



**COOS COUNTY LIBRARY SERVICE DISTRICT  
(A COMPONENT UNIT OF COOS COUNTY, OREGON)**

**ANNUAL FINANCIAL REPORT  
For the Year Ended June 30, 2018**

**COOS COUNTY LIBRARY SERVICE DISTRICT**  
**(A COMPONENT UNIT OF COOS COUNTY, OREGON)**  
**ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2018**

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**GOVERNING BOARD**

**COOS COUNTY LIBRARY SERVICE DISTRICT  
(A COMPONENT UNIT OF COOS COUNTY, OREGON)  
COUNTY OFFICIALS  
June 30, 2018**

GOVERNING BOARD:

Term Expires

Bob Main, Chair  
791 E. 10<sup>th</sup> Street  
Coquille, OR 97423

December 31, 2020

John Sweet, Commissioner  
1291 N. 9<sup>th</sup> Street  
Coos Bay, OR 97420

December 31, 2022

Melissa Cribbins, Chairperson  
410 Date Avenue  
Coos Bay, OR 97420

December 31, 2022

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**MAILING ADDRESS**

Coos County Courthouse  
250 N. Baxter  
Coquille, OR 97423

# FINANCIAL SECTION



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## INDEPENDENT AUDITOR'S REPORT

January 10, 2019

To the Governing Board of Coos County Library Service District:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Coos County Library Service District (the District), a component unit of Coos County, Oregon, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 of 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 entity'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 entity'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.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Coos County Library Service District as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on the General Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budget and actual schedule, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to basic 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 basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards and Oregon Revised Statutes**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2019 on our consideration of Coos County Library Service 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 on other matters. The purpose of that report is solely 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 Coos County Library Service 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 Coos County Library Service District's internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated January 10, 2019, on our consideration of the District's internal control over financial reporting and on tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 to 162-010-0320. 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.



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Harwood, MacAdam, Wartnik, Fisher & Gorman, LLC  
Certified Public Accountants

**COOS COUNTY LIBRARY SERVICE DISTRICT  
(A COMPONENT UNIT OF COOS COUNTY, OREGON)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For Year Ended June 30, 2018**

The management of Coos County Library Service District, Oregon offers this overview and analysis of the financial activities of the District, a component unit of Coos County, for the fiscal year ended June 30, 2018. We encourage readers to consider the information here in conjunction with the accompanying basic financial statements.

**Overview**

The Coos Library Cooperative Board, on April 27, 1992 voted to recommend that a County Library Service District Plan be presented to county voters in the next general election. The necessity of stable funding was the determining factor in the Board's decision. A tax base would allow libraries in Coos County to adopt and implement long-range goals. The District was approved by voters at the November 3, 1992 election and formed during fiscal year 1993-94. There are eight public libraries available to the residents of Coos County. These are located in the seven incorporated cities and the unincorporated community of Dora. The cities and the Dora Public Library are, by contract, responsible for the day-to-day operations of their libraries. The District contracts with the City of Coos Bay to maintain the automated catalog system, for community outreach and other extended services.

**Financial Highlights**

- The District's assets exceeded its liabilities at June 30, 2018 by \$350,494 – an increase of 0.8%.
- The District's revenues for the 2017-18 fiscal year increased by \$146,154, an increase of 4.1% from the prior year, expenses also increased by \$158,572 an increase of 4.5% over last year.

**Overview of the Financial Statements**

- This discussion and analysis is intended to serve as an introduction to the Coos County Library Service District's basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The main source of revenue is property taxes. The permanent tax rate for the District is \$.7289 per thousand of assessed property values.
- The Coos County Library Service District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.
- Government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business.



**COOS COUNTY LIBRARY SERVICE DISTRICT  
(A COMPONENT UNIT OF COOS COUNTY, OREGON)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For Year Ended June 30, 2018**

◆ The *statement of net position* presents information on all the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

◆ The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

- *Fund Financial Statements.*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

- *Notes to the Basic Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found immediately following the financial statements in this report.

