

**WASCO COUNTY LIBRARY SERVICE DISTRICT  
AGENDA  
WEDNESDAY, February 5, 2020  
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.

9:30 a.m. **CALL TO ORDER**

9:30 a.m. [Financial Report for the Year Ending June 30, 2019](#)

[12.18.2019 Minutes Approval](#)

[Motion Language](#)

**NEW / OLD BUSINESS  
ADJOURN**



## WASCO COUNTY LIBRARY SERVICE DISTRICT MEETING

FEBRUARY 5, 2020

PRESENT: Scott C. Hege, Commission Chair  
Kathleen B. Schwartz, Vice-Chair  
Steven D. Kramer, County Commissioner

STAFF: Kathy Clark, Executive Assistant  
Tyler Stone, Wasco County Administrative Officer  
Jeff Wavrunek, District Budget Officer

At 9:29 a.m. Chair Hege opened the meeting.

### Audit Report

Finance Director Mike Middleton introduced Kenny Allen with Pauly Rogers CPA Company who performed the audit for the Library Service District. Mr. Allen reported that the audit resulted in an unmodified opinion with no reservations or qualifications. There were no exceptions or difficulties/disagreements with staff.

District Librarian and Budget Officer Jeff Wavrunek stated that things are going well and he has nothing to add.

The Board thanked Mr. Allen for his work and commended the Library Service District for a clean audit.

**{{{Commissioner Kramer moved to approve the December 18, 2019 minutes. Vice Chair Schwartz seconded the motion which passed unanimously.}}}**

Mr. Wavrunek stated that they are currently working on their budgeting for the next fiscal year. Maupin will open their new library in the spring. The December fund raiser went well. The Dufur library is busy and has organized a teen advisory board.

Chair Hege asked how things are going at The Dalles Library. Mr. Wavrunek replied that right now patrons can create laser cut cards for Valentine's Day – you have to register but it is free. For Father's Day last year they did personalized hammers; for Mother's Day they did personalized

WASCO COUNTY 4-H & EXTENSION SERVICE DISTRICT  
FEBRUARY 5, 2020  
PAGE 2

cutting boards. They also did Christmas ornaments. He stated that they have a 3D printer and will do some activities using that with their teen groups. There is a sewing club that meets on Monday's with a lot of beginners showing up to learn. February is mending month. He said that libraries have changes a lot – people visit libraries more than they go to the movies, restaurants or the zoo.

Chair Hege adjourned the meeting at 9:36 a.m.

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




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Scott C. Hege, Commission Chair



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Kathleen B. Schwartz, Vice-Chair



---

Steven D. Kramer, County Commissioner

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

**COMMUNICATION TO THE GOVERNING BODY**

**FOR THE YEAR ENDED JUNE 30, 2019**



12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223



PAULY, ROGERS AND CO., P.C.  
12700 SW 72<sup>nd</sup> Ave. ♦ Tigard, OR 97223  
(503) 620-2632 ♦ (503) 684-7523 FAX  
www.paulyrogersandcocpas.com

November 12, 2019

To the Board of Commissioners  
Wasco County Library Service District

We have audited the financial statements of the governmental activities and major fund of Wasco County Library Service District for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### **Purpose of the Audit**

Our audit was conducted using sampling, inquiries and analytical work to opine on the fair presentation of the financial statements and compliance with:

- generally accepted accounting principles and auditing standards
- the Oregon Municipal Audit Law and the related administrative rules

### **Our Responsibility under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Planned Scope and Timing of the Audit**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We communicate our significant findings at the conclusion of the audit. However, some matters may have been communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We also communicated any internal control related matters that are required to be communicated under professional standards.

Pauly, Rogers and Co., P.C.

### **Results of Audit**

1. Audit opinion letter - an unmodified opinion on the financial statements has been issued. This means we have given a "clean" opinion with no reservations.
2. State minimum standards – We found no exceptions or issues requiring comment.
3. Management Letter – No separate management letter was issued.

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The disclosures in the financial statements are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements or determined that their effects are immaterial. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, taken as a whole. There were immaterial uncorrected misstatements noted during the audit which were discussed with management.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter.

