

COOS COUNTY LIBRARY SERVICE DISTRICT
(A Component Unit of Coos County)
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
with Independent Auditor's Report
Year Ended June 30, 2022

COOS COUNTY LIBRARY SERVICE DISTRICT

(A Component Unit of Coos County)

For the Year Ended June 30, 2022

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COOS COUNTY LIBRARY SERVICE DISTRICT
(A Component Unit of Coos County)
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION)

Principal Officials

June 30, 2022

BOARD OF COMMISSIONERS

<u>Title</u>	<u>Name</u>
Commissioner, Chair	Bob Main
Commissioner	John Sweet
Commissioner	Melissa Cribbins

All individuals receive mail at the address listed below:
Coos County Courthouse
250 N. Baxter
Coquille, OR 97423



INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Coos County Library Service District
Coquille, OR

1976 Garden Ave.
Eugene, OR 97403
541.342.5161
www.islercpa.com

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the General Fund, and the budgetary comparison for the General Fund of the Coos County Library Service District ("District"), a component unit of Coos County, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the General Fund, and the budgetary comparison for the General Fund of the District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 opinions.

Responsibilities of Management 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; and 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 as a whole 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 generally accepted 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.

In performing an audit in accordance with generally accepted auditing standards, we:

- 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.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 the required supplementary information 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 the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards of Audits of Oregon Municipal Corporations, we have issued our report dated June 30, 2023 on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Isler CPA

By:



Paul R Nielson, CPA, a member of the firm
June 30, 2023
Eugene, Oregon

**COOS COUNTY LIBRARY SERVICE DISTRICT
(A COMPONENT UNIT OF COOS COUNTY, OREGON)
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Year Ended June 30, 2022**

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, 2022. 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, 2022 by \$265,648 – a decrease of 14.6%.
- The District's revenues for the 2021-22 fiscal year increased by \$180,402, an increase of 4.4% from the prior year, expenses also increased by \$195,804 an increase of 4.8% 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, 2022

◆ 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 \$265,648 at June 30, 2022 and \$310,745 at the close of the fiscal year ended June 30, 2021.

COOS COUNTY LIBRARY SERVICE DISTRICT
(A COMPONENT UNIT OF COOS COUNTY, OREGON)
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Year Ended June 30, 2022

Net Position

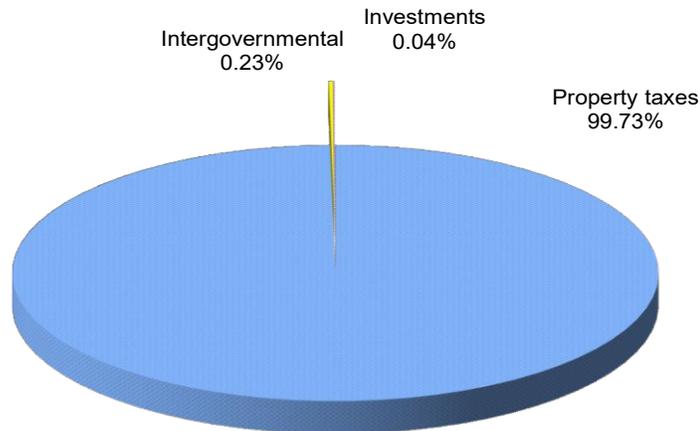
	2022	2021	Difference	%
Current and other assets	\$ 447,220	\$ 481,403	\$ (34,183)	-7.1%
Total assets	447,220	481,403	(34,183)	-7.1%
Current liabilities	181,572	170,658	10,914	6.4%
Total liabilities	181,572	170,658	10,914	6.4%
Net position:				
Unrestricted	265,648	310,745	(45,097)	-14.6%
Total net position	\$ 265,648	\$ 310,745	\$ (45,097)	-14.6%

Change in Net Position

	2022	2021	Difference	%
REVENUE:				
General revenues:				
Property taxes, levied	\$ 4,249,360	\$ 4,071,947	\$ 177,413	4.4%
Earnings on investments	1,773	2,794	(1,021)	-36.5%
Intergovernmental Revenues	9,717	5,707	4,010	70.3%
Total revenues	4,260,850	4,080,448	180,402	4.4%
EXPENDITURES:				
Culture and recreation:				
Materials and services	4,305,947	4,110,143	195,804	4.8%
Total expenditures	4,305,947	4,110,143	195,804	4.8%
Change in net position	(45,097)	(29,695)	(15,402)	-51.9%
Net position July 1	310,745	340,440	(29,695)	-8.7%
Net postion June 30	\$ 265,648	\$ 310,745	\$ (45,097)	-14.6%

**COOS COUNTY LIBRARY SERVICE DISTRICT
(A COMPONENT UNIT OF COOS COUNTY, OREGON)
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Year Ended June 30, 2022**