### **Financial Analysis of the District**

- The District's net position may be found in the Statement of Net Position. As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District's assets exceeded liabilities by \$350,494 at June 30, 2018 and \$347,559 at the close of the fiscal year, June 30, 2017.

**COOS COUNTY LIBRARY SERVICE DISTRICT**  
**(A COMPONENT UNIT OF COOS COUNTY, OREGON)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For Year Ended June 30, 2018

**Net Position**

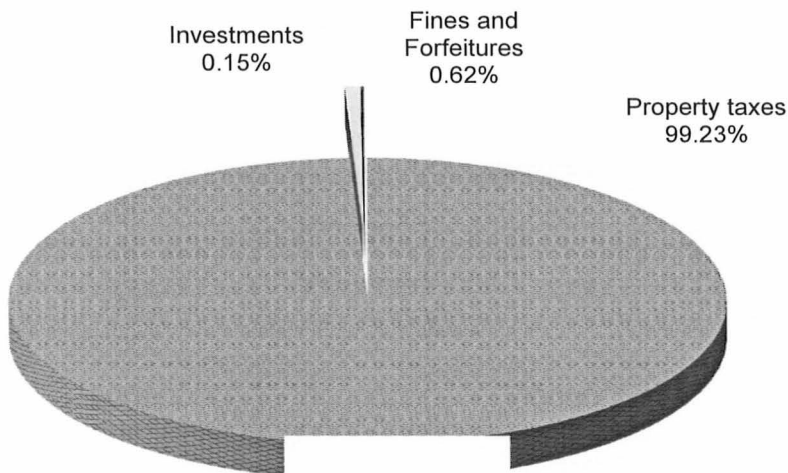
	2018	2017	Difference	%
Current and other assets	\$ 512,562	\$ 513,168	\$ (606)	-0.1%
Capital assets	-	-	-	0.0%
Total assets	<u>512,562</u>	<u>513,168</u>	<u>(606)</u>	-0.1%
Current liabilities	<u>162,068</u>	<u>165,609</u>	<u>(3,541)</u>	-2.1%
Total liabilities	<u>162,068</u>	<u>165,609</u>	<u>(3,541)</u>	-2.1%
Net position:				
Invested in capital assets	-	-	-	0.0%
Unrestricted	<u>350,494</u>	<u>347,559</u>	<u>2,935</u>	0.8%
<b>Total net position</b>	<b><u>\$ 350,494</u></b>	<b><u>\$ 347,559</u></b>	<b><u>\$ 2,935</u></b>	0.8%

**Change in Net Position**

	2018	2017	Difference	%
<b>REVENUE:</b>				
General revenues:				
Property taxes, levied	\$ 3,658,318	\$ 3,518,167	\$ 140,151	4.0%
Taxes - other	-	-	-	0.0%
Fines and forfeitures	22,791	18,465	4,326	23.4%
Earnings on investments	<u>5,657</u>	<u>3,980</u>	<u>1,677</u>	42.1%
Total revenues	<u>3,686,766</u>	<u>3,540,612</u>	<u>146,154</u>	4.1%
<b>EXPENDITURES:</b>				
Culture and recreation:				
Materials and services	<u>3,683,831</u>	<u>3,525,259</u>	<u>158,572</u>	4.5%
Total expenditures	<u>3,683,831</u>	<u>3,525,259</u>	<u>158,572</u>	4.5%
Change in net position	2,935	15,353	(12,418)	-80.9%
Net position July 1	<u>347,559</u>	<u>332,206</u>	<u>15,353</u>	4.6%
<b>Net postion June 30</b>	<b><u>\$ 350,494</u></b>	<b><u>\$ 347,559</u></b>	<b><u>\$ 2,935</u></b>	0.8%

**COOS COUNTY LIBRARY SERVICE DISTRICT  
(A COMPONENT UNIT OF COOS COUNTY, OREGON)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For Year Ended June 30, 2018**

## Revenue Sources



### Capital Assets and Debt Administration

- The District holds no assets itself but instead distributes or donates all capital outlay purchases to the contracting libraries and the City of Coos Bay as part of the entire service district.
- The assets were purchased with grant funds and had no related debt.

