



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

**ANNUAL FINANCIAL REPORT  
For the Year Ended June 30, 2009**



**COOS COUNTY LIBRARY SERVICE DISTRICT  
(A COMPONENT UNIT OF COOS COUNTY, OREGON)  
ANNUAL FINANCIAL REPORT  
For the Year Ended June 30, 2009**

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**GOVERNING BOARD**



**COOS COUNTY LIBRARY SERVICE DISTRICT  
(A COMPONENT UNIT OF COOS COUNTY, OREGON)  
COUNTY OFFICIALS  
June 30, 2009**

GOVERNING BOARD

Nikki Whitty, Chairperson - December 31, 2010  
54819 Lee Valley Road  
Coquille, Oregon 97423

Bob Main, Commissioner – December 31, 2012  
791 E 10th St  
Coquille, OR 97423

Kevin Stufflebean, Commissioner - December 31, 2010  
P.O. Box 1480  
Coos Bay, Oregon 97420

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**MAILING ADDRESS**

Coos County Courthouse  
250 N. Baxter  
Coquille, OR 97423  
(541) 396-3121 Ext. 225





# **FINANCIAL SECTION**





**Hough, MacAdam & Wartnik, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

JIM HOUGH, CPA  
SHIRLEY MACADAM, CPA  
JAYSON WARTNIK, CPA  
BRIAN BRAS, CPA  
JOE COLO, CPA

SHAWN EICHNER, CPA  
LAURA FISHER, CPA  
BOB GORMAN, CPA  
SALLY JAEGGLI, CPA  
KARL MAXON, CPA

## INDEPENDENT AUDITOR'S REPORT

February 8, 2010

To the Governing Board of Coos County Library Service District:

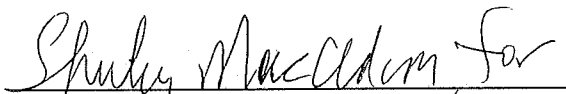
We have audited the accompanying financial statements of the governmental activities and the major fund of the Coos County Library Service District, a component unit of Coos County, Oregon, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Coos County Library Service District's management. 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009, 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.

Management's Discussion and Analysis and budgetary comparison information for the General Fund are not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We applied certain limited procedures to Management's Discussion and Analysis, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2010, on our consideration of Coos Library Service District's internal control over financial reporting and 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 result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

  
\_\_\_\_\_  
Shirley MacAdam  
Hough, MacAdam & Wartnik, 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, 2009**

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, 2009. 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 Southwestern Oregon Community College 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, 2009 by \$313,067 – an increase of 10.0%.
- The District's revenues for the 2008-09 fiscal year increased by \$73,671, an increase of 2.6% from the prior year, expenses also increased by \$98,286, an increase of 3.6% 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 \$.07289 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.
  - ◆ The *Statement of Net Assets* presents information on all the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

**COOS COUNTY LIBRARY SERVICE DISTRICT  
(A COMPONENT UNIT OF COOS COUNTY, OREGON)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For Year Ended June 30, 2009**

◆ The *Statement of Activities* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets 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 assets may be found in the Statement of Net Assets. As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. The District's assets exceeded liabilities by \$313,067 at June 30, 2009 and \$284,539 at the close of the fiscal year June 30, 2008.