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 2022-23 total \$4,343,003 with resources other than taxes of \$257,500. The District intends to certify its full permanent tax rate for 2022-23, which is \$0.7289 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

Governmental Funds Balance Sheet / Statement of Net Position

June 30, 2022

	<u>General Fund</u>	<u>Adjustments</u>	<u>Governmental Activities</u>
ASSETS			
Cash and cash equivalents	\$ 181,569	\$ -	\$ 181,569
Property taxes receivable	<u>265,651</u>	<u>-</u>	<u>265,651</u>
Total assets	<u>\$ 447,220</u>	<u>-</u>	<u>\$ 447,220</u>
LIABILITIES			
Accounts payable	\$ 181,572	<u>-</u>	\$ 181,572
Total liabilities	<u>181,572</u>	<u>-</u>	<u>181,572</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	<u>222,131</u>	<u>(222,131)</u>	<u>-</u>
FUND BALANCE / NET POSITION			
Fund balance:			
Unassigned	<u>43,517</u>	<u>(43,517)</u>	-
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 447,220</u>		
Net position:			
Unrestricted		<u>265,648</u>	<u>265,648</u>
Total net position		<u>\$ 265,648</u>	<u>\$ 265,648</u>
Total liabilities and net position			<u>\$ 447,220</u>

Fund balances of the governmental fund have been adjusted and reported differently than the net position of the governmental activities because:

- Property taxes that are accrued, but not collected within 60 days following year end are not recognized as revenues in the governmental funds and are reported as deferred inflows of resources on the balance sheet.

COOS COUNTY LIBRARY SERVICE DISTRICT

Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities

For the Year Ended June 30, 2022

	<u>General Fund</u>	<u>Adjustments</u>	<u>Governmental Activities</u>
REVENUES			
Property Taxes	\$ 4,297,047	\$ (47,687)	\$ 4,249,360
Intergovernmental Revenues	9,717	-	9,717
Investment Earnings	<u>1,773</u>	<u>-</u>	<u>1,773</u>
Total Revenues	<u>4,308,537</u>	<u>(47,687)</u>	<u>4,260,850</u>
EXPENSES			
Culture and Recreation	<u>4,305,947</u>	<u>-</u>	<u>4,305,947</u>
Total community service expenditures / expenses	<u>4,305,947</u>	<u>-</u>	<u>4,305,947</u>
Net change in fund balance / net position	2,590	(47,687)	(45,097)
Fund balance / net position:			
Beginning of year	<u>40,927</u>	<u>269,818</u>	<u>310,745</u>
End of year	<u>\$ 43,517</u>	<u>\$ 222,131</u>	<u>\$ 265,648</u>

Amounts reported for governmental activities are different than those of the General Fund because of the following:

- Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds, instead they are reported as deferred inflows of resources.

COOS COUNTY LIBRARY SERVICE DISTRICT

GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Property Taxes	\$ 4,143,275	\$ 4,393,275	\$ 4,297,047	\$ (96,228)
Intergovernmental				
Revenues	3,000	3,000	9,717	6,717
Investment Earnings	<u>2,500</u>	<u>2,500</u>	<u>1,773</u>	<u>(727)</u>
Total revenues	<u>4,148,775</u>	<u>4,398,775</u>	<u>4,308,537</u>	<u>(90,238)</u>
Expenditures:				
Materials and services	<u>4,188,775</u>	<u>4,438,775</u>	<u>4,305,947</u>	<u>132,828</u>
Net change in fund				
balance	<u>(40,000)</u>	<u>(40,000)</u>	<u>2,590</u>	<u>42,590</u>
Fund balance:				
Beginning of year	<u>40,000</u>	<u>40,000</u>	<u>40,927</u>	<u>927</u>
End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 43,517</u></u>	<u><u>\$ 43,517</u></u>

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

COOS COUNTY LIBRARY SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2022

Note I - Description of the District and summary of significant accounting policies

A. Organization

The Coos County Library Service District ("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 had no potential component units. Since Coos County is financially accountable for and significantly influences the operations of the District and the County Board of Commissioners also serves as the District's Board, the District is included as a blended component unit in the County's basic financial statements for the year ended June 30, 2022.

B. Basis of presentation

Government-wide financial statements

The Statement of Net Position and Statement of Activities display information about the District. These statements include all the financial activities of the District. Governmental activities are supported by taxes and operating grants.

The Statement of Activities presents a comparison between direct expenses and 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.

When both restricted and unrestricted net position are available, restricted net position is used first and then unrestricted resources are used as needed.

Fund financial statements

The fund financial statements provide information about the District's only fund, the General Fund. This fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the District.

C. Basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes is the major source of nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are recorded using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property tax revenues are recognized in the fiscal year for which they were levied, provided they are due and collectible within 60 days following year end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims, and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds.

D. Receivables

Property taxes receivable in the governmental fund types, which have been collected within 60 days following year end are considered measurable and available and are recognized as revenues. Real and personal property are assessed and property taxes become a lien against the property as of July 1 each year. Property taxes are payable in three installments, following the lien date, on November 15, February 15, and May 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Grant revenues will be recognized in the current period if they are measurable and the related expenditures have been incurred.

COOS COUNTY LIBRARY SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2022

Note I - Description of the District and summary of significant accounting policies, continued

E. Fund balance

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The fund balance classifications are:

Nonspendable - resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids, and deposits.

Restricted - constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grants, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - the County Commissioners pass an ordinance that places specific constraints on how the resources may be used. The County Commissioners can modify or rescind the ordinance at any time through passage of an additional ordinance.

Assigned - resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed. Intent is expressed when the County Commissioners approve which resources should be "reserved" during the adoption of the annual budget.

Unassigned - resources that have not been restricted, committed, or assigned within the General Fund.

The District only reports unassigned fund balance.

When both restricted and unrestricted (committed, assigned, or unassigned) resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed. When an expenditure is incurred, where an unrestricted fund balance classification could be used, it is the District's policy to use committed resources first, assigned resources second, and then unassigned amounts as they are needed.

F. Budget policies and budgetary control

Generally, Oregon Local Budget Law requires annual budgets to be adopted for all funds except agency funds. The modified accrual basis of accounting is used for all budgets. All annual appropriations lapse at the fiscal year end.

The District begins its budgeting process by appointing a Budget Committee in January. Budget recommendations are developed by management through the month of March with the Budget Committee meeting and approving the budget document in April. Public notices for the budget hearing are published and the hearing is held in May. The Board of County Commissioners adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over-spent, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations sets the level at which expenditures cannot legally exceed appropriations. The District established the levels of budgetary control at the personal services, material and services, capital outlay, operating contingencies, debt service, and all other requirement levels.

G. Estimates

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

COOS COUNTY LIBRARY SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2022

Note II - Cash and Cash Equivalents

The District's cash and cash equivalents are held by Coos County in pooled cash and investment accounts and are considered to be cash on hand, demand deposits, and investments in the State of Oregon Treasury Department's Local Government Investment Pool (LGIP).

State statutes govern the County's cash management policies because the County does not have an official investment policy. State statutes authorize the County to invest in the Oregon State Treasurer's Local Government Investment Pool, time certificates of deposit, U.S. Government Treasury Obligations, and obligations of the United States and its agencies and instrumentalities.

The Oregon Local Government Investment Pool (LGIP) is an open-ended, no-load diversified portfolio offered to any municipality, political subdivision, or public corporation of the State that by law is made the custodian of, or has control of, any public funds. The Office of the State Treasurer (OST) manages the LGIP. The LGIP is commingled with other State funds in the Oregon Short-Term Fund (OSTF). The OSTF is not managed as a stable net asset value fund: therefore, the preservation of principal is not assured. The LGIP is not rated by a national rating service. Additional information about the OSTF can be obtained at www.ost.state.or.us and www.oregon.gov/treasury. The weighted-average maturity of LGIP is less than one year.

Custodial Credit Risk Deposits Custodial credit risk is the risk that in the event of a bank failure, The County's deposits may not be returned to it. Deposits with financial institutions include bank demand deposits. Cash, is covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool called the Public Funds Collateralization Program (PFCP) administered by the Office of the State Treasurer for the State of Oregon.

Note III - Risk Management

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; torts; errors and omissions; injuries to employees; and natural disasters. The District is covered against such risks of loss through the commercial insurance purchased by the County. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

COMPLIANCE SECTION



**COMMENTS AND DISCLOSURES OF INDEPENDENT AUDITOR
REQUIRED BY STATE STATUTE**

1976 Garden Ave.
Eugene, OR 97403
541.342.5161
www.islercpa.com

Board of Commissioners
Coos County Library Service District
Coquille, OR

We have audited the basic financial statements of Coos County Library Service District, Oregon ("District") as of and for the year ended June 30, 2022 and have issued our report thereon dated June 30, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, 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:

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Budgets legally required (ORS Chapter 294)**
- **Insurance and fidelity bonds in force or required by law**
- **Authorized investment of surplus funds (ORS Chapter 294)**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)**

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporation.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 entity'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.

This report is intended for the information of management, the County Commissioners, and the Secretary of State, Audits Division, of the State of Oregon. However, this report is a matter of public record and its distribution is not limited.



Paul R Nielson, CPA, a member of the firm
for Isler CPA
June 30, 2023
Eugene, Oregon