### Economic Factors and Next Year's Forecast

- Assessed values, the basis of property tax revenues, are limited by the Oregon Constitution to increase no more than 3% except on new construction.
- The Library Service District's adopted expenditures for 2018-19 total \$3,753,033 with resources other than taxes of \$188,000. The District intends to certify its full permanent tax rate for 2018-19, which is \$.7289 per thousand.

### Requests for Information

This financial report is designed to provide a general overview of Coos County Library Service District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Coos County Finance Office, 250 N Baxter, Coquille, Oregon 97423.

# **BASIC FINANCIAL STATEMENTS**

**COOS COUNTY LIBRARY SERVICE DISTRICT**  
**(A COMPONENT UNIT OF COOS COUNTY, OREGON)**  
**STATEMENT OF NET POSITION**  
**June 30, 2018**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Pooled cash and investments	\$ 162,068
Taxes receivable	<u>350,494</u>
Total assets	<u>512,562</u>
<b>LIABILITIES</b>	
Accounts payable	<u>162,068</u>
<b>NET POSITION</b>	
Unrestricted	<u><u>\$ 350,494</u></u>

The notes to the basic financial statements are an integral part of this statement.

COOS COUNTY LIBRARY SERVICE DISTRICT  
(A COMPONENT UNIT OF COOS COUNTY, OREGON)  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2018

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
Activities:	Expenses	Fees, Fines, Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental:					
Culture and recreation	\$ 3,683,831	\$ 22,791	\$ -	\$ -	\$ (3,661,040)
<b>Total Coos County Library Service District</b>	<b>\$ 3,683,831</b>	<b>\$ 22,791</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(3,661,040)</b>
<b>General revenues:</b>					
Taxes:					
Property taxes, levied for general purposes					3,658,318
Earnings on investments					5,657
<b>Total general revenues</b>					<b>3,663,975</b>
<b>Change in net position</b>					<b>2,935</b>
Net position - beginning					347,559
Net position - ending					<b>\$ 350,494</b>

The notes to the basic financial statements are an integral part of this statement.

**COOS COUNTY LIBRARY SERVICE DISTRICT**  
**(A COMPONENT UNIT OF COOS COUNTY, OREGON)**  
**BALANCE SHEET**  
**GOVERNMENTAL FUND**  
June 30, 2018

**ASSETS**

Pooled cash and investments	\$ 162,068
Taxes receivable	<u>350,494</u>
 Total assets	 <u><u>\$ 512,562</u></u>

**LIABILITIES**

Accounts payable	\$ <u>162,068</u>
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**DEFERRED INFLOWS OF RESOURCES**

Unavailable revenue - property taxes	<u>302,072</u>
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**FUND BALANCE**

Unassigned	<u>48,422</u>
Total liabilities, deferred inflows and fund balance	<u><u>\$ 512,562</u></u>

The notes to the basic financial statements are an integral part of this statement.

**COOS COUNTY LIBRARY SERVICE DISTRICT  
(A COMPONENT UNIT OF COOS COUNTY, OREGON)  
Reconciliation of the Governmental Fund Balance Sheet  
to the Statement of Net Position  
June 30, 2018**

**Total fund balance** \$ 48,422

Amounts report for governmental activities in the Statement of Net Position are different because:

The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current period expenditures are deferred in governmental funds.

Unavailable revenue for property taxes 302,072

**Total net position of governmental activities** \$ 350,494

The notes to the basic financial statements are an integral part of this statement.



**COOS COUNTY LIBRARY SERVICE DISTRICT**  
**(A COMPONENT UNIT OF COOS COUNTY, OREGON)**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUND**  
**For the Year Ended June 30, 2018**

Revenues:	
Property taxes	\$ 3,660,541
Fines and forfeitures	22,791
Interest	<u>5,657</u>
Total revenues	<u>3,688,989</u>
Expenditures:	
Culture and Recreation:	
Materials and services	<u>3,683,831</u>
Net change in fund balance	5,158
Fund balance at beginning of year	<u>43,264</u>
Fund balance at end of year	<u><u>\$ 48,422</u></u>

The notes to the basic financial statements are an integral part of this statement.

