporting System (BARS) Manual*, 3.1.3, Internal Control, requires each local government to establish and maintain an effective

system of internal controls that provides reasonable assurance that the government will achieve its objectives.

BARS Manual, section 3.1.8 – Beginning and Ending Cash and Investments Classifications

## INDEPENDENT AUDITOR'S REPORT

### 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 January 1, 2021 through December 31, 2023**

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, as of and for the years ended December 31, 2023, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 19, 2024.

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 state law 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.

### **REPORT ON 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

However, we identified certain deficiencies in internal control, as described in the accompanying Schedule of Audit Findings and Responses as Finding 2023-01, that we consider to be material weaknesses.

## **REPORT ON 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 its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

## **DISTRICT'S RESPONSE TO FINDINGS**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Schedule of Audit Findings and Responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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 "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

December 19, 2024

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **North Olympic Library System January 1, 2021 through December 31, 2023**

Board of Trustees  
North Olympic Library System  
Port Angeles, Washington

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Unmodified and Adverse Opinions**

We have audited the financial statements of the North Olympic Library System, as of and for the years ended December 31, 2023, 2022 and 2021, and the related notes to the financial statements, as listed in the financial section of our report.

### **Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)**

As described in Note 1, the District has prepared these financial statements to meet the financial reporting requirements of state law and 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 accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the North Olympic Library System, and its changes in cash and investments, for the years ended December 31, 2023, 2022 and 2021, on the basis of accounting described in Note 1.

### **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, 2023, 2022 and 2021, or the changes in financial position or cash flows thereof for the years then ended, because of the significance of the matter discussed below.

## **Basis for Unmodified and Adverse Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit unmodified and adverse opinions.

## **Matter Giving Rise to 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. As described in Note 1 of the financial statements, the financial statements are prepared by the District in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

## **Matters of Emphasis**

As discussed in Note 10 to the financial statements, in 2021, the District adopted accounting guidance for presentation and disclosure of postemployment benefits other than pensions, as required by the BARS manual. The beginning balance of supplemental information was restated to apply the accounting guidance. Our opinion is not modified with respect to this matter.

## **Responsibilities of Management 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 state law and the BARS Manual 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The 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 as a whole.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2024 on our consideration of the District's internal control over financial reporting and on the 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 the effectiveness of the District's 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.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

December 19, 2024

## **FINANCIAL SECTION**

### **North Olympic Library System January 1, 2021 through December 31, 2023**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2023  
Fund Resources and Uses Arising from Cash Transactions – 2022  
Fund Resources and Uses Arising from Cash Transactions – 2021  
Notes to Financial Statements – 2023  
Notes to Financial Statements – 2022  
Notes to Financial Statements – 2021

#### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Liabilities – 2023  
Schedule of Liabilities – 2022  
Schedule of Liabilities – 2021

**North Olympic Library System**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2023**

**Beginning Cash and Investments**

308	Beginning Cash and Investments	10,175,608
388 / 588	Net Adjustments	-

**Revenues**

310	Taxes	4,640,702
320	Licenses and Permits	-
330	Intergovernmental Revenues	702,905
340	Charges for Goods and Services	14,287
350	Fines and Penalties	16,456
360	Miscellaneous Revenues	937,308
Total Revenues:		6,311,658

**Expenditures**

510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	5,438,358
Total Expenditures:		5,438,358
Excess (Deficiency) Revenues over Expenditures:		873,300

**Other Increases in Fund Resources**

391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	5,221
Total Other Increases in Fund Resources:		5,221

**Other Decreases in Fund Resources**

594-595	Capital Expenditures	1,001,343
591-593, 599	Debt Service	46,465
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	985
Total Other Decreases in Fund Resources:		1,048,793

**Increase (Decrease) in Cash and Investments:** **(170,272)**

**Ending Cash and Investments**

50821	Nonspendable	-
50831	Restricted	1,083,063
50841	Committed	-
50851	Assigned	878,860
50891	Unassigned	8,043,411
Total Ending Cash and Investments		10,005,334

*The accompanying notes are an integral part of this statement.*



**North Olympic Library System**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

**Beginning Cash and Investments**

308	Beginning Cash and Investments	10,077,310
388 / 588	Net Adjustments	-

**Revenues**

310	Taxes	4,490,926
320	Licenses and Permits	-
330	Intergovernmental Revenues	150,604
340	Charges for Goods and Services	10,347
350	Fines and Penalties	10,106
360	Miscellaneous Revenues	553,241
Total Revenues:		5,215,224

**Expenditures**

510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	4,882,064
Total Expenditures:		4,882,064
Excess (Deficiency) Revenues over Expenditures:		333,160

**Other Increases in Fund Resources**

391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	221,799
Total Other Increases in Fund Resources:		221,799

**Other Decreases in Fund Resources**

594-595	Capital Expenditures	455,999
591-593, 599	Debt Service	-
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	662
Total Other Decreases in Fund Resources:		456,661

**Increase (Decrease) in Cash and Investments: 98,298**

**Ending Cash and Investments**

50821	Nonspendable	-
50831	Restricted	506,589
50841	Committed	-
50851	Assigned	-
50891	Unassigned	9,669,019
Total Ending Cash and Investments		10,175,608

*The accompanying notes are an integral part of this statement.*

**North Olympic Library System**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2021**

**Beginning Cash and Investments**

308	Beginning Cash and Investments	9,662,651
388 / 588	Net Adjustments	-

**Revenues**

310	Taxes	4,437,012
320	Licenses and Permits	-
330	Intergovernmental Revenues	129,798
340	Charges for Goods and Services	7,148
350	Fines and Penalties	9,699
360	Miscellaneous Revenues	176,417
Total Revenues:		<u>4,760,074</u>

