

**WASCO COUNTY LIBRARY SERVICE DISTRICT
AGENDA
WEDNESDAY, MARCH 15, 2017
LOCATION: Wasco County Courthouse, Room #302
511 Washington Street, The Dalles, Oregon**

NOTE: This Agenda is subject to last minute changes. **Meetings are ADA accessible.** For special accommodations please contact the Commission Office in advance, (541) 506-2520. TDD 1-800-735-2900. Wasco County does not discriminate against individuals with disabilities.

2:40 p.m.

CALL TO ORDER

2:40 p.m. [Audit for Year Ending 6.30.2016](#)

[12.21.2016 Minutes Approval](#)

**NEW / OLD BUSINESS
ADJOURN**



WASCO COUNTY LIBRARY SERVICE DISTRICT
MEETING
MARCH 15, 2017

PRESENT: Rod Runyon, Commission Chair
Scott Hege, County Commissioner
Steve Kramer, County Commissioner
STAFF: Kathy White, Executive Assistant
ABSENT: Tyler Stone, Wasco County Administrative Officer

At 2:47 p.m. Chair Runyon opened the meeting.

Audit Fiscal Year 2015-2016

Independent Auditor Carol Friend explained that the audit covers the collection of taxes and pay outs to branch libraries. She noted that the only time the Library District would have liabilities would be if they are late making payment to a branch library. She said that there is a letter at the start of the Audit Report that comments on budgeting practices and have to do with compliance with State of Oregon budgeting laws.

Ms. Friend reviewed the Audit Report included in the Board Packet noting that it presents an unqualified opinion. She pointed out a comment that recognizes findings in the Wasco County Audit; this is included because Wasco County is the governing body of the Library Service District.

Commissioner Hege moved to accept the 2015-2016 Fiscal Year Audit for the Library Service District. Commissioner Kramer seconded the motion which passed unanimously.

Minutes

{{{Commissioner Kramer moved to approve the 12.21.2017 minutes. Commissioner Hege seconded the motion which passed unanimously.}}}


Chair Runyon adjourned the meeting at 2:47 p.m.

WASCO COUNTY BOARD
OF COMMISSIONERS
Governing Body of the Wasco County
4-H & Extension Service District



Rod Runyon, Commission Chair

Scott Hege, County Commissioner



Steve Kramer, County Commissioner

Wasco County Library Service District

Wasco County, Oregon

Annual Financial Report

For the Year Ended June 30, 2016

Wasco County Library Service District

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For the Year Ended June 30, 2016

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Wasco County Library Service District

Commissioners and Agent of Record

For the Year Ended June 30, 2016

WASCO COUNTY COMMISSIONERS:

Commissioner

Scott Hege
The Dalles, Oregon 97058

Commissioner

Rod Runyon
The Dalles, Oregon 97058

Commissioner

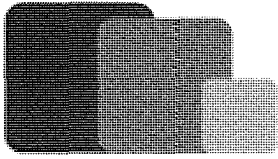
Steve Kramer
Dufur, Oregon 97021

OTHER:

Insurance Agent of Record

Mike Courtney -
Courtney Insurance Agency
414 East Second
The Dalles, Oregon 97058

FINANCIAL SECTION



FRIEND & REAGAN, P.C.
Certified Public Accountants

305 E. Fifth Street
The Dalles, OR 97058
phone [541] 296.2000
fax [541] 296.5636
www.friendreagan.com

INDEPENDENT AUDITOR'S REPORT

County Commissioners
Wasco County Library Service District
The Dalles, OR 97058

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Wasco County Library Service District (a component unit of Wasco County, Oregon) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 respective financial position of the governmental activities and each major fund of Wasco County Library Service District, as of June 30, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7-10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to 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.

Other Information

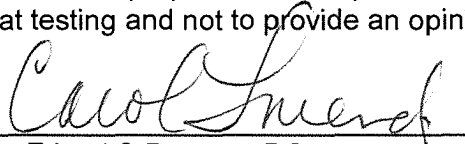
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wasco County Library Service District's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2017, on our consideration of Wasco County Library Service District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wasco County Library Service District's internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated January 31, 2017, on our consideration of 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.