**COOS COUNTY LIBRARY SERVICE DISTRICT**  
**(A COMPONENT UNIT OF COOS COUNTY, OREGON)**  
**Reconciliation of the Governmental Fund Statement of Revenues,**  
**Expenditures, and Changes in Fund Balance**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2018**

<b>Total net change in fund balance - governmental fund</b>	\$ 5,158
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds defer revenues that do not provide current financial resources. However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received.

Change in unavailable revenue	<u>(2,223)</u>
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<b>Change in net position of governmental activities</b>	<u><u>\$ 2,935</u></u>
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The notes to the basic financial statements are an integral part of this statement.

**COOS COUNTY LIBRARY SERVICE DISTRICT  
(A COMPONENT UNIT OF COOS COUNTY, OREGON)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. The Financial Reporting Entity**

The Coos County Library Service District (the District) was formed with its own tax base during fiscal year 1993-94 to fund local libraries of Coos County, Oregon, and is governed by a board consisting of the three members of the Coos County Commission.

The District is a separate legal entity, governed by Coos County. The County Board of Commissioners serves as the governing body of the District and is able to impose its will on the District. Under the criteria set by Governmental Accounting Standards Board (GASB), the District is considered a component unit of Coos County. In addition, the County has operational responsibility for the District. Accordingly, the financial statements of the District are included in the County's basic financial statements as a special revenue fund using the "blended" method of presentation.

The District has no potential component units.

**B. Measurement Focus, Basis of Accounting and Basis of Presentation**

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District's financial operations are presented in a combined presentation for the District-wide and fund financial levels. All activities of the District are categorized as governmental activities. Eliminations, if applicable, have been made to minimize the double-counting of internal activities.

*Government-wide Statements* - The District-wide financial statements display information about the District as a whole. The focus is on its financial sustainability. As such, the reporting presents the change in the aggregate financial position of the District, resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The District-wide financial statements are presented on a full accrual basis of accounting with an economic resource measurement focus. An economic resource focus concentrates on an entity or fund's net position. All transactions and events that affect the total economic resources (assets) during the period are reported. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position.

The Statement of Activities presents a comparison between direct expenses and program revenues for the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations, if applicable, that have been made in the fund have been reversed for the Statement of Activities.

Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements* - The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. A minimum number of funds are maintained consistent with legal and managerial requirements. Funds are classified and summarized as governmental, proprietary and fiduciary activities. Currently the District has only governmental fund types.

The fund financial statements are presented on a modified accrual basis of accounting with a current financial resources measurement focus. This measurement focus concentrates on the fund's resources available for spending in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Similar to the connection between an economic resource measurement focus and full accrual accounting, a current financial resource measurement focus is inseparable from a modified accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Uncollected property taxes receivable collected within sixty days following the end of the fiscal year are considered measurable and available and are recognized as revenue. Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time.

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt which is recognized when due and claims of judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the government-wide presentation.

The District reports the following governmental fund:

The *general fund* is used to account the operations of the Library District. This fund is financed primarily by property taxes levied within the District area that are re-distributed to libraries within the District.

The financial statements for the governmental fund is a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. When an expense is incurred for purposes for which both restricted and unrestricted assets are available, the District applies restricted resources first.

## C. Assets, Liabilities and Equity

### 1. *Pooled Cash and Investments*

The District maintains merged bank accounts and investments for its fund in a central pool of cash and investments with Coos County. This pool includes amounts in cash on hand, demand deposits, cash with fiscal agents, and amounts in investment pools that have the general characteristics of demand deposit accounts with highly liquid debt instruments purchased with a maturity of three months or less, including demand deposits and investments in the Oregon State Treasury Local Government Investment Pool (LGIP). The investment policy of the County is to invest in LGIP and interest bearing demand deposits with local banks and to transfer resources to the general checking account as the need arises. This policy is in accordance with ORS 294.035 which specifies the types of investments authorized for municipal corporations. The County allocates earnings on investments to each fund based on quarterly cash balances.