**Expenditures**

510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	4,375,399
Total Expenditures:		<u>4,375,399</u>
Excess (Deficiency) Revenues over Expenditures:		<u>384,675</u>

**Other Increases in Fund Resources**

391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	241,714
Total Other Increases in Fund Resources:		<u>241,714</u>

**Other Decreases in Fund Resources**

594-595	Capital Expenditures	211,418
591-593, 599	Debt Service	-
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	312
Total Other Decreases in Fund Resources:		<u>211,730</u>

**Increase (Decrease) in Cash and Investments: 414,659**

**Ending Cash and Investments**

50821	Nonspendable	-
50831	Restricted	506,589
50841	Committed	-
50851	Assigned	-
50891	Unassigned	9,570,721
Total Ending Cash and Investments		<u>10,077,310</u>

*The accompanying notes are an integral part of this statement.*

**Notes to Financial Statements**  
**For the Year Ended December 31, 2023**

**Note 1 – Summary of Significant Accounting Policies**

The North Olympic Library System was incorporated on January 4, 1973 and operates under the laws of the state of Washington applicable to a library district. The North Olympic Library System is a special purpose government that provides library services to the general public.

The North Olympic Library System 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 for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

**A. Fund Accounting**

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following fund types are used:

**GOVERNMENTAL FUND TYPES:**

**General Fund**

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

**C. Cash and Investments**

See Note 2, *Deposits and Investments*.

**D. 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. Capital assets and inventory are recorded as capital expenditures when purchased.

**E. 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, 2023 was \$223,842.

Sick leave may accumulate up to a maximum payout of \$7,500. 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, 2023 was \$38,519.

Management leave may accumulate up to 75 hours and is payable upon separation or retirement. The District's estimated liability for management leave termination benefits on December 31, 2023 was \$32,476.

**F. Restricted and Committed Portion of Ending Cash and Investments**

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the Board of Trustees. When expenditures that meet restrictions are incurred, the North Olympic Library System intends to use the most restricted resources first.

Restrictions and Commitments of Ending Cash and Investments consist of donations received and whose use is restricted by the donor. As of December 31, 2023, these funds total \$1,083,063.

**Note 2 – Deposits and Investments**

It is the North Olympic Library System's policy to invest all temporary cash surpluses.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission. All investments are held by the Clallam County Treasurer as its agent in the District's name. Investments are reported at face value. Investments by type at December 31, 2023 were as follows:

Type of deposit or investment	District's <b>own</b> deposits and investments
Bank deposits	\$7,650
Clallam County Investment Pool	\$9,997,684
<b>Total</b>	<b>\$10,005,334</b>

**Investments in Clallam County Investment Pool**

The District is a voluntary participant in the Clallam County Investment Pool, an external investment pool operated by the Clallam County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The District reports its investment in the pool at fair value, which is the same as the value of the pool per share. The Clallam County Investment Pool does not impose liquidity fees or redemption gates on participant withdrawals.

**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 2023 was \$0.3094960582 per \$1,000 on an assessed valuation of \$14,967,504,004 for a total regular levy of \$4,632,383.

**Note 4 – Leases (Lessees)**

- I. The North Olympic Library System leases property from McNish Family II LLC for \$6,500 per month under a 2-year lease agreement. The lease began in August of 2023 and will end July of 2025.

2. The total amount paid for leases in 2023 was \$27,965. As of December 31, 2023, the future lease payments are as follows:

Year ended December 31	Total
2024	\$78,000
2025	\$45,500
Total	\$123,500

#### **Note 5 - Subscription Based Information Technology Arrangements (SBITA)**

During the year ended 2023, NOLS adopted guidance for the presentation and disclosure of Subscription Based Information Technology Arrangements (SBITA), as required by the BARS manual. This requirement resulted in the addition of a subscription liability reported on the Schedule of Liabilities.

NOLS makes subscription payments of \$7,500 per year for public access catalog software. The SBITA contract is for two years.

NOLS makes subscription payments of \$11,000 per year for marketing automation software. The SBITA contract is for three years.

The total amount paid for SBITAs in 2023 was \$18,500. As of December 31, 2023, the future SBITA payments are as follows:

Year ended December 31	Total
2024	\$18,500
2025	\$11,000
TOTAL	\$29,500

#### **Note 6 – Long-Term Debt**

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, 2023.

The District has no liabilities subject to debt service requirements.

#### **Note 7 – 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 (DRS), under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans.

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 that includes financial statements and required supplementary information for each plan.

The DRS ACFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

At June 30, 2023 (the measurement date of the plans), the North Olympic Library System's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	<b>Employer Contributions</b>	<b>Allocation %</b>	<b>Liability (Asset)</b>
PERS I	\$102,801	0.015086%	\$344,373
PERS 2/3	\$171,308	0.019484%	(798,587)

## **Note 8 – Joint Ventures, Component Units and Related Parties**

### **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 member of the Library Board of Trustees serves as liaison to the Foundation Board and a voting member. The Library Executive Director serves as an *ex officio* member of the Foundation Board.

The North Olympic Library Foundation contributed \$255 to the North Olympic Library System in 2023.

## **Note 9 – Risk Management**

### **A. Self-Insurance**

The North Olympic Library System retains the risk of payment of unemployment insurance for terminated or laid-off employees. The district made no unemployment insurance payments in fiscal year 2023.

### **B. Insurance Pool Membership**

North Olympic Library System is a member of the Enduris Washington (Pool). Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and contract for risk management, claims, and administrative services. The Pool was formed on July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. For the Pool's fiscal year ending August 31, 2023, there were 518 Enduris members representing a broad array of special purpose districts throughout the state.