Pauly, Rogers and Co., P.C.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to our retention as the auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Required Supplementary Information*

We applied certain limited procedures to the required supplementary information that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the required supplementary information and do not express an opinion or provide any assurance on it.

*Other Information*

We were not engaged to report on the other information, which accompanies the basic financial statements but is not required supplementary information. Such information 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.

This information is intended solely for the use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Kenny Allen", is positioned above the printed name.

Kenny Allen, CPA

Municipal Auditor

**PAULY, ROGERS AND CO., P.C.**

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

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2019**



**12700 SW 72<sup>nd</sup> Ave.**  
**Tigard, OR 97223**



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

**2018-2019**

**FINANCIAL REPORT**

**\*\*\*\*\***

**BOARD OF DIRECTORS  
WASCO COUNTY LIBRARY SERVICE DISTRICT  
(A COMPONENT UNIT OF WASCO COUNTY)  
JUNE 30, 2019**

Steve Kramer	Commission Chair
Kathy Schwartz	Commissioner
Scott Hege	Commissioner

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

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November 12, 2019

Governing Board  
Wasco County Library Service District  
Wasco County, Oregon

**INDEPENDENT AUDITORS' REPORT**

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and major fund of Wasco County Library Service District (a component unit of Wasco County), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the 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.

**Auditors' 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 auditors' 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 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 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 major fund of Wasco County Library Service District, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

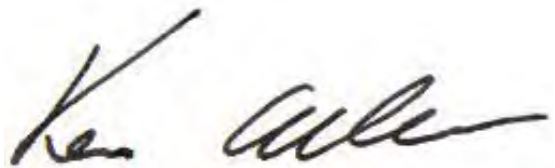
**Other Matters*****Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, 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.

The budgetary comparison schedule presented as Required Supplementary Information, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Report on Other Legal and Regulatory Requirements**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 12, 2019, 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.

A handwritten signature in black ink, appearing to read "Ken Allen", is positioned above the printed name and firm name.

Kenneth Allen, CPA  
PAULY, ROGERS AND CO., P.C

WASCO COUNTY LIBRARY SERVICE DISTRICT  
Management's Discussion and Analysis  
Year Ended June 30, 2019

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, 2019. This was the tenth year of the District's operations.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at June 30, 2019 by \$1,263,945
- Total net position increased \$188,821.
- As of June 30, 2019, the District's governmental fund reported an ending balance of \$1,193,094 or 88.5% of fiscal year 2019 expenditures.
- The District had no debt as of June 30, 2019.

Overview of Financial Statements

The 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 District's finances, in a manner similar to a private-sector business.

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

The *Statement of Activities* presents information showing how the District's net position changed during the fiscal year ended June 30, 2019. 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 asset 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 District that are supported primarily by property taxes (*governmental activities*).

These reports are found following the Management's Discussion and Analysis.

## Fund Financial Statements

A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local government entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The 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 resource*, 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. Reconciliation from the Government Funds Balance Sheet to the Government-wide Statement of Net Position and 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 District reported activity in a governmental fund during the fiscal year ended June 30, 2019. Information is presented in the governmental fund Balance Sheet and in the governmental fund Statement of Net Revenues, Expenditures and Changes in Fund Balance for the District's fund.

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

The Basic Governmental Fund Financial Statements are found in this report after the Government-Wide statements.

## Notes to the Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the Basic Governmental Fund Financial Statements in this report.

## Government-wide Financial Analysis

Net position, at a specific point in time, serves as a useful indicator of an entity's financial position. In the case of the District, the net position is \$1,263,945 at June 30, 2019.

<b>Net Position</b>		
	<b>2018</b>	<b>2019</b>
<b>Current Assets</b>		
Cash	985,491	1,177,579
Taxes Receivable	89,633	86,541
<b>Total assets</b>	<b>1,075,124</b>	<b>1,264,120</b>
<b>Liabilities</b>	-	175
<b>Net position</b>		
Unrestricted	1,075,124	1,263,945
<b>Total net position</b>	<b>1,075,124</b>	<b>1,263,945</b>

The District's net position increased by \$188,821 during the year ended June 30, 2019.