Investments are stated at cost which approximates fair value.

### 2. *Receivables and Payables*

Receivables including property taxes, accounts, entitlements, and shared revenues are reported in accordance with the policies enumerated in Paragraph B above. An allowance for uncollectible accounts is not carried as the District believes all receivables will be collected and any uncollectible amounts would be immaterial.

### 3. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### 4. *Deferred Inflows of Resources*

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has only one type of deferred inflows, which arises only under the modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes.

### 5. *Fund Equity*

The District has adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

In the fund financial statements, fund balances are classified as follows:

Nonspendable—Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. Examples are inventory or monies held in trust.

Restricted—Amounts that can be spent only for specific purposes because of the local, state or federal laws, or externally imposed conditions by grantors or creditors or enabling legislation. Examples are certain grants and donations.

Committed—Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed.

Assigned—Amounts that are constrained by the Board's intent to be used for a specific purpose, but are neither restricted nor committed. Intent must be expressed by the Board, Budget Committee or their authorized designee.

Unassigned—All amounts not included in other classifications.

The amounts in the various categories of fund balance may be included in the governmental funds balance sheet. Decreases to the remaining fund balance categories first reduce committed fund balance, followed by assigned fund balance, then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

## 6. *Net Position*

Government-wide net position is divided into three components:

Net investment in capital assets - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position - consists of assets that are restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted - all other net position is reported in this category.

## **II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the governmental fund. All annual appropriations lapse at fiscal year end.

Oregon Local Budget Law establishes standard procedures relating to the preparation, adoption, and execution of the annual budget. The governing body, on or before June 30 of each year, authorizes appropriations for each fund, which sets the level by which expenditures cannot exceed appropriations. The budget document contains more specific, detailed information for the expenditure categories.

Original appropriations may be increased through resolutions by transferring amounts between appropriations categories or between funds. A supplemental budget is needed to increase appropriations when appropriations transfers are unauthorized. Unexpected resources and certain other changes may be made through use of a supplemental budget. The budget is reported as originally adopted or as amended by governing body. There were no supplemental budgets necessary during the year. The District does not use encumbrance accounting.

Management may reassign resources within functions without seeking approval of the governing body. The District adopts appropriations for its fund at the level of materials and services.

**B. Excess of Expenditures Over Appropriations**

Expenditures exceeded appropriations in the following amounts:

General Fund	
Materials and services	<u>\$ 46,863</u>

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

**Deposits.** The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the District at June 30, 2018. If bank deposits at year end are not entirely insured or collateralized with securities held by the District or by its agent in the District's name, the District must disclose the custodial credit risk that exists. Deposits with financial institutions are comprised of bank demand deposits. For deposits in excess of federal depository insurance, Oregon Revised Statutes require the depository institution to participate in the Public Funds Collateralization Program, a multiple financial institution collateral pool administered by the Oregon State Treasurer's Office.

For the fiscal year ended June 30, 2018, the District did not have any deposits with financial institutions.

**Investments.** The District has invested funds in the State Treasurer's Oregon Short-Term Fund Local Government Investment Pool during the fiscal year ending June 30, 2018. The Oregon Short-Term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895).

The Local Government Investment Pool (LGIP) is an unrated external investment pool managed by the State Treasurer's office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 40.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and participants' equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the District's cash position. Withdrawals in excess of \$25 million require 48 hours' notice.

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 294. These funds are held in the District's name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at cost, which approximates fair value.

*Credit Risk.* Credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The State of Oregon LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment officer of the Pool and it is responsible for all funds in the Pool.

These funds must be invested and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establishes diversification percentages and specifies the types and maturities of investments.

State statutes authorize the District to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers, and the State Treasurer's investment pool, among others. The District has no formal investment policy that further restricts its investment choices.