The Enduris program provides various forms of joint self-insurance and reinsurance coverage for its members: Liability coverage, which includes General Liability, Automobile Liability, Public Officials' Errors and Omissions liability, Terrorism liability and Employment Practices liability; Property coverage, which includes Building and Contents, Mobile Equipment, Boiler and Machinery, and Business Interruption/Extra Expense; Automobile Physical Damage coverage; Cyber coverage; Crime blanket coverage; Named Position coverage; and an Identity Fraud reimbursement policy. Pollution and Cyber coverage are provided on a claims-made coverage form. Crime coverage is provided on a discovery form. All other coverage is provided on an occurrence coverage form.

Members are responsible for a coverage deductible or co-pay on each covered loss. Each policy year members receive a Memorandum of Coverage (MOC) outlining the specific coverage, limits, and deductibles/co-pays that apply to them. In certain cases, the Pool may allow members to elect to participate in the programs at limits, coverage, deductibles, and co-pays that are specific to their needs. Enduris is responsible for payment of all covered losses above the member retention, up to the Pool self-insured retention (SIR). Enduris acquires excess/reinsurance from unrelated insurance companies to cover losses

above the Pool's SIR up to the coverage maximum limit of liability. The tables below reflect the Pool's SIR, reinsurance limits, and member deductibles/co- pays by coverage type.

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays <sup>(1)</sup>
<b>Liability:</b>				
General Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Automobile Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Public Officials Errors and Omissions Liability	Each Wrongful Act Member Aggregate	\$1 million	\$20 million \$20 million	\$1,000 - \$100,000
Terrorism Liability <sup>(2)</sup>	Per Occurrence Pool Aggregate	\$500,000 \$1 million	None	\$1,000 - \$100,000
Employment Practices Liability	Per Occurrence Member Aggregate	\$1 million	\$20 million \$20 million	20% Copay <sup>(3)</sup>

(1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible

(2) Terrorism liability is fully funded by the Pool i.e. no excess/reinsurance is procured.

(3) Members pay a 20% co-pay of costs. By meeting established guidelines, the co-pay may be waived.

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays <sup>(1)</sup>
<b>Property <sup>(2)</sup>:</b>				
Buildings and Contents	Per Occurrence	\$250,000	\$1 billion	\$1,000 - \$250,000
Mobile Equipment	Per Occurrence	\$250,000	\$1 billion	\$1,000 - \$250,000
Boiler and Machinery <sup>(3)</sup>	Per Occurrence	Varies	\$100 million	Varies
Business Interruption (BI)/ Extra Expense (EE) <sup>(4)</sup>	Per Occurrence	\$250,000	\$100 million (BI)/ \$50 million (EE)	\$1,000 - \$250,000
<b>Sublimit <sup>(5)</sup>:</b>				
Flood	Per Occurrence	\$250,000	\$50 million (shared by Pool members)	\$1,000 - \$250,000
Earthquake	Per Occurrence	5% of indemnity, subject to a \$250,000 minimum	\$10 million (shared by Pool members)	\$1,000 - \$250,000
Terrorism Primary	Per Occurrence Pool Aggregate	\$250,000	\$100 million per occurrence \$200 million aggregate	\$1,000 - \$250,000
Terrorism Excess	Per Occurrence APIP Per Occurrence APIP Aggregate	\$500,000	\$600 million/ Pool aggregate \$1.1 billion/ per occurrence APIP program \$1.4 billion/ APIP program aggregate	\$0
<b>Automobile Physical Damage<sup>(6)</sup></b>	Per Occurrence	\$25,000; \$100,000 for Emergency Vehicles; \$250,000 for Emergency Vehicles valued >\$750,000	\$1 billion	\$250 - \$1,000

<b>Crime Blanket</b> <sup>(7)</sup>	Per Occurrence	\$50,000	\$1 million	\$1,000
<b>Named Position</b> <sup>(8)</sup>	Per Occurrence	\$50,000	\$1 million	\$1,000
<b>Cyber</b> <sup>(9)</sup>	Each Claim APIP Aggregate	\$100,000	\$2 million \$40 million	20% Copay
<b>Identity Fraud Expense Reimbursement</b> <sup>(10)</sup>	Member Aggregate	\$0	\$25,000	\$0

- (1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible.
- (2) Property coverage for each member is based on a detailed property schedule. Scheduled items are covered to the extent of the cost of repair or replacement according to the excess/reinsurance policy terms. Under the Alliant Property Insurance Program (APIP) Reinsurance carriers cover insured losses over \$250,000 to the limit of \$1 billion except for certain types of sub-limited property losses such as flood, earthquake, and terrorism.
- (3) Boiler and Machinery self-insured retention for the Pool varies depending on motor horsepower.
- (4) Business Interruption/ Extra expense coverage is based on scheduled revenue-generating locations/operations. A limited number of members are scheduled, and the rest are limited to \$500,000 of coverage with a \$2.5 million Pool maximum for undeclared exposure. The waiting period (deductible) is typically 24 hours but there are exceptions specific to the type of exposure covered.
- (5) This sub-limit list is simplified and is not all-inclusive. In addition, sub-limits are often shared or aggregated by all pool members and, in a few cases, are shared by all APIP members. Deductibles often vary by coverage sub-limit.
- (6) Auto Physical Damage coverage includes comprehensive, named perils and collision. Coverage for each member is based on a detailed vehicle schedule.
- (7) Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance" of \$2,500 is provided to each member. Members may elect to "buy up" the level of coverage from \$5,000 to \$2 million.
- (8) Named Position coverage is optional. Members may elect to schedule various employees, directors, and commissioners, with individual limits of between \$5,000 and \$1 million.
- (9) Cyber coverage is included under the Pool's Property program. Members are subject to a 20% co-pay per loss and the Pool's SIR is tiered between \$50,000 and \$100,000 depending on the insured/member's property TIV with an 8-hour waiting period. By meeting established guidelines, the co-pay may be waived. The reinsurance maximum limit of liability is \$2 million, with various declared sub-limits.
- (10) Enduris purchases Identity Fraud Expense Reimbursement coverage. Member claims do not have a deductible. There is a \$25,000 limit per member

Members make an annual contribution to fund the Pool. Since Enduris is a cooperative program, there is joint liability among the participating members. There were no claim settlements above the insurance coverage in any of the last three policy years.

Upon joining the Pool, members are contractually obligated to remain in the Pool for a minimum of one year. They must give notice 60 days before renewal to terminate participation. The Interlocal Governmental Agreement (formerly known as the Master Agreement) is automatically renewed each year unless provisions for withdrawal or termination are applied. Even after termination, a member is still responsible for contributing to Enduris for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Governmental Agreement.

Its member participants fully fund Enduris. Members file claims with the Pool, which determines coverage and administers the claims.

The Pool is governed by a Board of Directors comprising seven board members. The Pool's members elect the Board, and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for overseeing the business affairs of Enduris and providing policy direction to the Pool's Executive Director.

#### **Note 10 – Other Postemployment Benefits**

North Olympic Library System is a participating employer in the state's Public Employees Benefits Board (PEBB) program, a defined benefit plan administered by the Washington State Health Care Authority. The plan provides medical, dental, and life insurance benefits for public employees and retirees and their dependents on a pay-as-you-



go basis. The plan provides OPEB benefits through both explicit and implicit subsidies. The explicit subsidy is a set dollar amount that lowers the monthly premium paid by members over the age of 65 enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually. The implicit subsidy results from the inclusion of active and non-Medicare eligible retirees in the same pool when determining premiums. There is an implicit subsidy from active employees since the premiums paid by retirees are lower than they would have been if the retirees were insured separately.

Fiscal Year 2023	
Number of Active Plan Members	48
Number of Retired Plan Members	10
Contributions made	\$455,512
*Total OPEB Liability	\$1,343,303

\*Measured using the alternative measurement method.

#### **Note 11 – Other Disclosures**

On June 26, 2024 the North Olympic Library System participated in the Washington Treasurer of State LOCAL Program for funding the Sequim library expansion and remodel. Construction of the expansion began in April of 2024, and is scheduled to be completed in May of 2025. The principal amount of the financing lease received in June of 2024, is \$4,065,000 for a term of 20 years at an interest rate of 3.84727%.

**Notes to Financial Statements**  
**For the Year Ended December 31, 2022**

**Note 1 – Summary of Significant Accounting Policies**

The North Olympic Library System was incorporated on January 4, 1973 and operates under the laws of the state of Washington applicable to a library district. The North Olympic Library System is a special purpose government that provides library services to the general public.

The North Olympic Library System 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 for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

**A. Fund Accounting**

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following fund types are used:

**GOVERNMENTAL FUND TYPES:**

**General Fund**

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

**C. Cash and Investments**

See Note 2, *Deposits and Investments*.

**D. 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. Capital assets and inventory are recorded as capital expenditures when purchased.

**E. 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, 2022 was \$164,449.

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, 2022 was \$37,617.

Management leave may accumulate up to 75 hours and is payable upon separation or retirement. The District's estimated liability for management leave termination benefits on December 31, 2022 was \$15,130.

**F. Restricted and Committed Portion of Ending Cash and Investments**

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the Board of Trustees. When expenditures that meet restrictions are incurred, the North Olympic Library System intends to use the most restricted resources first.

Restrictions and Commitments of Ending Cash and Investments consist of bequest funds whose use is restricted by the donor. As of December 31, 2022, these funds total \$506,589.

**Note 2 – Deposits and Investments**

It is the North Olympic Library System's policy to invest all temporary cash surpluses.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission. All investments are held by the Clallam County Treasurer as its agent in the District's name. Investments are reported at face value. Deposits and investments by type at December 31, 2022 are as follows:

Type of deposit or investment	District's <b>own</b> deposits and investments
Bank deposits	\$7,650
Certificates of deposit	\$979,496
Clallam County Investment Pool	\$9,188,462
<b>Total</b>	<b>\$10,175,608</b>

**Investments in Clallam County Investment Pool**

The District is a voluntary participant in the Clallam County Investment Pool, an external investment pool operated by the Clallam County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The District reports its investment in the pool at fair value, which is the same as the value of the pool per share. The Clallam County Investment Pool does not impose liquidity fees or redemption gates on participant withdrawals.

**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 2022 was \$0.376435082536 per \$1,000 on an assessed valuation of \$11,968,469,197 for a total regular levy of \$4,505,352.

#### **Note 4 – Long-Term Debt**

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, 2022.

The District has no liabilities subject to debt service requirements.

#### **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 (DRS), under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans.

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 that includes financial statements and required supplementary information for each plan.

The DRS ACFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

At June 30, 2022 (the measurement date of the plans), the North Olympic Library System's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	<b>Employer Contributions</b>	<b>Allocation %</b>	<b>Liability (Asset)</b>
PERS I	\$90,129	0.014706%	\$409,469
PERS 2/3	\$152,003	0.018921%	(701,738)

#### **Note 6 – Joint Ventures, Component Units and Related Parties**

##### **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 member of the Library Board of Trustees serves as liaison to the Foundation Board and a voting member. The Library Executive Director serves as an *ex officio* member of the Foundation Board.

The North Olympic Library Foundation contributed \$8,220 to the North Olympic Library System in 2022.

#### **Note 7 – Risk Management**

##### **A. Self-Insurance**

The North Olympic Library System retains the risk of payment of unemployment insurance for terminated or laid-off employees. The district made \$228.22 in unemployment insurance payments in fiscal year 2022.

##### **B. Insurance Pool Membership**

North Olympic Library System is a member of the Enduris Washington (Pool). Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. The Pool was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter

39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. For the Pool's fiscal year ending August 31, 2022, there were 527 Enduris members representing a broad array of special purpose districts throughout the state.

The Enduris program provides for various forms of joint self-insurance and reinsurance coverage for its members: Liability coverage, which includes: General Liability, Automobile Liability, Public Officials' Errors and Omissions liability, Terrorism liability and Employment Practices liability; Property coverage, which includes: Building and Contents, Mobile Equipment, Boiler and Machinery, and Business Interruption/Extra Expense; Automobile Physical Damage coverage; Cyber coverage; Crime blanket coverage; Named Position coverage; and an Identity Fraud reimbursement policy. Pollution and Cyber coverage are provided on a claims made coverage form. Crime coverage is provided on a discovery form. All other coverage is provided on an occurrence coverage form.

Members are responsible for a coverage deductible or co-pay on each covered loss. Each policy year members receive a Memorandum of Coverage (MOC) outlining the specific coverage, limits, and deductibles/co-pays that are applicable to them. In certain cases the Pool may allow members to elect to participate in the programs at limits, coverage, deductibles, and co-pays that are specific to their needs. Enduris is responsible for payment of all covered losses above the member retention, up to the Pool self-insured retention (SIR). Enduris acquires excess/reinsurance from unrelated insurance companies to cover losses above the Pool's SIR up to the coverage maximum limit of liability. The tables below reflect the Pool's SIR, reinsurance limits and member deductibles/co-pays by coverage type.

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays <sup>(1)</sup>
<b>Liability:</b>				
Comprehensive General Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Automobile Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Public Officials Errors and Omissions Liability	Each Wrongful Act Member Aggregate	\$1 million	\$20 million \$20 million	\$1,000 - \$100,000
Terrorism Liability <sup>(2)</sup>	Per Occurrence Pool Aggregate	\$500,000 \$1 million	\$0 Fully funded by Pool	\$1,000 - \$100,000
Employment Practices Liability	Per Occurrence Member Aggregate	\$1 million	\$20 million \$20 million	20% Copay <sup>(3)</sup>

(1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible

(2) Terrorism liability is fully funded by the Pool i.e. no excess/reinsurance is procured.

(3) Members pay a 20% co-pay of costs. By meeting established guidelines, the co-pay may be waived.

<b>Property <sup>(2)</sup>:</b>				
Buildings and Contents	Per Occurrence	\$250,000	\$1 billion	\$1,000 - \$250,000
Mobile Equipment	Per Occurrence	\$250,000	\$1 billion	\$1,000 - \$250,000
Boiler and Machinery <sup>(3)</sup>	Per Occurrence	Varies	\$100 million	Varies
Business Interruption (BI)/ Extra Expense(EE) <sup>(4)</sup>	Per Occurrence	\$250,000	\$100 million (BI)/ \$50 million (EE)	\$1,000 - \$250,000
<b>Sublimit <sup>(5)</sup>:</b>				
Flood	Per Occurrence	\$250,000	\$50 million	\$1,000 - \$250,000

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays <sup>(1)</sup>
Earthquake	Per Occurrence	5% of indemnity, subject to \$250,000 minimum	(shared by Pool members) \$10 million (shared by Pool members)	\$1,000 - \$250,000
Terrorism Primary	Per Occurrence Pool Aggregate	\$250,000	\$100 million per occurrence \$200 million aggregate	\$1,000 - \$250,000
Terrorism Excess	Per Occurrence APIP Per Occurrence APIP Aggregate	\$500,000	\$600 million/ Pool aggregate \$1.1 billion/ per occurrence APIP program \$1.4 billion/ APIP program aggregate	\$0
<b>Automobile Physical Damage<sup>(6)</sup></b>	Per Occurrence	\$25,000; \$100,000 for Emergency Vehicles; \$250,000 for Emergency Vehicles valued >\$750,000	\$1 billion	\$250 - \$1,000
<b>Crime Blanket <sup>(7)</sup></b>	Per Occurrence	\$50,000	\$1 million	\$1,000
<b>Named Position <sup>(8)</sup></b>	Per Occurrence	\$50,000	\$1 million	\$1,000
<b>Cyber <sup>(9)</sup></b>	Each Claim APIP Aggregate	\$100,000	\$2 million \$40 million	20% Copay
<b>Identity Fraud Expense Reimbursement <sup>(10)</sup></b>	Member Aggregate	\$0	\$25,000	\$0