For Friend & Reagan, PC
The Dalles, OR
January 31, 2017

WASCO COUNTY LIBRARY SERVICE DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2016

As management of the Wasco County Library Service District (the District), located in Wasco County, Oregon, we offer readers of the Wasco County Library Service District's financial statements this narrative overview and analysis of the financial activities of the Wasco County Library Service District for the fiscal year ended June 30, 2016. This was the Eighth year of the District's operations.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at June 30, 2016 by \$884,451.
- Total net position increased by \$46,732
- As of June 30, 2016, the District's governmental fund reported an ending balance of \$804,834 or 65% of fiscal year 2015-2016 expenditures.
- The District had no debt as of June 30, 2016.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Wasco County Library Service District's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Wasco County Library Service District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Wasco County Library Service 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 Wasco County Library Service District is improving or deteriorating.

The *Statement of Activities* presents information showing how the Wasco County Library Service District's net position changed during the fiscal year ended June 30, 2016. Changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash or other financial assets, flows. Thus, revenues and expenses are reported in this statement for some items, for example, property taxes and accrued interest expense will result in cash flows in future fiscal periods.

Each of these government-wide financial statements, *Statement of Net Position* and *Statement of Activities*, show the functions of the Wasco County Library Service District that are supported primarily by property taxes (*governmental activities*).

The government-wide financial statements can be found on pages 12-13 of this report.

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 Wasco County Library Service District, like other state and local government entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Wasco County Library Service District fund is classified as a governmental fund.

Governmental Funds

Governmental funds are used to account for the same functions as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows* and *outflows of spendable resources*, as well as *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. A reconciliation from the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position and a reconciliation from the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Government-wide Statement of Activities have been included in this report.

The Wasco County Library Service District reported activity in a governmental fund during the fiscal year ended June 30, 2016. Information is presented in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance for the District's fund.

The Wasco County Library Service District adopts an annual budget for its fund. A budgetary comparison statement has been provided to demonstrate compliance with the annual budget.

The Basic Governmental Fund Financial Statements can be found on pages 14-19 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-25 of this report.

Government-wide Financial Analysis

Net position, at a specific point in time, serve as a useful indicator of an entity's financial position. In the case of the Wasco County Library Service District, the District had net position of \$884,451 at June 30, 2016.

	<u>Net Position</u>	
	2015	2016
Current assets		
Cash	999,384	793,194
Taxes Receivable	<u>107,494</u>	<u>91,257</u>
Total assets	1,106,877	884,451
Liabilities	269,158	-
Net position		
Unrestricted	<u>837,719</u>	<u>884,451</u>
Total net position	<u>837,719</u>	<u>884,451</u>

The Wasco County Library Service District's net position increased by \$46,732 during the year ended June 30, 2016.

	<u>Change in Net Position</u>	
	2015	2016
Revenue		
Property Taxes	1,249,085	1,266,193
Interest & Investment Earnings	4,042	6,242
Miscellaneous	<u>747</u>	<u>8,337</u>
Total Revenues	1,253,874	1,280,772
Expenditures		
Culture & Recreation	<u>1,146,348</u>	<u>1,234,040</u>
Total Expenditures	1,146,348	1,234,040
Change in net position	107,525	46,732
Beginning net position	<u>730,194</u>	<u>837,719</u>
Ending net position	<u>837,719</u>	<u>884,451</u>

General Fund Budgetary Highlights

There were no differences between the Wasco County Library Service District's General Fund budget as originally adopted and the final amended budget. General Fund actual revenues exceeded estimated revenues by \$25,022.

Key Economic Factors and Budgets Information for the Future

Wasco County's economic base is agriculture and the processing of agricultural products, particularly cherries, wheat and livestock. Other traditional industries have included forestry, manufacturing, electric power generation and transportation. Wasco County's economy has diversified from its traditional natural resources base to include a stronger focus on technology and manufacturing.

The rapid growth of renewable energy industries is driving additional employment through support industries and related manufacturing. The world's largest Internet firm, Google, established a major operational center in The Dalles. The region is also home to a strong cluster of high tech companies

which are supported through the efforts of the Gorge Technology Alliance. I3D Manufacturing is an example.