*Concentration of Credit Risk.* The District is required to provide information about the concentration of credit risk associated with its investments in one issuer that represent 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The District has no such investments.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Oregon Short-Term Fund Board manages this risk by limiting the maturity of the investments held by the fund. The District has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

As of June 30, 2018 the District had the following investments:

<u>Investment Type</u>	<u>Maturity</u>	<u>Percentage of Portfolio</u>	<u>Fair Value</u>
Local Government Investment Pool	1 day	100%	<u>\$ 162,068</u>

**B. Receivables**

Ad valorem property taxes are levied and become a lien on all taxable property as of July 1. Taxes are payable in three installments on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Uncollected property taxes are shown in the Statement of Net Position. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the District. Property taxes are collected by the tax collector of Coos County, which distributes its tax revenues based upon an allocation of all taxes levied by the different districts within the County.

For fiscal year 2017-2018, the District levied property taxes in the amount of \$3,763,500. After adjustments for estimated shared offsets, penalties, and limits this resulted in a net levy of \$3,757,048. The tax rate for the fiscal year 2017-2018 was \$.7289 per \$1,000 of assessed value before compression due to constitutional limits.

**C. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There has been no significant reduction in insurance coverage from the prior years and the District has not been required to pay any settlements in excess of insurance coverage during the past three fiscal years. The District's insurance is provided in combination with Coos County's.



**REQUIRED SUPPLEMENTARY  
INFORMATION**

**COOS COUNTY LIBRARY SERVICE DISTRICT**  
**(A COMPONENT UNIT OF COOS COUNTY, OREGON)**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended June 30, 2018**

	Budget		Variance
	Original & Final	Actual	
Revenues:			
Property taxes	\$ 3,564,468	\$ 3,655,405	\$ 90,937
Taxes - other	10,000	5,136	(4,864)
Fines and forfeitures	20,000	22,791	2,791
Interest	2,500	5,657	3,157
	<u>3,596,968</u>	<u>3,688,989</u>	<u>92,021</u>
Total revenues			
Expenditures:			
Culture and Recreation:			
Materials and services	<u>3,636,968</u>	<u>3,683,831</u>	<u>(46,863)</u>
Net change in fund balance	(40,000)	5,158	45,158
Fund balance at beginning of year	<u>40,000</u>	<u>43,264</u>	<u>3,264</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 48,422</u>	<u>\$ 48,422</u>

See auditor's report.

# AUDITOR'S REPORTS



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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*

January 10, 2019

To the Governing Body of Coos County Library Service District:

We have audited, in accordance with the 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 governmental activities and the major fund of the Coos County Library Service District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 10, 2019.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Coos County Library Service 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 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered 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 Coos County Library Service District's financial statements are free of 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 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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Harwood, MacAdam, Warthik, Fisher & Gorman, LLC  
Certified Public Accountants



INDEPENDENT AUDITOR'S REPORT  
REQUIRED BY OREGON STATE REGULATIONS

January 10, 2019

To the Governing Body of Coos County Library Service District:

We have audited, the financial statements the governmental activities and the major fund of the Coos County Library Service District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 10, 2019.

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 and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Oregon Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

**Compliance**

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 to 162-010-0320, as set forth below, 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.

We performed procedures to the extent we considered necessary to address the required comments and disclosures, which included, but were not limited to the following:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded wholly or partially by outside sources
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

Expenditures exceeded appropriations in the following amounts:

Except as shown below, in connection with our testing, nothing came to our attention that caused us to believe that the District was not in substantial compliance with certain provisions of laws, regulations, contract and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0100 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Oregon Secretary of State.

General Fund

Materials and services

\$ 46,863

**OAR 162-010-0230 Internal Control**

Please see our 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*.

**Purpose of this Report**

This report is intended solely for the information and use of the Board of Commissioners and management of Coos County Library Service District, and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these specified parties.



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Harwood, MacAdam, Warthik, Fisher & Gorman, LLC  
Certified Public Accountants