- (1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible.
- (2) Property coverage for each member is based on detailed property schedule. Scheduled items are covered to the extent of the cost of repair or replacement pursuant to the excess/reinsurance policy terms. Under the Alliant Property Insurance Program (APIP) Reinsurance carriers cover insured losses over \$250,000 to the limit of \$1 billion except for certain types of sub-limited property losses such as flood, earthquake, and terrorism.
- (3) Boiler and Machinery self-insured retention for the Pool varies depending on motor horsepower.
- (4) Business Interruption/ Extra expense coverage is based on scheduled revenue generating locations/operations. A limited number of members schedule and the rest are limited to \$500,000 of coverage with a \$2.5 million Pool maximum for undeclared exposure. The waiting period (deductible) is typically 24 hours but there are exceptions specific to the type of exposure covered.
- (5) This sublimit list is simplified and is not all-inclusive. In addition, sub-limits are often shared or aggregated by all pool members and, in a few cases, are shared by all APIP members. Deductibles often vary by coverage sub-limit.
- (6) Auto Physical Damage coverage includes comprehensive, named perils and collision. Coverage for each member is based on a detail vehicle schedule.
- (7) Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance" of \$2,500 is provided to each member. Member's may elect to "buy-up" the level of coverage from \$5,000 to \$2 million.
- (8) Named Position coverage is optional. Members may elect to schedule various employees, directors, and commissioners, with individual limits of between \$5,000 and \$1 million.
- (9) Cyber coverage is included under the Pool's Property program. Members are subject to a 20% co-pay per loss and the Pool's SIR is tiered between \$50,000 and \$100,000 depending on the insured/members property TIV with an 8 hour waiting period. By meeting established guidelines, the co-pay may be waived. The reinsurance maximum limit of liability is \$2 million, with various declared sub-limits.
- (10) Identity Fraud Expense Reimbursement coverage is purchased by Enduris. Member claims do not have a deductible. There is a \$25,000 limit per member.

Members make an annual contribution to fund the Pool. Since Enduris is a cooperative program, there is joint liability among the participating members. There were no claim settlements in excess of the insurance coverage in any of the last three policy years.

Upon joining the Pool, members are contractually obligated to remain in the Pool for a minimum of one year and must give notice 60 days before renewal in order to terminate participation. The Interlocal Governmental Agreement (formerly known as the Master Agreement) is automatically renewed each year unless provisions for withdrawal or termination are applied. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in process claims for the period they were a signatory to the Interlocal Governmental Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with the Pool who determines coverage and administers the claims.

The Pool is governed by a Board of Directors which is comprised of seven board members. The Pool's members elect the Board, and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for overseeing the business affairs of Enduris and providing policy direction to the Pool's Executive Director.

#### **Note 8 – Other Postemployment Benefits**

North Olympic Library System is a participating employer in the state's Public Employees Benefits Board (PEBB) program, a defined benefit plan administered by the Washington State Health Care Authority. The plan provides medical, dental, and life insurance benefits for public employees and retirees and their dependents on a pay-as-you-go basis. The plan provides OPEB benefits through both explicit and implicit subsidies. The explicit subsidy is a set dollar amount that lowers the monthly premium paid by members over the age of 65 enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually. The implicit subsidy results from the inclusion of active and non-Medicare eligible retirees in the same pool when determining premiums. There is an implicit subsidy from active employees since the premiums paid by retirees are lower than they would have been if the retirees were insured separately.

Fiscal Year 2022	
Number of Active Plan Members	47
Number of Retired Plan Members	14
Contributions made	\$471,580
*Total OPEB Liability	\$1,944,119

\*Measured using the alternative measurement method.

**Notes to Financial Statements**  
**For the Year Ended December 31, 2021**

**Note 1 – Summary of Significant Accounting Policies**

The North Olympic Library System was incorporated on January 4, 1973 and operates under the laws of the state of Washington applicable to a library district. The North Olympic Library System is a special purpose government that provides library services to the general public.

The North Olympic Library System 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 for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

**A. Fund Accounting**

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following fund types are used:

**GOVERNMENTAL FUND TYPES:**

**General Fund**

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

**C. Cash and Investments**

See Note 2, *Deposits and Investments*.

**D. 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. Capital assets and inventory are recorded as capital expenditures when purchased.

**E. 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, 2021 was \$159,285.

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, 2021 was \$37,401.



Management leave may accumulate up to 75 hours and is payable upon separation or retirement. The District's estimated liability for management leave termination benefits on December 31, 2021 was \$12,317.

**F. Restricted and Committed Portion of Ending Cash and Investments**

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the Board of Trustees. When expenditures that meet restrictions are incurred, the North Olympic Library System intends to use the most restricted resources first.

Restrictions and Commitments of Ending Cash and Investments consist of bequest funds whose use is restricted by the donor. As of December 31, 2021, these funds total \$506,589.

**Note 2 – Deposits and Investments**

It is the North Olympic Library System's policy to invest all temporary cash surpluses.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission. All investments are held by the Clallam County Treasurer as its agent in the District's name. Investments are reported at face value. Deposits and investments by type at December 31, 2021 are as follows:

Type of deposit or investment	District's <b>own</b> deposits and investments
Bank deposits	\$7,650
Certificates of deposit	\$1,318,044
Clallam County Investment Pool	\$8,751,616
<b>Total</b>	<b>\$10,077,310</b>

**Investments in Clallam County Investment Pool**

The District is a voluntary participant in the Clallam County Investment Pool, an external investment pool operated by the Clallam County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The District reports its investment in the pool at fair value, which is the same as the value of the pool per share. The Clallam County Investment Pool does not impose liquidity fees or redemption gates on participant withdrawals.

**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 2021 was \$0.4124614657 per \$1,000 on an assessed valuation of \$10,662,785,510 for a total regular levy of \$4,397,988.

#### **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, 2021.

The District has no liabilities subject to debt service requirements.

#### **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 (DRS), under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans.

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 that includes financial statements and required supplementary information for each plan. The DRS Comprehensive Annual Financial Report may be obtained by writing to:

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

Also, the DRS Comprehensive Annual Financial Report may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

At June 30, 2021 (the measurement date of the plans), the North Olympic Library System's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	<b>Allocation %</b>	<b>Liability (Asset)</b>
PERS 1	0.014894%	181,891
PERS 2 and 3	0.017904%	(1,783,526)

#### **Note 6 – Joint Ventures, Component Units and Related Parties**

##### **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 member of the Library Board of Trustees serves as liaison to the Foundation Board and a voting member. The Library Executive Director serves as an *ex officio* member of the Foundation Board.

The North Olympic Library Foundation contributed \$200 to the North Olympic Library System in 2021.

#### **Note 7 – Risk Management**

##### **A. Self-Insurance**

The North Olympic Library System retains the risk of payment of unemployment insurance for terminated or laid-off employees. The district made no unemployment insurance payments in fiscal year 2021.

##### **B. Insurance Pool Membership**

North Olympic Library System is a member of the Enduris Washington (Pool). Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase

insurance or reinsurance, and to contract for risk management, claims, and administrative services. The Pool was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. For the Pool's fiscal year ending August 31, 2021, there were 539 Enduris members representing a broad array of special purpose districts throughout the state.

The Enduris' program provides for various forms of joint self-insurance and reinsurance coverage for its members: Liability coverage, which includes: General Liability, Automobile Liability, Public Officials' Errors and Omissions liability, Terrorism liability and Employment Practices liability; Property coverage, which includes: Building and Contents, Mobile Equipment, Boiler and Machinery, and Business Interruption/Extra Expense; Automobile Physical Damage coverage; Cyber coverage; Crime blanket coverage; Named Position coverage; and an Identity Fraud reimbursement program. Pollution coverage is provided on a "claims made" coverage form. All other coverage is provided on an "occurrence" coverage form.

Members are responsible for a coverage deductible or co-pay on each covered loss. Each policy year members receive a Memorandum of Coverage (MOC) outlining the specific coverage, limits, and deductibles/co-pays that are applicable to them. In certain cases the Pool may allow members to elect to participate in the programs at limits, coverage, deductibles, and co-pays that are specific to their needs. Enduris is responsible for payment of all covered losses above the member retention, up to the Pool self-insured retention (SIR). Enduris acquires excess/reinsurance from unrelated insurance companies to cover losses above the Pool's SIR up to the coverage maximum limit of liability. The tables below reflect the Pool's SIR, reinsurance limits and member deductibles/co-pays by coverage type.

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays <sup>(1)</sup>
<b>Liability:</b>				
Comprehensive General Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Automobile Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Public Officials Errors and Omissions Liability	Each Wrongful Act Member Aggregate	\$1 million	\$20 million \$20 million	\$1,000 - \$100,000
Terrorism Liability <sup>(2)</sup>	Per Occurrence Pool Aggregate	\$500,000 \$1 million	\$0 Fully funded by Pool	\$1,000 - \$100,000
Employment Practices Liability	Per Occurrence Member Aggregate	\$1 million	\$20 million \$20 million	20% Copay <sup>(3)</sup>

(1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible

(2) Terrorism liability is fully funded by the Pool i.e. no excess/reinsurance is procured.

(3) Members pay a 20% co-pay of costs up to a maximum of \$100,000. By meeting established guidelines, the co-pay may be waived.

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays <sup>(1)</sup>
<b>Property <sup>(2)</sup>:</b>				
Buildings and Contents	Per Occurrence	\$250,000	\$800 million	\$1,000 - \$250,000
Mobile Equipment	Per Occurrence	\$250,000	\$800 million	\$1,000 - \$250,000
Boiler and Machinery <sup>(3)</sup>	Per Occurrence	Varies	\$100 million	Varies
Business Interruption (BI)/ Extra Expense (EE) <sup>(4)</sup>	Per Occurrence	\$250,000	\$100 million (BI)/ \$50 million (EE)	\$1,000 - \$250,000
<b>Sublimit <sup>(5)</sup>:</b>				
Flood	Per Occurrence	\$250,000	\$50 million (shared by Pool members)	\$1,000 - \$250,000
Earthquake	Per Occurrence	5%; \$500,000 maximum	\$10 million (shared by Pool members)	\$1,000 - \$250,000
Terrorism Primary	Per Occurrence Pool Aggregate	\$250,000	\$100 million/ Pool member \$200 million	\$1,000 - \$250,000
Terrorism Excess	Per Occurrence APIP Per Occurrence APIP Aggregate	\$500,000	\$600 million/Pool member \$1.2 billion/APIP \$1.4 billion/APIP	\$0
<b>Automobile Physical Damage <sup>(6)</sup></b>	Per Occurrence	\$25,000; \$100,000 for Emergency Vehicles	\$800 million	\$250 - \$1,000
<b>Crime Blanket <sup>(7)</sup></b>	Per Occurrence	\$50,000	\$1 million	\$1,000
<b>Named Position <sup>(8)</sup></b>	Per Occurrence	\$50,000	\$1 million	\$1,000
<b>Cyber <sup>(9)</sup></b>	Each Claim APIP Aggregate	\$100,000	\$2 million \$25 million	20% Copay
<b>Identity Fraud Expense Reimbursement <sup>(10)</sup></b>	Member Aggregate	\$0	\$25,000	\$0

(1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible.

(2) Property coverage for each member is based on detailed property schedule. Scheduled items are covered to the extent of the cost of repair or replacement pursuant to the excess/reinsurance policy terms. Under the Alliant Property Insurance Program (APIP) Reinsurance carriers cover insured losses over \$250,000 to the limit of \$800 million except for certain types of sub-limited property losses such as flood, earthquake, and terrorism.

