

COOS COUNTY AREA TRANSIT SERVICE DISTRICT
(A COMPONENT UNIT OF COOS COUNTY)
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
with Independent Auditor's Report
Year Ended June 30, 2019

COOS COUNTY TRANSIT SERVICE DISTRICT

(A COMPONENT UNIT OF COOS COUNTY)

For the Year Ended June 30, 2019

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COOS COUNTY AREA TRANSIT SERVICE DISTRICT

(A COMPONENT UNIT OF COOS COUNTY)

Principal Officials

June 30, 2019

BOARD OF COMMISSIONERS

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

All individuals receive mail at the address listed below:

250 N Baxter
Coquille, OR 97423

REGISTERED AGENT

Melissa Metz
93781 Newport Lane
Coos Bay, OR 97420



INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Coos County Transit Service District
Coquille, Oregon

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 Transit Service District ("District"), a component unit of Coos County, as of and for the year ended June 30, 2019, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 financial position of the governmental activities and the general fund of the District as of June 30, 2019, and the changes in its financial position and the budgetary comparison of the general fund for the year then ended in accordance 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 (MD&A) be presented to supplement the basic financial statements. The MD&A, 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 MD&A 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 financial statements, and other knowledge we obtained during our audit of the 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 April 12, 2102 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
April 12, 2102
Eugene, Oregon

COOS COUNTY TRANSIT SERVICE DISTRICT

Management's Discussion and Analysis

June 30, 2019

The management of the Coos County Transit Service District ("District"), offers readers of its financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the additional information in the financial statements that follow.

FINANCIAL HIGHLIGHTS

- The District's total net position increased \$138,852 or 20.42% over the course of the year's operations, primarily due to an increase in grants and contracts revenue.
- Capital assets increased by \$155,012 or 33.39%, net of depreciation, compared to the previous year, due to current year additions of buses offset by depreciation expense for the year.
- Liabilities increased \$414,909 or 200.09% from the previous year due primarily to the increase in unearned revenue and other current liabilities.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), basic financial statements and disclosures, and independent auditor's comments required by the minimum standards for audits of Oregon Municipal Corporations. The discussion and analysis section is intended to serve as an introduction to the District's basic financial statements. These statements consist of government-wide financial statements, fund financial statements, Budget to Actual statement, and notes to basic financial statements.

The Statement of Net Position contains information about the District's assets, liabilities and net position. Over time, changes in assets and liabilities can be a useful indicator to assess the District's ability to cover its costs and to continue to finance services and new programs in the future versus how much is invested in capital assets or restricted for specific purposes. The Statement of Activities contains information about the expenses incurred to provide transit service activities and the revenues obtained to finance these services. This statement shows the extent to which services are covered by user fees and how much of the service is financed by government grants, and accumulated reserves. The remaining statements are fund financial statements that include only current or short term information such as readily available assets and currently due liabilities as well as the revenues and expenses received or expended during the current year or shortly thereafter.

FINANCIAL SUMMARY AND ANALYSIS

Net Position. The District's net position was \$818,677, which is an increase of \$138,852 between fiscal years 2019 and 2018. (See Table 1). Current and other assets increased \$398,759 due mainly to a increase in all categories as a result of increased grant funding.

**Table 1
SUMMARY OF NET POSITION**

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
<u>Assets:</u>		
Cash and cash equivalents	\$ 547,530	\$ 313,286
Other current assets	274,215	109,700
Capital assets, net of accumulated depreciation	<u>619,211</u>	<u>464,199</u>
Total assets	<u>\$ 1,440,956</u>	<u>\$ 887,185</u>
<u>Liabilities:</u>		
Other current liabilities	\$ 217,696	\$ 55,677
Unearned revenue	378,701	129,596
Compensated absences	<u>25,872</u>	<u>22,087</u>
Total liabilities	<u>622,269</u>	<u>207,360</u>
<u>Net position:</u>		
Net investment in capital assets	619,211	464,199
Unrestricted	<u>199,466</u>	<u>215,626</u>
Total net position	<u>\$ 818,677</u>	<u>\$ 679,825</u>

COOS COUNTY TRANSIT SERVICE DISTRICT

Management's Discussion and Analysis, continued

June 30, 2019

Changes in Net Position. The District's total revenues increased by \$183,381 or 18.88% and expenses increased by \$155,012 or 17% (See Table 2) for the year ending 2019 in comparison to 2018 .