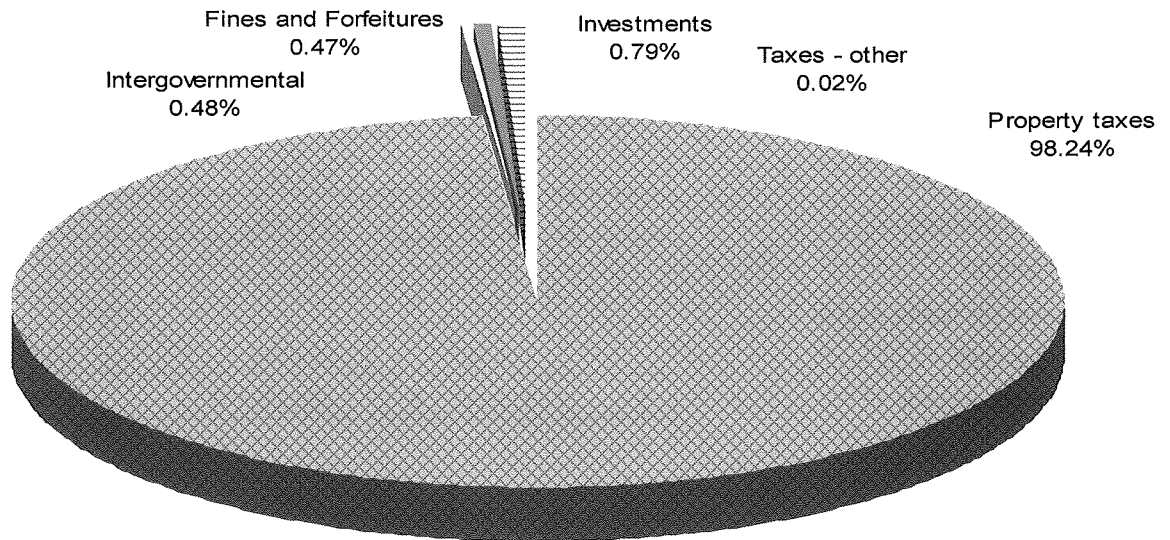
**COOS COUNTY LIBRARY SERVICE DISTRICT  
(A COMPONENT UNIT OF COOS COUNTY, OREGON)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For Year Ended June 30, 2009**

<b>Net Assets</b>				
	2009	2008	Difference	%
Current and other assets	\$ 411,540	\$ 458,223	\$ (46,683)	-10.2%
Capital assets	-	-	-	
Total assets	411,540	458,223	(46,683)	-10.2%
Current liabilities	98,473	173,684	(75,211)	-43.3%
Total liabilities	98,473	173,684	(75,211)	-43.3%
Net assets:				
Invested in capital assets	-	-	-	
Unrestricted	313,067	284,539	28,528	10.0%
<b>Total net assets</b>	<b>\$ 313,067</b>	<b>\$ 284,539</b>	<b>\$ 28,528</b>	<b>10.0%</b>

<b>Change in Net Assets</b>				
	2009	2008	Difference	%
<b>REVENUE:</b>				
General revenues:				
Property Taxes, levied	\$ 2,855,436	\$ 2,745,633	\$ 109,803	4.0%
Taxes - other	670	7,744	(7,074)	-91.3%
Intergovernmental	13,949	39,414	(25,465)	-64.6%
Fines and forfeitures	13,656	6,213	7,443	119.8%
Earnings on investments	3,043	14,079	(11,036)	-78.4%
Other revenue	-	-	-	0.0%
Total revenues	2,886,754	2,813,083	73,671	2.6%
<b>EXPENDITURES:</b>				
Culture and recreation:				
Materials and services	2,858,226	2,759,940	98,286	3.6%
Total expenditures	2,858,226	2,759,940	98,286	3.6%
Change in net assets	28,528	53,143	(24,615)	-46.3%
Net assets July 1	284,539	231,396	53,143	23.0%
<b>Net assets June 30</b>	<b>\$ 313,067</b>	<b>\$ 284,539</b>	<b>\$ 28,528</b>	<b>10.0%</b>

**COOS COUNTY LIBRARY SERVICE DISTRICT  
(A COMPONENT UNIT OF COOS COUNTY, OREGON)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For Year Ended June 30, 2009**

## 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 Southwestern Oregon Community College 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

- The current downturn in the economy will improve slowly with a recovery not expected to enhance county resources for at least 5 years.
- 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 2009-2010 total \$2,974,872 with resources other than taxes of \$176,150. The District intends to certify its full permanent tax rate for 2009-10, 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 Treasurer's 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 ASSETS**  
June 30, 2009

	Governmental Activities
<b>ASSETS</b>	
Pooled cash and investments	\$ 96,152
Accounts receivable	2,321
Taxes receivable	313,067
Total assets	411,540
<b>LIABILITIES</b>	
Accounts payable	98,473
<b>NET ASSETS</b>	
Unrestricted	\$ 313,067

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, 2009

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
<b>Activities:</b>		Fees, Fines, Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental:					
Culture and recreation	\$ 2,858,226	\$ 13,656	\$ 13,949	\$ -	\$ (2,830,621)
<b>Total Coos County Library Service District</b>	<b>\$ 2,858,226</b>	<b>\$ 13,656</b>	<b>\$ 13,949</b>	<b>\$ -</b>	<b>(2,830,621)</b>
<b>General revenues:</b>					
Taxes:					
Property taxes, levied for general purposes					2,855,436
Foreclosed property sales					670
Earnings on investments					3,043
<b>Total general revenues</b>					<b>2,859,149</b>
<b>Change in net assets</b>					<b>28,528</b>
Net assets - beginning					284,539
Net assets - ending					<b>\$ 313,067</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, 2009

**ASSETS**

Pooled cash and investments	\$	96,152
Accounts receivable		2,321
Taxes receivable		<u>313,067</u>
 Total assets	 \$	 <u><u>411,540</u></u>

**LIABILITIES**

Accounts payable	\$	98,473
Deferred revenue		<u>267,851</u>
 Total liabilities		 366,324

**FUND BALANCE**

Unreserved		<u>45,216</u>
 Total liabilities and fund balance	 \$	 <u><u>411,540</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 Governmental Fund Balance Sheet  
to the Statement of Net Assets  
June 30, 2009**

**Total fund balance** \$ 45,216

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

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

Deferred revenue for property taxes 267,851

**Total net assets of governmental activities** \$ 313,067

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, 2009**

Revenues:	
Property taxes	\$ 2,824,350
Taxes - other	670
Intergovernmental	13,949
Fines and forfeitures	13,656
Interest	<u>3,043</u>
Total revenues	<u>2,855,668</u>
Expenditures:	
Culture and Recreation:	
Materials and services	<u>2,858,226</u>
Net change in fund balance	(2,558)
Fund balance at beginning of year	<u>47,774</u>
Fund balance at end of year	<u><u>\$ 45,216</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, 2009**

<b>Total net change in fund balance - governmental fund</b>	\$ (2,558)
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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 deferred revenue	<u>31,086</u>
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<b>Change in net assets of governmental activities</b>	<u><u>\$ 28,528</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, 2009**

**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 has the ability to impose its will over the District as determined on the basis of budget adoption, taxing authority and funding for the District. Therefore, under the criteria set by the Governmental Accounting Standards Board, the District is considered a component unit of Coos County and the District's financial activities are included as a blended component unit in the basic financial statements of Coos County.

Although a component unit of Coos County, the District exists and operates separately from the County. Accordingly, the District's financial statements will also be included in the financial statements of the County and will be reported as a special revenue fund.

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 Assets 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 assets. All transactions and events that affect the total economic resources (net 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 Assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets.

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. 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 funds are 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.

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. All uncollected property taxes receivable are offset by deferred property tax revenues, and, accordingly, have not been recorded as revenue on the budgetary basis.



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 net 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 amortized 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 Revenues*

Deferred revenues represent uncollected property taxes deemed not available to finance operations of the current period.

#### *5. Fund Equity*

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. There were no reservations or designations of fund balance at June 30, 2009.

## 6. *Net Assets*

Net assets represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or law or regulations of other governments. The District had only unrestricted net assets at June 30, 2009.

## 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, contingency, and all other requirements.

## 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, 2009. 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, 2009, 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, 2009. 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). 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.

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 194.180. These funds are held in the District's name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at amortized cost, which approximates fair value.

*Credit Risk.* State statutes authorize the District to invest primarily in general obligations of the US 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.* 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, 2009 the District had the following investments:

Investment Type	Maturity	Percentage of Portfolio	Fair Value
Local Government Investment Pool	1 day	100%	\$ 96,152

**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 Assets. 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 2008-2009, the District levied property taxes in the amount of \$2,938,400. After adjustments for estimated shared offsets, penalties, and loss due to constitutional limits of \$5,244 this resulted in a net levy of \$2,943,644. The tax rate for the fiscal year 2008-2009 was \$.7289 per \$1,000 of assessed value before compression due to constitutional limits.

Property taxes receivable as of year end are as follows:

	Receivable 6/30/2008	2008-2009 Net Levy	Collections and Adjustments	Receivable 6/30/2009
2008-2009	\$ -	\$ 2,943,644	\$ 2,761,895	\$ 181,749
2007-2008	161,353	-	86,602	74,751
2006-2007	65,504	-	29,609	35,895
2005-2006	30,877	-	16,766	14,111
2004-2005	10,909	-	8,786	2,123
2003-2004	1,591	-	795	796
2002-2003	1,122	-	492	630
2001-2002	694	-	70	624
2000-2001	795	-	31	764
Prior years	2,254	-	630	1,624
Total	<u>\$ 275,099</u>	<u>\$ 2,943,644</u>	<u>\$ 2,905,676</u>	<u>\$ 313,067</u>

### 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, 2009**

	<u>Budget</u>		
	<u>Original &amp; Final</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Property taxes	\$ 2,825,561	\$ 2,824,350	\$ (1,211)
Taxes - other	20,000	670	(19,330)
Intergovernmental revenues	30,000	13,949	(16,051)
Fines and forfeitures	15,000	13,656	(1,344)
Interest	15,000	3,043	(11,957)
	<u>2,905,561</u>	<u>2,855,668</u>	<u>(49,893)</u>
Total revenues			
Expenditures:			
Culture and Recreation:			
Materials and services	2,905,561	2,858,226	47,335
Net change in fund balance	-	(2,558)	(2,558)
Fund balance at beginning of year	-	47,774	47,774
Fund balance at end of year	<u>\$ -</u>	<u>\$ 45,216</u>	<u>\$ 45,216</u>

See auditor's report.





**ACCOMPANYING INFORMATION**





**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**

February 8, 2010

To the Governing Body of Coos County Library Service District:

We have audited the accompanying financial statements of the governmental activities and major fund of Coos County Library Service District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 8, 2010. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Coos County Library Service 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.

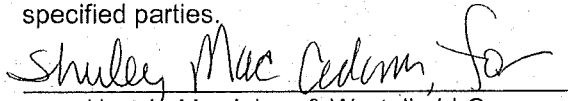
*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected in a timely manner.

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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**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 grants, 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*.

This report is intended solely for the information and use of management; Coos County Library Service District Board of Directors, the State of Oregon, Secretary of State, Division of Audits; and cognizant and other federal audit agencies and is not intended to be and should not be used by anyone other than these specified parties.



Hough, MacAdam & Wartnik, LLC  
Certified Public Accountants

## INDEPENDENT AUDITOR'S COMMENTS

### **Audit Report Requirements**

Oregon Administrative Rules 162-10-0000 through 162-10-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments, and disclosures required in audit reports. The required schedules, comments, and disclosures not included in the preceding section of this report are as follows:

### **Accounting Systems and Internal Controls**

The Coos County Library Service District's accounting systems are adequate and the accounting records are properly maintained. The internal controls for the District are operating as designed and no material weaknesses were noted.

### **Collateral**

Based on our tests, balances on deposit with financial institutions were secured in accordance with the requirements of ORS 295.015. The District's cash and investments are pooled with those of the County.

### **Indebtedness**

Based on the results of our tests, the District had no debt at any time during the fiscal year 2008-2009.

### **Budget**

We reviewed the preparation, adoption, and execution of the budget for the current year and the preparation and adoption of the ensuing year's budget.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The District adopts appropriations for its fund at the level of materials and services, contingency, debt service, and all other requirements.

Based on the results of our tests, the District has complied with statutory requirements for the current and ensuing year's budgets.

### **Insurance and Fidelity Bonds**

The District is in compliance with the legal requirements pertaining to insurance and fidelity bond coverage. We are not competent by training to state whether the insurance policies covering District owned property in force at June 30, 2009, are adequate.

Based on the results of our tests, the District has complied with the provisions of ORS 332.525 regarding the bonding of District personnel.

### **Least Cost Policy for Public Improvements**

Based on our tests, the District was in compliance with the provisions of ORS 279 pertaining to the awarding of public contracts and the construction of public improvements.

### **Programs Funded from Outside Sources**

We selected and tested, to the extent deemed appropriate, transactions, records, and reports relative to programs funded wholly or partially by other governmental agencies.

The results of our tests indicate, for the items tested, the District complied with the laws, rules, and regulations pertaining to programs funded wholly or partially by other governmental agencies, and, for the items tested, financial reports and related data were in agreement with and supported by the accounting records.

The District expended less than \$500,000 in Federal Financial Assistance. Therefore, they are not subject to the requirements of OMB Circular A-133.

### **Statement of Accountability for Independently Elected Officials**

This statement is not applicable to the District.