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays <sup>(1)</sup>
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- (3) Boiler and Machinery self-insured retention for the Pool varies depending on motor horsepower.
- (4) Business Interruption/ Extra expense coverage is based on scheduled revenue generating locations/operations. A limited number of members schedule and the rest are limited to \$500,000 of coverage with a \$2.5 million Pool maximum for undeclared exposure. The waiting period (deductible) is typically 24 hours but there are exceptions specific to the type of exposure covered.
- (5) This sublimit list is simplified and is not all-inclusive. In addition, sub-limits are often shared or aggregated by all pool members and, in a few cases, are shared by all APIP members. Deductibles often vary by coverage sub-limit.
- (6) Auto Physical Damage coverage includes comprehensive, named perils and collision. Coverage for each member is based on a detail vehicle schedule.
- (7) Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance" of \$2,500 is provided to each member. Member's may elect to "buy-up" the level of coverage from \$5,000 to \$1 million.
- (8) Named Position coverage is optional. Members may elect to schedule various employees, directors, and commissioners, with individual limits of between \$5,000 and \$1 million.
- (9) Cyber coverage is included under the Pool's Property program. Members are subject to a 20% co-pay per loss and the Pool's SIR is tiered between \$50,000 and \$100,000 depending on the insured/members property TIV with an 8 hour waiting period. By meeting established guidelines, the co-pay may be waived. The reinsurance maximum limit of liability is \$2 million, with various declared sub-limits.
- (10) Identity Fraud Expense Reimbursement coverage is purchased by Enduris. Member claims do not have a deductible. There is a \$25,000 limit per member.

Members make an annual contribution to fund the Pool. Since Enduris is a cooperative program, there is joint liability among the participating members. There were no claim settlements in excess of the insurance coverage in any of the last three policy years.

Upon joining the Pool, members are contractually obligated to remain in the Pool for a minimum of one year and must give notice 60 days before renewal in order to terminate participation. The Interlocal Governmental Agreement (formerly known as the Master Agreement) is automatically renewed each year unless provisions for withdrawal or termination are applied. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in process claims for the period they were a signatory to the Interlocal Governmental Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with the Pool who determines coverage and administers the claims.

The Pool is governed by a Board of Directors which is comprised of seven board members. The Pool's members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of Enduris.

#### **Note 8 – Other Postemployment Benefits**

North Olympic Library System is a participating employer in the state's Public Employees Benefits Board (PEBB) program, a defined benefit plan administered by the Washington State Health Care Authority. The plan provides medical, dental, and life insurance benefits for public employees and retirees and their dependents on a pay-as-you-go basis. The plan provides OPEB benefits through both explicit and implicit subsidies. The explicit subsidy is a set dollar amount that lowers the monthly premium paid by members over the age of 65 enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually. The implicit subsidy results from the inclusion of active and non-Medicare eligible retirees in the same pool when determining premiums. There is an implicit subsidy from active employees since the premiums paid by retirees are lower than they would have been if the retirees were insured separately.

Fiscal Year 2021	
Number of Active Plan Members	52
Number of Retired Plan Members	14
Contributions made	\$437,753
*Total OPEB Liability	\$2,672,616

\*Measured using the alternative measurement method.

#### **Note 9 – COVID-19 Pandemic**

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions.

The length of time these measures will continue to be in place, and the full extent of the financial impact on the North Olympic Library System is unknown at this time.

#### **Note 10 – Other Disclosures**

During the year ended 2021, the North Olympic Library System adopted guidance for the presentation and disclosure of postemployment benefits other than pensions, as required by the BARS manual. This requirement resulted in the addition of a postemployment benefit liability reported on the Schedule of Liabilities.

OPEB liabilities beginning balance was derived by completing the Office of the State Actuary's (OSA) AMM Online Tool for 2020, and using its ending balance.

**North Olympic Library System  
Schedule of Liabilities  
For the Year Ended December 31, 2023**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
263.57	Sequim Temp Library Space Lease	7/1/2025	-	151,465	27,965	123,500
263.57	Marketing Automation Software SBITA	4/13/2025	-	33,000	11,000	22,000
263.57	Public Access Catalog Software SBITA	1/24/2024	15,000	-	7,500	7,500
259.12	Compensated Absences		217,196	77,641	-	294,837
264.30	Net Pension Liability		409,469	-	65,096	344,373
264.40	PEBB OPEB Liability		1,944,119	-	600,816	1,343,303
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>2,585,784</b>	<b>262,106</b>	<b>712,377</b>	<b>2,135,513</b>
<b>Total Liabilities:</b>			<b>2,585,784</b>	<b>262,106</b>	<b>712,377</b>	<b>2,135,513</b>

**North Olympic Library System  
Schedule of Liabilities  
For the Year Ended December 31, 2022**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences		209,003	8,193	-	217,196
264.30	Net Pension Liability		181,891	227,578	-	409,469
264.40	PEBB OPEB Liability		2,672,616	-	728,497	1,944,119
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>3,063,510</b>	<b>235,771</b>	<b>728,497</b>	<b>2,570,784</b>
<b>Total Liabilities:</b>			<b>3,063,510</b>	<b>235,771</b>	<b>728,497</b>	<b>2,570,784</b>



**North Olympic Library System  
Schedule of Liabilities  
For the Year Ended December 31, 2021**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absences		209,935	-	932	209,003
264.30	Net Pension Liabiliby		770,385	-	588,494	181,891
264.40	PEBB OPEB Liability		2,763,686	-	91,070	2,672,616
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>3,744,006</b>	<b>-</b>	<b>680,496</b>	<b>3,063,510</b>
<b>Total Liabilities:</b>			<b>3,744,006</b>	<b>-</b>	<b>680,496</b>	<b>3,063,510</b>

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

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

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As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

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