**Table 2
SUMMARY OF ACTIVITIES**

	Governmental Activities	
	2019	2018
Revenues		
Grants and contracts	\$ 1,063,936	\$ 866,342
Charges for services	82,530	84,400
Miscellaneous	8,157	20,500
Total revenues	<u>1,154,623</u>	<u>971,242</u>
Expenses		
Community services	<u>1,015,771</u>	<u>816,318</u>
Change in net position	138,852	154,924
Net position beginning of year	<u>679,825</u>	<u>524,901</u>
Net position end of year	<u>\$ 818,677</u>	<u>\$ 679,825</u>

Financial Analysis of Funds. The District has only the General Fund. The analysis of the fund activity is essentially the same as that discussed previously under Changes in Net Position and Governmental Activities.

Budgetary Highlights. The adopted budget for 2019 was adjusted during the year adding \$304,000 of statewide transportation funding.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The District's net investment in capital assets increased \$155,012 during fiscal year 2019, with the addition of capital assets and current year depreciation expense. Additional information regarding capital assets can be found in Note IV to the financial statements.

Long-term debt. The District currently carries no long-term obligations.

ECONOMIC FACTORS AND BUDGET INFORMATION

The budget outlook for 2020 estimates a continuation of the activity levels of 2019, with moderate increases in the general operations of the District.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Coos County Transit Service District's financial condition. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the South Coast Business Employment Corporation 93781 Newport Lane, Coos Bay, OR 97420.

BASIC FINANCIAL STATEMENTS

COOS COUNTY TRANSIT SERVICE DISTRICT

Governmental Funds Balance Sheet / Statement of Net Position

June 30, 2019

	<u>General Fund</u>	<u>Adjustments</u>	<u>Governmental Activities</u>
ASSETS			
Cash and investments	\$ 547,530	\$ -	\$ 547,530
Receivables	246,691	-	246,691
Prepays and deposits	27,524	-	27,524
Capital assets:			
Equipment, net of accumulated depreciation	<u>-</u>	<u>619,211</u>	<u>619,211</u>
Total assets	<u>\$ 821,745</u>	<u>619,211</u>	<u>1,440,956</u>
LIABILITIES			
Accounts payable	\$ 197,898	-	197,898
Payroll and related accruals	19,798	-	19,798
Unearned revenue	378,701	-	378,701
Compensated absences payable	<u>-</u>	<u>25,872</u>	<u>25,872</u>
Total liabilities	<u>596,397</u>	<u>25,872</u>	<u>622,269</u>
FUND BALANCE / NET POSITION			
Fund balance:			
Unassigned	<u>225,348</u>	<u>(225,348)</u>	-
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 821,745</u>		
Net position:			
Net investment in capital assets		619,211	619,211
Unrestricted		<u>199,466</u>	<u>199,466</u>
Total net position		<u>\$ 818,677</u>	<u>\$ 818,677</u>

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

- Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.
- Compensated absence liabilities are not due and payable in the current period and therefore are not reported in the governmental fund balance sheet.

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

COOS COUNTY TRANSIT SERVICE DISTRICT

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

For the Year Ended June 30, 2019

	<u>General Fund</u>	<u>Adjustments</u>	<u>Governmental Activities</u>
REVENUES			
Grants and contracts	\$ 1,063,936	\$ -	\$ 1,063,936
Charges for services	82,530	-	82,530
Miscellaneous	<u>8,157</u>	<u>-</u>	<u>8,157</u>
Total revenues	<u>1,154,623</u>	<u>-</u>	<u>1,154,623</u>
COMMUNITY SERVICE EXPENDITURES / EXPENSES			
Personal Services	525,399	3,785	529,184
Materials and Services	390,993	2,545	393,538
Capital outlay	247,596	(247,596)	-
Depreciation	<u>-</u>	<u>93,049</u>	<u>93,049</u>
Total community service expenditures / expenses	<u>1,163,988</u>	<u>(148,217)</u>	<u>1,015,771</u>
Net change in fund balance / net position	(9,365)	148,217	138,852
Fund balance / net position:			
Beginning of year	<u>234,713</u>	<u>445,112</u>	<u>679,825</u>
End of year	<u>\$ 225,348</u>	<u>\$ 445,112</u>	<u>\$ 818,677</u>

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

- Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.
- Expenses related to the change in compensated absences are reported in the statement of activities and do not require the use of current financial resources, therefore, they are not reported as expenditures in the governmental funds.

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

COOS COUNTY TRANSIT SERVICE DISTRICT

GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2019

	<u>Original and Final Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Grants and contracts	\$ 971,091	\$ 1,275,091	\$ 1,063,936	\$ (211,155)
Charges for services	63,337	63,337	82,530	19,193
Miscellaneous	<u>58,233</u>	<u>58,233</u>	<u>8,157</u>	<u>(50,076)</u>
Total revenues	<u>1,092,661</u>	<u>1,396,661</u>	<u>1,154,623</u>	<u>(242,038)</u>
Expenditures:				
Personal Services	556,002	646,898	525,399	121,499
Materials and Services	376,499	481,702	390,993	90,709
Capital outlay	<u>165,000</u>	<u>272,901</u>	<u>247,596</u>	<u>25,305</u>
Total expenditures	<u>1,097,501</u>	<u>1,401,501</u>	<u>1,163,988</u>	<u>237,513</u>
Net change in fund balance	<u>(4,840)</u>	<u>(4,840)</u>	<u>(9,365)</u>	<u>(4,525)</u>
Fund balance:				
Beginning of year	<u>176,293</u>	<u>176,293</u>	<u>234,713</u>	<u>58,420</u>
End of year	<u>\$ 171,453</u>	<u>\$ 171,453</u>	<u>\$ 225,348</u>	<u>\$ 53,895</u>

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

COOS COUNTY TRANSIT SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2019

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

A. Organization

The Coos County Transit Service District ("District") was founded in January 2004 for the purpose of providing public transportation service to the residents of the County.

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 Comprehensive Annual Financial Report of Coos County for the year ended June 30, 2019.

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. Intergovernmental grants 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, 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. Revenue is recognized that 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.

COOS COUNTY TRANSIT SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2019

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

D. Cash

The cash and cash equivalents reported on the Statement of Net Position include cash on hand and demand deposits. All cash and investments are carried at cost, which approximates fair value.

E. Receivables

Receivables consist of grant receivables and receivables from contracted services. All receivables were billed at year-end. An allowance for bad debts is not carried, as the District believes all receivables will be collected and any uncollectible amounts would be immaterial.

F. Capital assets

Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is unavailable. Contributed capital assets are valued at the donor's cost on the date contributed. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated using the straight-line method over their estimated useful lives in the government-wide statements. The estimated useful lives are as follows:

Buildings and improvements	10 to 25 years
Machinery and equipment	5 to 15 years
Vehicles and other mobile equipment	2 to 5 years

G. Compensated absences

Vacation and sick leave pay accumulate at the regular rates of pay. Employees may accumulate vacation leave up to forty-two days, with such leave fully vested when earned and is payable upon termination. Employees may accumulate an unlimited amount of sick leave, but only one half vests with the employee when earned and is payable upon termination of employment up to 50 days. An expense and a related liability for vacation and sick leave payable are recorded as the leave is earned.

H. 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.

COOS COUNTY TRANSIT SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2019

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

I. 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. Oregon Local Budget Law establishes standard procedures relating to the preparation, adoption, and execution of the annual budget. The procedures include appointment of budget committee members, approval of the budget by the Budget Committee and a Budget hearing. The budget is generally adopted and appropriations are made no later than June 30. The resolution authorizing the appropriation sets the legal limits for expenditures. Total personnel services, materials and services, capital outlay, debt service, and contingency are the levels of control. Original appropriations may be increased through resolutions by transferring amounts between appropriations. Management may reassign resources within functions without seeking approval of the District's Board of Commissioners. A supplemental budget is needed to increase appropriations when appropriation transfers are unauthorized

J. 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.

Note II - Cash 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, 2019. 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. The Public Funds Collateralization Pool is a multiple financial institution collateral pool administered by the Oregon State Treasurer's Office.

For the fiscal year ended June 30, 2019, the carrying amounts of the District's deposits in a financial institutions were \$57,742 and the bank balance was \$129,313. All of the bank balance, is insured by the Federal Depository Insurance

The Oregon State Treasurer is responsible for monitoring public funds held by bank depositories in excess of FDIC insured amounts, and for assuring that public funds on deposit are collateralized to the extend required by Oregon Revised Statutes (ORS) 295. ORS Chapter 295 requires depository banks to place and maintain on deposit with a third party custodian bank securities having a value of 10 percent, 25 percent or 110 percent of public funds on deposit depending primarily on the capitalization level of the depository bank.

.Cash is comprised of the following at June 30, 2019

Cash on hand	\$	50
Cash in bank		57,742
Local Government Investment Pool		489,738
	\$	<u>547,530</u>

The Oregon State Treasurer maintains the Oregon Short Term Fund (OSTF), of which the Local Government Investment Pool (LGIP) is a part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. LGIP was created to offer a short-term investment alternative to Oregon local governments and it is not registered with the U.S. Securities and Exchange Commission. The investments are regulated by the OSTF and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The OSTF financial statements are available at <http://www.ost.state.or.us/>.

Credit risk: The LGIP is not rated by any national rating service.

Interest rate risk: The weighted-average maturity of LGIP is less than one year.

COOS COUNTY TRANSIT SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2019

Note III - Receivables

Receivables for the year ended June 30, 2019 are as follows:

Accounts	\$ 6,712
Grant receivable	<u>239,979</u>
Total receivables	<u><u>\$ 246,691</u></u>

Note IV - Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balances July 1, 2018	Additions	Deletions	Balances June 30, 2019
<u>Governmental Activities</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 117,743	\$ -	\$ -	\$ 117,743
<i>Capital assets being depreciated:</i>				
Buildings	206,960	-	-	206,960
Vehicles and mobile equipment	913,774	248,061	(15,200)	1,146,635
Machinery and equipment	<u>55,248</u>	<u>-</u>	<u>-</u>	<u>55,248</u>
Total capital assets being depreciated	1,175,982	248,061	(15,200)	1,408,843
<i>Less accumulated depreciation for:</i>				
Buildings	(663,009)	(81,307)	15,200	(729,116)
Vehicles and mobile equipment	(120,329)	(7,068)	-	(127,397)
Machinery and equipment	<u>(46,188)</u>	<u>(4,674)</u>	<u>-</u>	<u>(50,862)</u>
Total accumulated depreciation	<u>(829,526)</u>	<u>(93,049)</u>	<u>15,200</u>	<u>(907,375)</u>
Total capital assets being depreciated, net	<u>346,456</u>	<u>155,012</u>	<u>-</u>	<u>501,468</u>
Total capital assets net	<u><u>\$ 464,199</u></u>	<u><u>\$ 155,012</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 619,211</u></u>

Note V - Noncurrent Liabilities

Noncurrent liability activity for the year ended June 30, 2019, was as follows:

	Outstanding July 1, 2018	Additions	Reductions	Outstanding June 30, 2019	Balance Due Within One Year
Compensated absences	<u>\$ 22,087</u>	<u>\$ 19,300</u>	<u>\$ (15,515)</u>	<u>\$ 25,872</u>	<u>\$ 19,404</u>

Note VI - Simplified Employee Pension Plan

The District provides a Simplified Employee Pension Plan (SEPP) for all eligible employees. Under the plan, the District contributes 12 percent of each eligible employee's gross wage (excluding overtime and (termination pay). The total contribution for the fiscal year ended June 30, 2019 was \$8,587.

COOS COUNTY TRANSIT SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2019

Note VII - Commitments and Contingent Liabilities

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. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Note VIII - Subsequent Events - Coronavirus (COVID-19) pandemic

On March 8, 2020, Governor Kate Brown declared a state of emergency. On March 11, 2020 the World Health Organization declared the outbreak of the coronavirus (COVID-19) a pandemic. On March 23, 2020, Oregon Governor Kate Brown issued an executive order directing Oregonians to stay home to the maximum extent possible except for carrying out essential tasks. At this time, we cannot fully quantify the potential effects of this pandemic on our future operations or financial condition.

COMPLIANCE SECTION



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

COMMENTS AND DISCLOSURES OF INDEPENDENT AUDITOR REQUIRED BY STATE STATUTE

Board of Commissioners
Coos County Transit Service District
Coquille, Oregon

We have audited the basic financial statements of Coos County Transit Service District, ("District") as of and for the year ended June 30, 2019, and have issued our report thereon dated April 12, 2102. 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**
- **Programs funded from outside sources**
- **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 Corporations.

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
April 12, 2102
Eugene, Oregon