<b>Change in Net Position</b>		
	<b>2018</b>	<b>2019</b>
<b>Revenue</b>		
Property Taxes	1,385,220	1,455,829
Interest & Investment Earnings	13,978	50,865
Miscellaneous	26,378	31,056
<b>Total Revenues</b>	<b>1,425,576</b>	<b>1,537,750</b>
<b>Expenditures</b>		
Culture & Recreation	1,309,643	1,348,929
<b>Total Expenditures</b>	<b>1,309,643</b>	<b>1,348,929</b>
Change in net position	115,933	188,821
Beginning net position	959,191	1,075,124
<b>Ending net position</b>	<b>1,075,124</b>	<b>1,263,945</b>

#### **General Fund Budgetary Highlights**

There were no differences between the District's General Fund budget as originally adopted and the final amended budget. The General Fund actual revenues exceeded estimated revenues by \$101,037. The expenditure side is within budgeted amounts. The actual Materials and Services is \$10,244 less than budgeted.

#### **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 resource 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 supported through the efforts of the Gorge Technological Alliance.

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, food and beverage tourism through the efforts of local wineries, cafes, Gorge Grown Network and The Dalles Farmers Market.

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

### **Comparative Analysis**

The District's net position as of June 30, 2019 was \$1,263,945, an increase of \$188,821 from June 30, 2018. In the feasibility study upon which the District's plan is based, the District established the goal of budgeting \$50,000 per year in a reserve fund. The increase of Net Position is due to this planning and shows the District is following the study. This is intended to be used in future years as a reserve fund to sustain service levels in the future.

### **Requests for Information**

This financial report is designed to provide a general overview to those parties interested in the 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.

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

**BASIC FINANCIAL STATEMENTS**

**Wasco County Library District**  
**Statement of Net Position**  
**June 30, 2019**  
(all amounts are in dollars)

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	Primary Government
	<u>Governmental</u>
	<u>Activities</u>
<u>ASSETS:</u>	
Cash & Investments	1,177,579
Taxes Receivable	<u>86,541</u>
<u>TOTAL ASSETS</u>	<u><u>1,264,120</u></u>
 <u>LIABILITIES:</u>	
Accounts Payable	175
Due to Other Taxing Districts	<u>-</u>
<u>TOTAL LIABILITIES</u>	<u><u>175</u></u>
 <u>NET POSITION</u>	
Unrestricted	<u>1,263,945</u>
<u>TOTAL NET POSITION</u>	<u><u>1,263,945</u></u>

The Accompanying Notes are an integral part of this Financial Statement

**Wasco County Library District**  
**Statement of Activities**  
**For the year ended June 30, 2019**  
(all amounts are in dollars)

	PROGRAM REVENUES				NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>				<u>TOTAL GOVERNMENTAL ACTIVITIES</u>
Culture and Recreation	1,348,752	-	-	-	(1,348,752)
<b>Total Government Activities</b>	<b>1,348,752</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,348,752)</b>
General Revenues:					
Property Taxes levied for General Purposes					1,455,652
Interest and Investment Earnings					50,865
Miscellaneous					31,056
Total General Revenues					<u>1,537,573</u>
Change in Net Position					188,821
Net Position, beginning					<u>1,075,124</u>
Net Position, ending					<u><u>1,263,945</u></u>

The Accompanying Notes are an integral part of this Financial Statement

**Wasco County Library District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**  
(all amounts are in dollars)

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	<u>GENERAL</u>
<u>ASSETS:</u>	
Cash & Investments	1,177,579
Taxes Receivable	<u>86,541</u>
<u>TOTAL ASSETS</u>	<u><u>1,264,120</u></u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>	
<u>LIABILITIES:</u>	
Accounts Payable	175
Due to Other Taxing Districts	<u>-</u>
<u>TOTAL LIABILITIES</u>	<u>175</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>	
Unavailable Revenue - Taxes	<u>70,851</u>
<u>TOTAL DEFERRED INFLOWS OF RESOURCES</u>	<u>70,851</u>
<u>FUND BALANCES:</u>	
Unassigned	<u>1,193,094</u>
<u>TOTAL FUND BALANCES</u>	<u>1,193,094</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>	<u><u>1,264,120</u></u>

The Accompanying Notes are an integral part of this Financial Statement

**Wasco County Library District**  
**Reconciliation of Balance Sheet to Statement of Net Position**  
**June 30, 2019**  
(all amounts are in dollars)

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Fund Balance - Governmental Funds	1,193,094
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Unavailable revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the government funds.	<u>70,851</u>
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Net Position of Governmental Activities	<u><u>1,263,945</u></u>
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The Accompanying Notes are an integral part of this Financial Statement

**Wasco County Library District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the year ended June 30, 2019**  
(all amounts are in dollars)

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	<u>GENERAL</u>
<u>REVENUES:</u>	
Property Taxes	1,463,312
Investment Earnings	50,865
Miscellaneous	31,056
<u>TOTAL REVENUES</u>	<u>1,545,233</u>
<u>EXPENDITURES:</u>	
Current:	
<i>Culture &amp; Recreation</i>	<u>1,348,752</u>
<u>TOTAL EXPENDITURES</u>	<u>1,348,752</u>
Net Changes in Fund Balance	196,481
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>996,613</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>1,193,094</u>

The Accompanying Notes are an integral part of this Financial Statement

**Wasco County Library District**  
**Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance**  
**of Governmental Funds to the Statement of Activities**  
**For the year ended June 30, 2019**  
(all amounts are in dollars)

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Net Change in Fund Balance	196,481
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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 deferred inflows of resources	<u>(7,661)</u>
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Change in Net Position of Governmental Activities	<u><u>188,820</u></u>
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The Accompanying Notes are an integral part of this Financial Statement



**WASCO COUNTY LIBRARY SERVICE DISTRICT  
(A COMPONENT UNIT OF WASCO COUNTY)  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 more significant of the district's accounting policies are described below.

**A. THE FINANCIAL REPORTING ENTITY**

In December 21006, 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 Commissioner 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. 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.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support. The District has no business-type activities or fiduciary funds.

Generally accepted accounting principles require that these financial statements present Wasco County Library Service District (the primary government) and all component units, if any. Component units, as established by the Government Accounting Standards Board (GASB) Statement 61, are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the basic financial statements. Wasco County Library Service District has no component units.

**B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)**

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

All direct expenses are reported by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function.

**WASCO COUNTY LIBRARY SERVICE DISTRICT  
(A COMPONENT UNIT OF WASCO COUNTY)  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**FUND FINANCIAL STATEMENTS**

The accounts 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. The minimum number of funds is maintained consistent with legal and managerial requirements.

**GOVERNMENTAL FUND TYPES**

Governmental funds are used to account for the general government activities. Governmental fund types use the flow of current financial resources measurement focus and the 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. Grant revenue is not considered available and, therefore, is not recognized until received. Expenditures are recorded when the liability is incurred.

Revenues susceptible to accrual are interest, state, county and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

This is the major governmental fund:

**GENERAL FUND**

This fund accounts for all financial resources and expenditures, except those required to be accounted for in another fund (there are no other funds). The principal revenue sources are property taxes.

**C. BUDGET**

A budget is prepared and legally adopted for each fund on the accrual basis of accounting in the main program categories required by the Oregon Local Budget Law. The budgets for all funds are adopted on a basis consistent with generally accepted accounting principles, except depreciation expense is not recorded in budgetary statements, capital outlay is expensed rather than capitalized, and debt principal is an expenditure. The District begins its budget process early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are published generally in early spring with a public hearing being held approximately three weeks later.

The Board may amend the budget prior to adoption; however, budgeted expenses for each fund may not be increased by more than ten percent. The budget is adopted and appropriations are made no later than June 30th. 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. Expenses cannot exceed the above appropriation levels. Appropriations lapse at fiscal year end. Supplemental appropriations may occur if the board approves them due to a need, which was not determined at the time the budget was adopted. There were no supplemental appropriations during the year ended June 30, 2019. Budget amounts shown in the financial statements reflect the original budgeted amounts.

Expenses of the various funds were within authorized appropriations for the year ended June 30, 2019.

**WASCO COUNTY LIBRARY SERVICE DISTRICT  
(A COMPONENT UNIT OF WASCO COUNTY)  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**D. INVESTMENTS**

Investments are reported at fair value based on quoted market prices for securities purchased by the District and for cash reported by the investment pool in which the District participates. All investments held have readily available market prices. The change in fair value is reported in the statement of revenues, expenses and changes in net position as investment earnings. Realized gains or losses on the maturity or disposition of securities are not separately disclosed.

**E. CAPITAL ASSETS**

The District has no capital assets.

**F. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net positions that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

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

**G. NET POSITION**

Net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition of those assets. Net position is reported as restricted when there are limitations imposed on the use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

**H. CASH AND CASH EQUIVALENTS**

For purposes of the statement of cash flows, cash and cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash, and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally only investments with original maturities of three months or less meet this definition.

**I. 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**WASCO COUNTY LIBRARY SERVICE DISTRICT  
(A COMPONENT UNIT OF WASCO COUNTY)  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**J. PROPERTY TAXES**

Property taxes are assessed on a July 1 - June 30 fiscal year basis. The taxes are levied as of July 1 based on assessed values as of January 1. Property tax payments are due in three equal installments, on November 15, February 15 and May 15. A discount of 3% is available if taxes are paid in full by November 15 and a discount of 2% on the unpaid balance is available if taxes are paid in full by February 15. Property taxes attach as an enforceable lien July 1 and are considered delinquent if not paid by the following May 15. The Wasco County Treasurer is the tax collection agent for the District.

Tax revenue is considered available for expenditure upon receipt by the County, which serves as the intermediary collecting agency. Uncollected property taxes are shown on the General Fund balance sheet as receivables. Collections within 60 days subsequent to year-end have been accrued and the remaining taxes receivable are recorded as deferred inflows of resources on the modified accrual basis of accounting since they are not deemed available to finance operations of the current period.

**K. FUND BALANCE REPORTING**

The Governmental Accounting Standards Board (GAS B) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement 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 fund balance categories listed below:

1. *Nonspendable*, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable and property held for resale (unless the proceeds are restricted, committed or assigned),
2. *Restricted* fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers or through enabling legislation,
3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's governing board (the District's highest level of decision-making authority),
4. *Assigned* fund balance classification is intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed and
5. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

The District reduces restricted amounts first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available. The District reduces committed amounts first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**WASCO COUNTY LIBRARY SERVICE DISTRICT  
(A COMPONENT UNIT OF WASCO COUNTY)  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**L. FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based up on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

- Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access
- Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs)
- Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

**M. 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.

**2. CASH AND INVESTMENTS**

As of June 30, 2019, the District had a deposit of \$1,177,579 with the Wasco County Treasurer. All of the District's deposits were adequately secured during the year. See the County's financial report for more information on FDIC coverages and collateralized amounts.

**'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.

**WASCO COUNTY LIBRARY SERVICE DISTRICT  
(A COMPONENT UNIT OF WASCO COUNTY)  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**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 deposit with the Wasco County Treasurer is not rated.

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of 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 deposit with the Wasco County Treasurer 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.

**3. 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; injuries to employees and others; and natural disasters for which the District participates in Wasco County's insurance program. There have been no settlements in excess of insurance coverage and reserves in the past four fiscal years.

**4. TAX ABATEMENTS**

Wasco County Library Service District in conjunction with Wasco County has authorized tax-exempt status for five qualified firms within the County: Escape The Dalles, Integrated 3D, NuCulture, 15 Mile Ventures LLC, and Design LLC. All properties are required to meet State and Federal funding requirements which include annual physical inspections and an annual audit of financial activity and programmatic compliance. The property tax exemption may be removed if the property is being used for any purpose other than the provisions of low income housing, or if the property is no longer eligible under the stated provisions of ORS 307.540 to 307.548. Section E of the renewal application requires the applicant to acknowledge compliance with the requirements annually. For fiscal year ending June 30, 2019, the foregone property tax revenue is \$658,912.

**WASCO COUNTY LIBRARY SERVICE DISTRICT**  
**WASCO COUNTY, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION**

**Wasco County Library District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Budgetary Basis**  
**General Fund**  
**For the year ended June 30, 2019**  
(all amounts are in dollars)

	BUDGETED AMOUNTS			
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>REVENUES:</u>				
Property Taxes	1,435,250	1,435,250	1,463,312	28,062
Investment Earnings	8,946	8,946	50,865	41,919
Miscellaneous	-	-	31,056	31,056
<u>TOTAL REVENUES</u>	<u>1,444,196</u>	<u>1,444,196</u>	<u>1,545,233</u>	<u>101,037</u>
<u>EXPENDITURES:</u>				
Current:				
<i>Materials &amp; Services</i>	1,358,996	1,358,996	1,348,752	10,244
Contingency	100,000	100,000	-	100,000
<u>TOTAL EXPENDITURES</u>	<u>1,458,996</u>	<u>1,458,996</u>	<u>1,348,752</u>	<u>110,244</u>
Net Changes in Fund Balance	(14,800)	(14,800)	196,481	211,281
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>882,064</u>	<u>882,064</u>	<u>996,613</u>	<u>114,549</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>867,264</u>	<u>867,264</u>	<u>1,193,094</u>	<u>325,830</u>





**PAULY, ROGERS, AND CO., P.C.**  
12700 SW 72<sup>nd</sup> Ave. Tigard, OR 97223  
(503) 620-2632 (503) 684-7523 FAX  
www.paulyrogersandcocpas.com

November 12, 2019

### **Independent Auditors' Report Required by Oregon State Regulations**

We have audited the basic financial statements of the Wasco County Library Service District as of and for the year ended June 30, 2019, and have issued our report thereon dated November 12, 2019. 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 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 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, our audit was not directed primarily toward obtaining knowledge of such noncompliance. As such, 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:

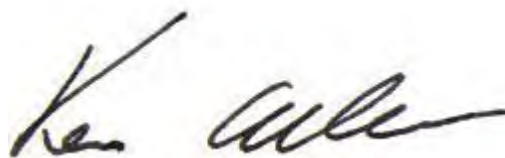
- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Authorized investment of surplus funds (ORS Chapter 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 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.

#### **OAR 162-10-0230 Internal Control**

In planning and performing our audit, we considered the Wasco 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 Wasco County Library Service District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Wasco County Library Service District's internal control over financial reporting.

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.

A handwritten signature in black ink, appearing to read "Ken Allen", with a stylized, flowing script.

Kenneth Allen, CPA  
PAULY, ROGERS AND CO., P.C.



WASCO COUNTY LIBRARY SERVICE DISTRICT MEETING  
DECEMBER 18, 2019

PRESENT: Steve Kramer, Commission Chair  
Scott Hege, Vice-Chair  
Kathy Schwartz, County Commissioner

STAFF: Kathy White, Executive Assistant  
Tyler Stone, Wasco County Administrative Officer

At 11:31 a.m. Chair Kramer opened the meeting.

**Budget Appointments/Minutes**

{{{Vice-Chair Hege moved to approve Orders 19-124 and 19-127 reappointing Pat Davis and John Carter to the Wasco County Library Service District Budget Committee. Commissioner Schwartz seconded the motion which passed unanimously.}}}

{{{Vice-Chair Hege moved to approve Order 19-123 reappointing Jeff Wavrunek as the Wasco County Library Service District Budget Officer. Chair Kramer seconded the motion which passed unanimously.}}}

{{{Vice-Chair Hege moved to approve the June 26, 2019 minutes. Chair Kramer seconded the motion which passed unanimously.}}}

Chair Kramer adjourned the meeting at 11:33 a.m.

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

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Steven D. Kramer, Commission Chair

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Scott C. Hege, Vice-Chair

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Kathleen B. Schwartz, County Commissioner



## MOTION

**SUBJECT:** Minutes Motions

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I move to approve the December 18, 2019 Library Service District Minutes.