



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report
Sno-Isle Regional Library

Snohomish County

For the period January 1, 2015 through December 31, 2015

Published February 9, 2017

Report No. 1018512





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

February 9, 2017

Board of Trustees
Sno-Isle Regional Library
Marysville, Washington

Report on Financial Statements

Please find attached our report on the Sno-Isle Regional Library's financial statements.

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

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy".

Pat McCarthy
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**

**Sno-Isle Regional Library
Snohomish County
January 1, 2015 through December 31, 2015**

Board of Trustees
Sno-Isle Regional Library
Marysville, 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 Sno-Isle Regional Library, Snohomish County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated January 20, 2017.

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

Pat McCarthy
State Auditor
Olympia, WA

January 20, 2017

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Sno-Isle Regional Library Snohomish County January 1, 2015 through December 31, 2015

Board of Trustees
Sno-Isle Regional Library
Marysville, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Sno-Isle Regional Library, Snohomish County, Washington, for the year ended December 31, 2015, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Sno-Isle Regional Library 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 Sno-Isle Regional Library, for the year ended December 31, 2015, 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 Sno-Isle Regional Library, as of December 31, 2015, or the changes in financial position or cash flows for the year 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 audit was performed for the purpose of forming opinions on the financial statements taken as a whole. The accompanying Schedule of Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS manual. This schedule is 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 January 20, 2017 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.



Pat McCarthy
State Auditor
Olympia, WA

January 20, 2017

FINANCIAL SECTION

**Sno-Isle Regional Library
Snohomish County
January 1, 2015 through December 31, 2015**

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2015
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2015
Notes to Financial Statements – 2015

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2015

Sno-Isle Regional Library
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2015

Beginning Cash and Investments

30810	Reserved	2,242,688
30880	Unreserved	32,872,055
388 & 588	Prior Period Adjustments, Net	-

Operating Revenues

310	Taxes	39,696,902
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	384,203
350	Fines and Penalties	89,824
360	Miscellaneous Revenues	558,436
Total Operating Revenues:		40,729,365

Operating Expenditures

570	Culture and Recreation	38,802,658
Total Operating Expenditures:		38,802,658
Net Operating Increase (Decrease):		1,926,707

Nonoperating Revenues

370-380, 395 & 398	Other Financing Sources	14,841
391-393	Debt Proceeds	-
397	Transfers-In	-
Total Nonoperating Revenues:		14,841

Nonoperating Expenditures

580, 596 & 599	Other Financing Uses	-
591-593	Debt Service	-
594-595	Capital Expenditures	1,194,133
597	Transfers-Out	-
Total Nonoperating Expenditures:		1,194,133

Net Increase (Decrease) in Cash and Investments: **747,415**

Ending Cash and Investments

5081000	Reserved	2,246,147
5088000	Unreserved	33,616,011
Total Ending Cash and Investments		35,862,158

The accompanying notes are an integral part of this statement.

Sno-Isle Regional Library
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2015

		Total for All Funds (Memo Only)	630 FSA
308	Beginning Cash and Investments	37,579	37,579
388 & 588	Prior Period Adjustments, Net	-	-
310-360	Revenues	267	267
380-390	Other Increases and Financing Sources	145,531	145,531
510-570	Expenditures	-	-
580-590	Other Decreases and Financing Uses	132,864	132,864
	Net Increase (Decrease) in Cash and Investments:	12,934	12,934
508	Ending Cash and Investments	50,513	50,513

The accompanying notes are an integral part of this statement.

SNO-ISLE REGIONAL LIBRARY DISTRICT
Notes to Financial Statements
For the Year Ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies

The Sno-Isle Regional Library District (“District”) was incorporated in 1945 and operates under Chapter 27.12 RCW, the laws of the state of Washington applicable to a library district. The District is a special purpose local government and provides library services.

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

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

A. Fund Accounting

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.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others.

Agency Funds

These funds are used to account assets that the government holds on behalf of others in a custodial capacity.

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.

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

C. Budgets

The District adopts annual appropriated budgets for one fund. These budgets are appropriated at the fund level for general obligations. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

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

The appropriated and actual expenditures for the legally adopted budgets was as follows:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund:001	\$ 41,458,500	\$ 39,996,792	\$ 1,461,708

Budgeted amounts are authorized to be transferred between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the District's legislative body.

D. Cash and Investments

See Note 3, *Deposits and Investments*.

E. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

Vacation leave may be accumulated up to 240 hours and is payable upon separation or retirement. The District's estimated liability for vacation pay on December 31, 2015 was \$1,372,902. Sick leave may be accumulated indefinitely. Upon separation or retirement regular benefited employees with 15 years of service or more shall receive a cash payment equal to twenty percent of a maximum of 960 hours of his/her total accrued but unused sick leave hours, multiplied by the employee's base hourly rate in effect on the separation date. The District's estimated liability for sick leave on December 31, 2015 was \$292,888. Payments are recognized as expenditures when paid.

G. Long-Term Debt

See Note 4, *Debt Service Requirements*.

H. Risk Management

The District purchases commercial insurance policies for risk management. Insurance is provided by Liberty Northwest Insurance Corporation. The blanket coverage is \$40,359,198 building and business personal property. The deductible is \$5,000.

I. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the governing body. When expenditures that meet restrictions are incurred, the District intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of the following legally restricted funds:

Edmonds Building Fund

The District holds \$797,101 for the City of Edmonds for future library building projects.

Lynnwood Building Fund

The District holds \$1,079,972 for the City of Lynnwood for future library building projects.

Mill Creek Building Fund

The District holds \$300,482 for the City of Mill Creek for future library building projects.

Lake Stevens Building Fund

The District holds \$68,593 for the City of Lake Stevens for future library building projects.

Note 2 - Property Tax

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

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

Sno-Isle Regional Library District's regular levy for the year 2015 was \$.468 per \$1,000 as follows:

County	Assessed Valuation	Levy
Snohomish County	\$71,267,750,585	\$33,359,185.41
Island County	\$12,170,661,191	\$ 5,696,873.27
Total (Joint) Counties	\$83,438,411,776	\$39,056,058.68

Note 3 – Deposits and Investments

Deposits and Investments

It is the District's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

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 insured, registered or held by the District or its agent in the government's name.

Investments are reported at original cost. Investments by type at December 31, 2015 are as follows:

<u>Type of Investment</u>	Investments held by the Snohomish County Treasurer as an agent for local governments.	<u>Total</u>
State Investment Pool	\$27,911,186	\$27,911,186
Total	<u>\$27,911,186</u>	<u>\$27,911,186</u>

Note 4 – Debt Service Requirements

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the District and summarizes the District's debt transactions for year ended December 31, 2015.

As of December 31, 2015, the District had no long-term debt.

Note 5 - Pension Plans

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

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

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

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

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

At June 30, 2015 (the measurement date of the plans), the District's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Allocation %	Liability (Asset)
PERS 1	0.006652%	347,961
PERS 1 UAAL	0.144193%	7,542,635
PERS 2/3	0.186270%	6,655,534
TOTAL		14,546,130

Note 6 – Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This Plan is with Great-West Life & Annuity Insurance Company. In 2012 Sno-Isle announced the addition of a second provider for the 457 deferred compensation plan ICMA-RC (International City/County Management Association – Retirement Corporation). The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The District adopted resolution 99-1 amending the plan to comply with the provisions of IRC Section 457(g) as revised August 20, 1996. Effective January 1, 1999, all amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights shall be held in trust until paid or made available to the employee or other beneficiary. Except as may otherwise be permitted or required by law, no assets or income of the plans shall be used for, or diverted to, purposes other than for the exclusive purpose of providing benefits for participants and their beneficiaries or defraying reasonable expenses of administration of the plan.

Note 7 – Library Capital Facility Areas

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

The District has entered into five such library capital facility areas with the city of Snohomish, city of Monroe, city of Granite Falls, city of Coupeville, and Camano Island. The District has been designated by interlocal agreements with the respective cities and the Snohomish County Council and Board of Island County Commissioners as the administrator for the Snohomish, Monroe, Coupeville, and Camano Island LCFA's, with the city of Granite Falls as administrator of the Granite Falls LCFA. Upon completion of the LCFA's, the District will take ownership of the libraries in Snohomish, Monroe, Coupeville, Camano Island and Granite Falls.

The books, records, and financial statements of the Snohomish LCFA, the Monroe LCFA, Granite Falls LCFA, Coupeville LCFA, and the Camano Island LCFA are available at the District's accounting office located at 7312 35th Avenue NE, Marysville, WA 98271.