Economic sectors related to tourism have also grown, supporting tourism throughout the County. Notably, Maupin's economy thrives in the summer with Deschutes River rafting, and the communities of The Dalles and Mosier have recently benefited from an increase in cycling.

As the largest community in the County, The Dalles serves as a retail and service hub for many surrounding counties. This results in strong employment in these industries as well as in government. Further expansion of the healthcare sector, with the expansion of Mid-Columbia Medical Center, has also positively impacted job growth in the County.

The QLife local area fiber optic loop project enables any current business and any future business that needs high speed access to the Internet to have a reason to remain or move into The Dalles area. Google, the search engine company that has operated a facility in The Dalles for the past ten years, is expanding. Sapa has acquired the Northwest Aluminum Specialties casting plant in The Dalles. Home Depot, a Fortune 500 company, operates a retail and commercial outlet here. A Goodwill facility, a stand-alone Starbucks and a new Fairfield Inn & Suites have been completed. While Walmart is pursuing the construction of a "super store" in the west end of the City, there are many new small retail and pub business startups as well. Freebridge Brewing is the first brewery located in The Dalles since prohibition. The foregoing will impact housing and the amount being spent by the community in local businesses. These activities and the growing number of windfarms to the east of the community are also providing jobs.

The current economy has not significantly affected the rate of property tax collections.

Comparative Analysis

The District's net position as of June 30, 2016 was 884,451, an increase from June 30, 2015 of \$46,732. In the Feasibility Study upon which the District's service plan is based, the District established the goal of budgeting \$50,000 per year in a reserve fund. Net position will accrue to the reserve fund and be used to sustain District service levels in future years.

District program changes during FY 2015-2016 included upgrading District PCs/software, collaborative programming, outreach activities and participating in cooperative database purchasing with the Libraries of Eastern Oregon.

During FY 2015-2016 a major fundraising campaign for a children's addition at The Dalles Library was conducted. Construction on the project was initiated by Griffin Construction in January of 2016. The project was completed in August, 2016. Extensive weeding of the collection at The Dalles site was done in preparation for the children's department being moved to the new children's addition. Fundraising is actively proceeding in the Maupin area to support a new library to be located in that community.

Requests for Information

This financial report is designed to provide a general overview to those parties interested in the Wasco County Library Service District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Jeff Wavrunek, District Librarian, The Dalles-Wasco County Library, 722 Court St., The Dalles Oregon 97058.

BASIC FINANCIAL STATEMENTS

Wasco County Library Service District
Statement of Net Position
June 30, 2016
 (all amounts are in dollars)

	Primary Government <hr/> Governmental Activities
<u>ASSETS:</u>	
Cash & Investments	793,194
Taxes Receivable	<hr/> 91,257
<u>TOTAL ASSETS</u>	<hr/> 884,451
<u>LIABILITIES:</u>	
<u>TOTAL LIABILITIES</u>	<hr/> -
<u>NET POSITION</u>	
Unrestricted	<hr/> 884,451
<u>TOTAL NET POSITION</u>	<hr/> <hr/> 884,451

The Accompanying Notes are an Integral Part of this Financial Statement

Wasco County Library Service District
Statement of Activities
For the year ended June 30, 2016
(all amounts are in dollars)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES)
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	REVENUES AND CHANGES IN NET POSITION
Culture and Recreation	1,234,040	-	-	-	(1,234,040)
Total Governmental Activities	1,234,040	-	-	-	(1,234,040)

General Revenues:		
Property Taxes levied for General Purposes		1,266,193
Interest and Investment Earnings		6,242
Miscellaneous		8,337
Total General Revenues		<u>1,280,772</u>
Change in Net Position		46,732
Net Position, Beginning		<u>837,719</u>
Net Position, Ending		<u><u>884,451</u></u>

The Accompanying Notes are an Integral Part of this Financial Statement

Wasco County Library Service District
Balance Sheet
Governmental Funds
June 30, 2016
 (all amounts are in dollars)

	<u>GENERAL</u>	<u>TOTAL</u>
<u>ASSETS:</u>		
Cash & Investments	793,194	793,194
Taxes Receivable	<u>91,257</u>	<u>91,257</u>
<u>TOTAL ASSETS</u>	<u>884,451</u>	<u>884,451</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable Revenue - Taxes	<u>79,616</u>	<u>79,616</u>
<u>TOTAL DEFERRED INFLOWS OF RESOURCES</u>	<u>79,616</u>	<u>79,616</u>
 <u>FUND BALANCES:</u>		
Unassigned	<u>804,835</u>	<u>804,835</u>
<u>Total Fund Balances</u>	<u>804,835</u>	<u>804,835</u>
 <u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>		
	<u>884,451</u>	<u>884,451</u>

The Accompanying Notes are an Integral Part of this Financial Statement

Wasco County Library Service District
Reconciliation of Balance Sheet to Statement of Net Position
June 30, 2016
(all amounts are in dollars)

Fund Balances - Governmental Funds	804,835
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Unavailable revenue- taxes represent amounts that were not available to fund current expenditures and therefore are not reported as revenue in the governmental funds.	<u>79,616</u>
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Net Position of Governmental Activities	<u><u>884,451</u></u>
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The Accompanying Notes are an Integral Part of this Financial Statement

Wasco County Library Service District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the year ended June 30, 2016
 (all amounts are in dollars)

	<u>GENERAL</u>	<u>TOTAL</u>
<u>REVENUES:</u>		
Property Taxes	1,281,927	1,281,927
Investment Earnings	6,242	6,242
Miscellaneous	8,337	8,337
<u>TOTAL REVENUES</u>	<u>1,296,505</u>	<u>1,296,505</u>
 <u>EXPENDITURES:</u>		
Current		
<i>Culture and Recreation</i>	1,234,040	1,234,040
<u>TOTAL EXPENDITURES</u>	<u>1,234,040</u>	<u>1,234,040</u>
 Net Changes in Fund Balance	 62,465	 62,465
 <u>FUND BALANCE - BEGINNING OF YEAR</u>	 <u>742,370</u>	 <u>742,370</u>
 <u>FUND BALANCE - END OF YEAR</u>	 <u>804,835</u>	 <u>804,835</u>

The Accompanying Notes are an Integral Part of this Financial Statement

Wasco County Library Service District
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
June 30, 2016
(all amounts are in dollars)

Net Change in Fund Balances - Governmental Funds	62,465
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Amounts reported for governmental activities in the Statement of Activities are different because:

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Change in Unavailable Revenues - Taxes	<u>(15,733)</u>
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Change in Net Position of Governmental Activities	<u><u>46,732</u></u>
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The Accompanying Notes are an Integral Part of this Financial Statement

MAJOR GOVERNMENTAL FUNDS

Major governmental funds are defined as those funds whose revenues, expenditures/expenses, assets or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental funds for the same items. The General Fund is always classified as a major fund.

GENERAL FUND: The Wasco County Library Service District accounts for all activities in its general fund. Primary sources of revenues are taxes and interest on investments. The largest expenditures are for contract payments.

Wasco County Library Service District
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
General Fund
For the year ended June 30, 2016
 (all amounts are in dollars)

	BUDGETED AMOUNTS		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES:</u>				
Property Taxes	1,268,257	1,268,257	1,281,927	13,670
Investment Earnings	3,226	3,226	6,242	3,016
Miscellaneous	-	-	8,337	8,337
<u>TOTAL REVENUES</u>	<u>1,271,483</u>	<u>1,271,483</u>	<u>1,296,505</u>	<u>25,022</u>
<u>EXPENDITURES:</u>				
Current:				
<i>Materials & Services</i>	1,238,121	1,238,121	1,234,040	4,081
Contingency	10,000	10,000	-	10,000
<u>TOTAL EXPENDITURES</u>	<u>1,248,121</u>	<u>1,248,121</u>	<u>1,234,040</u>	<u>14,081</u>
Net Changes in Fund Balance	23,362	23,362	62,465	39,103
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>629,367</u>	<u>629,367</u>	<u>742,370</u>	<u>113,003</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>652,729</u>	<u>652,729</u>	<u>804,835</u>	<u>152,106</u>

The Accompanying Notes are an Integral Part of this Financial Statement

Wasco County Library Service District

Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

In November 2006, Wasco County voters approved the creation of a Library Service District for Wasco County under ORS Ch. 451 with a formation date of July 1, 2007. The County Board of Commissioners consisting of three Commissioners, one whom serves as the Chair of the Board, is the governing body of the District. The District is a component unit of Wasco County, Oregon.

The accounting policies of the Wasco County Library Service District conform to Generally Accepted Accounting Principles (GAAP) as applicable to governments. The following is a summary of the more significant policies:

A. REPORTING ENTITY:

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The criteria for including potential component units within the County's reporting entity (as set forth in GASB No. 61) is financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit to, or impose a financial burden on, the primary government.

Based upon the application of the above criteria, the District is includable as a component unit in the financial statement of Wasco County, as the District's governing board is the Wasco County Board of Commissioners. Using the same criteria, the District has no component units.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. There is no interfund activity as the District maintains only one fund.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segments and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even

though the latter are excluded from the government-wide financial statements. The District has no fiduciary funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PREPARATION

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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, excise taxes, business income taxes, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

GASB 34 establishes criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise funds combined) for the determination of major funds. Nonmajor funds are combined in a single column in the fund financial statements. The District reports the following major funds:

GENERAL FUND: This is the District's operating fund. It accounts for all financial resources of the general government.

D. ASSETS, LIABILITIES AND NET POSITION:

1. Deposits and Investments: The District maintains merged bank accounts and investments for its fund in a central pool of cash and investments with Wasco County. This pool includes amounts in demand deposits and investments in the Oregon State Treasurer's 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 type of investments authorized for municipal corporations. Wasco County allocates earnings on investments to the Districts fund based on average daily cash balances.

Investments are stated at cost which approximates fair value.

2. *Net Position*: Net position is classified in the following three components:

Net investment in capital assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investments in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted –Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - Consists of all other net position that is not included in “restricted” or “net investment in capital assets”.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first and then unrestricted resources as they are needed.

3. *Fund Balance*: In the fund financial statements, Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the five fund balance components listed below:

Nonspendable- This component includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Restricted- This component consists of amounts that can be spent only for the specific purpose stipulated by external resource providers, constitutional provisions, or enabling legislation. There is currently no amount being restricted by legislation.

Committed- This component consists of amounts that can only be used for the specific purposes determined by a formal action of the District’s highest level of decision-making authority, which includes resolutions. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (resolution) it employed previously to commit those amounts.

Assigned- This component consists of amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The authority for assigning fund balance is expressed by the Board of Directors, or their designee as established in the District’s Fund Balance Policy.

Unassigned- This residual classification of fund balance includes all spendable amounts that have not been restricted, committed, or assigned.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the District's policy to use committed resources first, then assigned, and then unassigned, as they are needed.

4. *Capital Assets:* The District has no capital assets.

5. *Long Term Obligations:* In the government-wide financial statements long-term debt and other long term obligations are reported as liabilities in the Statement of Net Position. The District has no long term obligations.

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources. Principal and interest payments are reported as debt service expenditures when paid.

6. *Property Tax Revenues and Receivables:* Property taxes are collected by the Wasco County Tax Collector and distributed to the District monthly. The fund financial statements reflect property taxes as revenue when collected by the Tax Collector and available to the District to pay current period expenditures. The government-wide financial statements reflect property taxes as revenue in the year levied.

Property taxes receivable at year end have been reported on the balance sheet. No allowance has been made for uncollectible taxes since past history has shown losses to be minimal. In the fund financial statements, taxes receivable considered not available for payment of current year expenditures have been offset as unavailable revenue.

Property taxes are levied on July 1 pursuant to Oregon Revised Statute 310.030. Taxes are payable in full on November 15 or are payable in installments the last of which is due on May 15 of the year following the year in which imposed. Taxes become delinquent on personal property when any installment is not paid by its due date. Taxes become delinquent on real property if not paid by May 15. On January 1 and July 1 tax liens attach to personal and real property respectively to secure payment of all taxes, penalties and interest ultimately imposed. Personal property is subject to summary seizure and the responsible taxpayer is subject to warrant service 30 days after the delinquency date. Foreclosure proceedings begin on real property after three years from the date taxes become delinquent.

7. *Deferred Outflows/Inflows of Resources:* In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditures) until then. The District does not currently report any deferred outflows on its Statement of Net Position.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District reports

unavailable revenue, which arises under the modified accrual basis of accounting, in this category. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period amounts become available.

8. Use of Estimates: The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use and recoverability of inventory and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A. **BUDGETS AND BUDGETARY ACCOUNTING:**

The budget is prepared on the modified accrual method of accounting for each fiscal year July 1 to June 30.

The budget process includes a series of notices and publications culminating with the budget hearing. After the public hearing has been held, the Board of Commissioners enacts the resolutions to adopt the budget, make appropriations and declare the ad valorem tax levy for all funds.

The Appropriations Resolution contains amounts for personal services, materials and services, capital outlay, inter-fund transfers, debt service and contingency. This is the level of control for authorized expenditures. The level of expenditures is monitored throughout the year. Transfers are made from operating contingency or between the major object classifications of the appropriation for each fund as required to prevent over-expenditures. Appropriations for all funds lapse at the end of each fiscal year.

Excess of expenditures over appropriations:

The District had no instances whereby any of its funds had an excess of expenditures over appropriations for the year ended June 30, 2016.

Deficit fund balance:

The District has no instances whereby any of its funds had a deficit in fund balance as of June 30, 2016.

NOTE 3 – DETAILED NOTES ON ALL FUNDS:

A. **CASH AND INVESTMENTS:**

The District's cash and investments (recorded at cost) at June 30, 2016, consisted of cash

deposits with the County Treasurer totaling \$793,194.

Interest Rate Risk: The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates beyond the limits provided by State Statute.

Credit Risk: State Law limits investments to obligations of the United States Treasury and United States Government agencies and instrumentalities, certain bankers' acceptances, repurchase agreements, certain high-grade commercial paper and corporate bonds and obligations of states and municipalities. The District has no investment policy that would further limit its investment choices. The District's investment with Wasco County is not rated.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure on the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The investment with Wasco County is not deemed to be a security, which is a transferable financial instrument that evidences ownership, and is, therefore, not subject to custodial credit risk.

NOTE 4 –OTHER INFORMATION:

A. **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 with nominal deductible levels. Losses over the past three years have not exceeded insurance coverage.

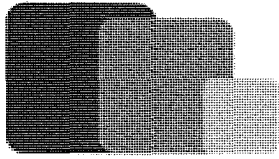
Liabilities are reported when it is probably that a loss has occurred and the amount of the loss can be reasonably estimated. Any liability for claims and judgments would be reported in the appropriate governmental fund.

B. **SUBSEQUENT EVENTS:**

Subsequent events have been evaluated through the date of this financial statement with management. The issuance date is the same as the date of the financial statement.

OTHER MATTERS

OTHER REQUIRED REPORTS



FRIEND & REAGAN, P.C.
Certified Public Accountants

305 E. Fifth Street
The Dalles, OR 97058
phone [541] 296.2000
fax [541] 296.5636
www.friendreagan.com

Independent Auditor's Report on Internal Control Over Financial Reporting and Report on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

County Commissioners
Wasco County Library Service District
The Dalles, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities of Wasco County Library Service District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Wasco County Library Service District's basic financial statements and have issued our report thereon dated January 31, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Wasco County Library Service District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Wasco County Library Service District's internal control. Accordingly, we do not express an opinion on the effectiveness of Wasco County Library Service District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of significant 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 the 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 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.

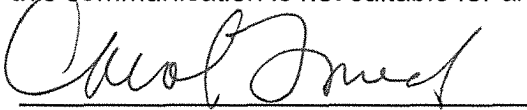
The Wasco County Finance Department is the fiscal agent for the Wasco County Library Service District. There were material weaknesses and significant deficiencies identified during their audit. A copy of those financial statements are available at Wasco County.

Compliance and other Matters

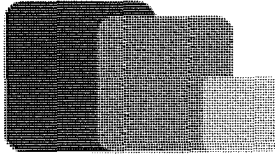
As part of obtaining reasonable assurance about whether Wasco County Library Service District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Friend & Reagan, PC
The Dalles, OR 97058
January 31, 2017



FRIEND & REAGAN, P.C.
Certified Public Accountants

305 E. Fifth Street
The Dalles, OR 97058
phone [541] 296.2000
fax [541] 296.5636
www.friendreagan.com

Independent Auditor's Report

Required by Oregon State Regulations

County Commissioners
Wasco County Library Service District
The Dalles, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Wasco County Library Service District as of and for the year ended June 30, 2016, and have issued our report thereon dated January 31, 2017.

Compliance

As part of obtaining reasonable assurance about whether the Wasco County Library Service District's financial statements are free of material misstatements, 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 statements 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).

Indebtedness limitations, restrictions and repayment.

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 that Wasco County Library Service 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, except for the following:

- 1) The Appropriations Resolution shows incorrect balances in total for the adopted budget. Therefore it does not match the budget document or published budget for total requirements.
- 2) Second preceding year ending balance does not equal first preceding year beginning balance on the budget document.
- 3) The 'Approved By' and 'Adopted By' columns are not filled out in the budget document.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion of the effectiveness of the District's internal control.

Restriction on Use

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



For Friend & Reagan, PC
The Dalles, OR 97058
January 31, 2017

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Print Form

OREGON AUDITS DIVISION
SUMMARY OF REVENUES AND EXPENDITURES

Municipal Customer # 00198

Name of Municipal Corporation: Wasco County Library Service District
Address: 511 Washington St.
CITY: The Dalles STATE: OR ZIP: 97058
Period Covered by Audit/Review Report: From 7/1/2015 To 6/30/2016

Table with 2 columns: Description and Amount. Total Revenues and/or Receipts - (Government-wide + Fiduciary Funds) \$ 1,280,772. Less: Revenues of Component Units... Taxes, assessments and other collections... Net Revenues and/or Receipts \$ 1,280,772.

Table with 2 columns: Description and Amount. Total Expenditures and/or Disbursements - (Government-wide + Fiduciary Funds) 1,234,040. Less: Expenditures of Component Units... Turnovers to other municipal corporations: Taxes and Assessments Other Distributions Net Expenditures and/or Disbursements \$ 1,234,040.

The above information is based upon the revenues and expenditures/expenses for government-wide and fiduciary activities of the municipal corporation on the basis of accounting used in the audited or reviewed financial statements.

Auditor/Firm Signature (type if submitting electronically) Carol Friend/Friend & Reagan, PC

PLEASE ENCLOSE PAYMENT WITH SUMMARY

Table with 4 columns: Over, Not Over, Fee, and ORS 297.485 (1). Rows show fee amounts from \$0 to \$400 based on expenditure ranges.

Within 30 days after delivering the audit report to the municipal corporation, one copy of this summary must be filed with the Secretary of State, Division of Audits, Salem, Oregon 97310, and one copy must be delivered to the municipal corporation.



WASCO COUNTY LIBRARY SERVICE DISTRICT MEETING
MEETING
DECEMBER 21, 2016

PRESENT: Rod Runyon, Commission Chair
Scott Hege, County Commissioner
Steve Kramer, County Commissioner
STAFF: Tyler Stone, Administrative Officer
Kathy White, Executive Assistant

At 9:50 a.m.. Chair Runyon opened the meeting.

Appointments

{{{Commissioner Hege moved to approve Order 16-069 appointing Jeff Wavrunek as Budget Officer for the Wasco County Library Service District. Commissioner Kramer seconded the motion which passed unanimously.}}}

{{{Commissioner Kramer moved to approve Order 16-088 appointing Pat Davis to the Wasco County Library Service District Budget Committee. Commissioner Hege seconded the motion which passed unanimously.}}}

Minutes

{{{Commissioner Hege moved to approve the 9.7.2013 minutes. Commissioner Kramer seconded the motion which passed unanimously.}}}

Chair Runyon adjourned the meeting at 9:51 a.m.

WASCO COUNTY BOARD
OF COMMISSIONERS
*Governing Body of the Wasco County
Library Service District*

Rod L. Runyon, Commission Chair

Scott C. Hege, County Commissioner

Steven D. Kramer, County Commissioner