Note 8 – Sno-Isle Libraries Foundation

The Sno-Isle Libraries Foundation was created in 2000 to create support for vibrant library programs and services for the people of Snohomish and Island counties. To fulfill this mission, the Foundation actively seeks donations from individual donors, planned giving and bequests, as well as corporations, the business community and foundations. The Foundation supports programs which complement, but do not supplant, tax-based funding for District. Donations enrich collections and create innovative programs that meet community needs. Sno-Isle Libraries Foundation is a State of Washington non-profit corporation, Federal I.D. #91-2010318.

The District entered into an ‘Agreement’ with Sno-Isle Libraries Foundation in 2012 bringing clarity to the mutually specific obligations and exchange of services underlying their long-standing relationship. The initial term of the Agreement is one year, but the term is automatically extended on each anniversary date unless either party has given written notice of its desire not to extend the Agreement. Annually, the parties identify the District staffing and service requirements and the services and actions the Foundation will undertake for the benefit of the District. These mutually beneficial obligations are described in the form of an Addendum to the Agreement.

Note 9 – Early Learning Public Library Partnership

The Early Learning Public Library Partnership (“ELPLP”) was established through an Interlocal Agreement dated September 24, 2007 among the public libraries that are parties to the Interlocal Agreement. The purpose of the ELPLP is for member libraries to work jointly and cooperatively to strengthen the ability of public libraries to fully participate in the advancement of early learning in the State of Washington. The ELPLP, as association of public libraries covered by an interlocal agreement, has a federal tax ID#74-3235766.

Sno-Isle Regional Library District is a party to the Interlocal Agreement. The bylaws of the ELPLP provide that the member whose Director is the Treasurer of the Board shall serve as the fiscal agent of the ELPLP, and that the principal office of the ELPLP shall be the office of its fiscal agent. At a properly convened meeting of the ELPLP members in July 2013, the District’s Executive Director, Jonalyn Woolf-Ivory, was elected to the office of Treasurer. ELPLP Resolution 2013-02 designated Sno-Isle Regional Library District as the fiscal agent of the ELPLP and established the principal office for the ELPLP at 7312 35th Avenue NE, Tulalip, Washington 98271-7417. The District’s Board of Trustees passed resolution 14-09 ratifying the District as the fiscal agent of the ELPLP.

The ELPLP is funded largely through membership dues. The District pays its share of membership dues annually and provides fiscal agent support.

Note 10 – Darrington Rural Partial County Library District

The Darrington Rural Partial County Library District is a special purpose district, separate from Sno-Isle Regional Library District. The Darrington District consists of the property in the Darrington School District No. 330, which lies within the boundaries of Skagit County. The Darrington District may provide library services only by contracting for the services through an interlocal agreement with an adjacent library district or an adjacent city or town that maintains its own library. Beginning January 1, 1997 the Sno-Isle District began providing library services to the Darrington District.

The Darrington District has no employees or facilities and contracts with the Sno-Isle District to act as trustee for its funds. As of December 31, 2008, the Sno-Isle District held cash and investments of \$239,053 in a fiduciary account for the Darrington District. In 2007 the Darrington District entered into an agreement with the City of Darrington and the Sno-Isle District to expend these funds on the construction and equipping of an expansion to the Darrington Community Library building. The expansion was completed and the funds have been expended. As of December 31, 2015, the Sno-Isle District held cash and investments of \$93,418 in a fiduciary account for the Darrington District.

Note 11 – Health Reimbursement Account

Sno-Isle Regional Library District started funding a Health Reimbursement Account (HRA) for eligible employees participating in the Regence Blue Shield High Deductible Plan in 2007. Sno-Isle contributes \$800 in HRA funds on an annual basis for each eligible employee. These funds can be used by the employee to pay for deductible and co-insurance expenses as outlined in the HRA Document. In 2015, the unused balance was \$538,727. Unused balances are rolled forward until an employee ends their employment at which time the balance reverts to the Library District.

**Sno-Isle Regional Library
Schedule of Liabilities
For the Year Ended December 31, 2015**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences - Vacation	12/31/2016	1,134,006	238,896	-	1,372,902
259.12	Compensated Absences - Sick Leave	12/31/2016	283,985	8,903	-	292,888
264.30	Pension Liabilities	12/31/2015	-	14,546,130	-	14,546,130
Total Revenue and Other (non G.O.) Debt/Liabilities:			1,417,991	14,793,929	-	16,211,920
Total Liabilities:			1,417,991	14,793,929	-	16,211,920

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	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov