

AGENDA
WASCO COUNTY LIBRARY SERVICE DISTRICT
BOARD MEETING
Tuesday, January 15, 2019
4:00
Location: The Dalles

- I. CALL TO ORDER
 - II. APPROVAL OF MINUTES
 - III. RECOGNITION OF VISITORS AND INTERESTED PARTIES
 - IV. ADDITIONS TO AGENDA
 - V. SHARED CONCERNS OF THE BOARD
 - VI. LIBRARY DIRECTOR REPORTS
 - VII. Questions from mayor and city councilwoman
 - VIII. OLD BUSINESS
 - IX. NEW BUSINESS
 - X. FINANCIAL REVIEW
 - XI. UPDATES
 - XII. ADJOURNMENT
- a. Set Next Meeting Date and Location
 - b. Adjourn

Wasco County Library Service District
Board Meeting
November 20, 2018
Location: The Dalles

SUBJECT TO APPROVAL

Board members present: Dick Stentz, Tina Coleman, Rita Rathkey, Carol Jones

Staff present: Jeff Wavrunek, Rita Squires

Called to order: 4:06 by Dick Stentz

Corrections to minutes: None. Rita Rathkey moved to approve, seconded by Dick Stentz, and the minutes were approved

Recognition of visitors and interested parties: none

Additions to agenda: None

Shared Concerns: None

Library Directors' Reports:

The Dalles – The library had Native American speaker Ed Edmo give a presentation. Thank you to board member Dick Stentz for helping out. Dick talked to someone at the Edmo program who might be willing to do a program here on the Maryhill area. She grew up in that area, has a lot of information, stories and pictures that she would be willing share. Red Yarn (music program) took place on Saturday, very well attended. Also, the library sponsored a cosplay program that same day, it brought in 20 young adults. One of the teen librarians, Jeannie, has been very involved with cosplay. An animanga group that meets once a month is extremely well attended.

The teen librarian position has been filled, with two people sharing duties. They both bring different strengths to the position. Jeannie Glaspy is into anime and cosplay. Mema is good at programming. She is going to do a coding program and has lots of good program ideas. The library has hired two other new people, bringing us to full staff (except for Bob, who is out on medical leave for a couple of weeks). First time we've been at full staff in over a year. Kathy Viemeister retired, her last day was November 14th. Her part-time position was filled with Celinda Labrouse, who has a Masters in Library Science degree. The other new staffer is Ashley Lauterbach. She is full-time at the front desk, and doing a good job.

Rita has been talking with Burgerville regarding partnering for a Winter Reading Program, which will start in December. School-age participants will be able to get a free kids meal from Burgerville.

The Dolly Parton Imagination Library is coming to Wasco County. Parents will be able to sign their kids (age 0-4) up, and they'll be sent a free book once a month. A philanthropist in Oregon is going to match, dollar for dollar, funding for a few years, to be able to reach more families.

Dufur – (sent via email) The Veteran's Day assembly was well attended. 60 invitations were sent out and 30 Veteran's attended. Ingram orders will now be cataloged and processed by the vendor – Ingram Books. The light-bright style wall unit was more money than I wanted to pay. I am looking at other options. There will be a food drive starting next week that will continue until the 16th of December. The food will be donated to the City and they will create food baskets for members of our community. The library will be closed December 21st until January 7th.

Maupin – (sent via email) Ed Edmo was a hit at the elementary school, with 56 people attending. I am finishing the Summer Reading Program report and trying to work out scheduling for the new employees. We have had a couple of people show up for Storytime, which is new to me. Waiting on a printer. The Library Advisory Board will have a first meeting Friday, December 7th at 10 am, at the legion hall. We will be having a book sale in December. I am not sure when, but after I finish the staff schedule and library schedule, I will be able to pinpoint an exact date and time, but probably on a Saturday. Extended hours for Monday are 3:00-7:30 and Wednesday we will stay open until 7:30. We will try this until January to see how much it is used. The library will be closed December 24th and 25th.

Old Business: Drinking fountain – just got prices, will be about \$1,200. It needs electricity for the cooler, hopefully that can be added later. Parking lot lighting and stairs – the stairs are still dark, why can't there be light on the stairs. It is a safety concern, someone is going to trip and get hurt. Terry, the city's maintenance person, has said he is working on it.

New Business: Book groups can no longer meet upstairs due to the new makerspace going in. Other areas in the library were discussed on where to meet; more than likely groups will meet at the tables by the new books. Jeff mentioned that some authors are willing to do Skype interviews, which might be of interest to the book groups.

Tina Coleman asked why Dufur is closed during the Winter break, when the public would benefit the most. Couldn't they at least be open during the evening hours? (Because the Dufur librarian was not there, this question could not be answered.) Self-checkout, how long is it going to be broken? Jeff will check and see what the prognosis is (Tina said that she has always had problems with it when checking out a lot of books.)

Financial Review: Nothing out of the ordinary.

Updates: Schedule was set for next year's meetings, which are on the third Tuesday of the month: January, February and March will be in The Dalles; April will be in Dufur; May will be in Maupin; June will be in The Dalles (election of officers at this meeting); no meeting in July; the August meeting will be in Maupin, hopefully the new building will be done by then; September will be in Dufur, October and November will be in The Dalles, and no meeting in December.

The next Library Board meeting will be held January 15th at 4:00 in The Dalles. There will not be a December meeting.

Meeting adjourned at 5:20 pm.

WASCO COUNTY LIBRARY SERVICE
DISTRICT BOARD OF DIRECTORS

Dick Stentz, Chair

Carol Jones, Vice-Chair

Rita Rathkey, Board Member

Carolyn Wood, Board Member

Tina Coleman, Board Member

CITY OF THE DALLES
REVENUES WITH COMPARISON TO BUDGET
FOR THE 6 MONTHS ENDING DECEMBER 31, 2018

LIBRARY FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
<u>SOURCE 300</u>					
004-0000-300.00-0 BEGINNING BALANCE	.00	1,592,245.43	1,270,713.00	(321,532.43)	125.3
TOTAL SOURCE 300	.00	1,592,245.43	1,270,713.00	(321,532.43)	125.3
<u>GRANTS</u>					
004-0000-334.20-0 STATE FOR LIBRARY	3,445.00	6,445.00	37,776.00	31,331.00	17.1
TOTAL GRANTS	3,445.00	6,445.00	37,776.00	31,331.00	17.1
<u>LOCAL GOVERNMENT REVENUES</u>					
004-0000-337.10-0 URBAN RENEWAL	.00	.00	.00	.00	.0
004-0000-337.20-0 SHARE OF LIBRARY TAXES	.00	.00	1,270,314.00	1,270,314.00	.0
TOTAL LOCAL GOVERNMENT REVENUES	.00	.00	1,270,314.00	1,270,314.00	.0
<u>FINES</u>					
004-0000-351.50-0 LIBRARY FINES	1,060.39	8,347.32	12,900.00	4,552.68	64.7
TOTAL FINES	1,060.39	8,347.32	12,900.00	4,552.68	64.7
<u>INTEREST REVENUES</u>					
004-0000-361.00-0 INTEREST REVENUES	2,224.07	14,131.56	12,575.00	(1,556.56)	112.4
TOTAL INTEREST REVENUES	2,224.07	14,131.56	12,575.00	(1,556.56)	112.4
<u>GIFTS AND DONATIONS</u>					
004-0000-365.00-0 GIFTS AND DONATIONS	.00	174.98	400.00	225.02	43.8
TOTAL GIFTS AND DONATIONS	.00	174.98	400.00	225.02	43.8
<u>OTHER MISC REVENUES</u>					
004-0000-369.00-0 OTHER MISC REVENUES	.00	73.54	100.00	26.46	73.5
TOTAL OTHER MISC REVENUES	.00	73.54	100.00	26.46	73.5

CITY OF THE DALLES
 REVENUES WITH COMPARISON TO BUDGET
 FOR THE 6 MONTHS ENDING DECEMBER 31, 2018

LIBRARY FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
<u>OPERATING TRANSFERS IN</u>					
004-0000-391.37-0 FROM CAPITAL PROJECT FUND	.00	.00	.00	.00	.0
TOTAL OPERATING TRANSFERS IN	.00	.00	.00	.00	.0
 TOTAL FUND REVENUE	 6,729.46	 1,621,417.83	 2,604,778.00	 983,360.17	 62.3

CITY OF THE DALLES
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 6 MONTHS ENDING DECEMBER 31, 2018

LIBRARY FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>LIBRARY</u>					
004-2100-000.11-00	40,111.17	218,985.35	438,261.00	219,275.65	50.0
004-2100-000.12-00	1,989.81	16,570.70	95,080.00	78,509.30	17.4
004-2100-000.13-00	.00	.00	3,500.00	3,500.00	.0
004-2100-000.21-10	12,835.89	73,807.43	181,646.00	107,838.57	40.6
004-2100-000.21-20	281.25	1,430.56	3,122.00	1,691.44	45.8
004-2100-000.21-30	45.81	257.24	528.00	270.76	48.7
004-2100-000.21-40	24.32	1,710.37	3,047.00	1,336.63	56.1
004-2100-000.22-00	3,122.04	17,414.82	41,068.00	23,653.18	42.4
004-2100-000.23-00	4,130.89	25,422.00	59,166.00	33,744.00	43.0
004-2100-000.28-00	34.26	1,442.16	4,107.00	2,664.84	35.1
004-2100-000.29-00	10.00	65.00	180.00	115.00	36.1
004-2100-000.31-10	3,201.46	40,293.98	89,845.00	49,551.02	44.9
004-2100-000.32-20	.00	.00	500.00	500.00	.0
004-2100-000.41-10	230.87	1,542.83	4,770.00	3,227.17	32.3
004-2100-000.41-20	91.78	458.90	1,122.00	663.10	40.9
004-2100-000.41-40	2,111.60	9,349.09	29,151.00	19,801.91	32.1
004-2100-000.43-10	2,008.52	9,339.70	32,388.00	23,048.30	28.8
004-2100-000.43-40	.00	403.37	19,654.00	19,250.63	2.1
004-2100-000.43-45	.00	.00	400.00	400.00	.0
004-2100-000.43-51	.00	.00	.00	.00	.0
004-2100-000.43-52	101.64	452.52	3,200.00	2,747.48	14.1
004-2100-000.43-77	.00	292.48	5,271.00	4,978.52	5.6
004-2100-000.52-10	.00	3,949.82	4,530.00	580.18	87.2
004-2100-000.52-30	.00	5,023.70	6,718.00	1,694.30	74.8
004-2100-000.52-50	.00	407.84	546.00	138.16	74.7
004-2100-000.53-20	16.43	169.63	2,000.00	1,830.37	8.5
004-2100-000.53-30	607.67	4,385.18	9,868.00	5,482.82	44.4
004-2100-000.58-10	709.20	977.96	12,133.00	11,155.04	8.1
004-2100-000.58-50	.00	209.94	10,494.00	10,284.06	2.0
004-2100-000.58-70	.00	1,157.05	2,799.00	1,641.95	41.3
004-2100-000.60-10	415.77	2,515.56	32,223.00	29,707.44	7.8
004-2100-000.60-20	456.03	1,859.73	5,100.00	3,240.27	36.5
004-2100-000.60-85	1,593.28	7,453.17	35,983.00	28,529.83	20.7
004-2100-000.64-20	8,369.75	50,716.48	143,227.00	92,510.52	35.4
004-2100-000.64-30	1,126.68	1,394.19	5,073.00	3,678.81	27.5
004-2100-000.64-40	1,294.69	9,533.12	25,821.00	16,287.88	36.9
004-2100-000.64-80	.00	2,028.83	30,084.00	28,055.17	6.7
004-2100-000.69-50	.00	523.00	1,000.00	477.00	52.3
004-2100-000.69-80	.00	.00	126,043.00	126,043.00	.0
004-2100-000.72-20	.00	.00	20,400.00	20,400.00	.0
004-2100-000.74-20	.00	.00	.00	.00	.0
004-2100-000.74-30	.00	26,000.00	.00	(26,000.00)	.0
004-2100-000.74-40	.00	.00	.00	.00	.0
004-2100-000.74-50	.00	.00	.00	.00	.0
TOTAL LIBRARY	84,920.81	537,543.70	1,490,048.00	952,504.30	36.1

CITY OF THE DALLES
 EXPENDITURES WITH COMPARISON TO BUDGET
 FOR THE 6 MONTHS ENDING DECEMBER 31, 2018

LIBRARY FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>OTHER</u>					
004-9500-000.81-01 TO GENERAL FUND	7,308.20	43,849.20	80,391.00	36,541.80	54.5
004-9500-000.81-10 TO UNEMPLOYMENT FUND	.00	.00	.00	.00	.0
004-9500-000.88-00 CONTINGENCY	.00	.00	217,346.00	217,346.00	.0
004-9500-000.88-01 RSRV FUTURE EXPENDITURES	.00	.00	177,342.00	177,342.00	.0
004-9500-000.89-00 UNAPPROPRIATED ENDING BAL	.00	.00	639,651.00	639,651.00	.0
TOTAL OTHER	7,308.20	43,849.20	1,114,730.00	1,070,880.80	3.9
TOTAL FUND EXPENDITURES	92,229.01	581,392.90	2,604,778.00	2,023,385.10	22.3

	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
--	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

VISITOR COUNT	14,267	12,520	10,409	12,614	10,729							
INTERNET USERS	1,663	1,806	1,351	1,458	1,169							

Overdrive Read	31	39	47	78	64							
Open EPUB ebook	3	0	2	2	1							
overdrive video	0	0	0	0	0							
adobe PDF ebook	0	0	1	0	0							
kindle book	272	276	256	174	183							
adobe EPUB ebook	93	99	89	104	111							
overdrive MP3 audio	429	393	365	310	307							
Open PDF ebook	0	0	0	0	0							
Pending (ebook)	43	35	45	35	43							
Pending (audiobook)	39	54	40	40	33							
overdrive Listens	117	192	181	199	191							
Kobo ebook	0	0	0	0	0							

LIBRARY2go total	1,027	1,088	1,026	942	933							
TUMBLEBOOKS	0	4	0	48	341							
PATRONS ADDED	81	106	199	120	76							
ILL'S SENT	1,080	1,136	1,032	1,231	1,065							
ILL'S RECEIVED	661	772	729	651	693							

MONTHLY CIRC	20,200	20,129	18,139	20,339	19,241							
LIBRARY2GO	1,027	1,088	1,026	942	933							
TOTAL CIRC	21,227	21,217	19,165	21,281	20,174							

2018-11 ARCHIVAL	6
2018-11 ASK AT DESK	54
2018-11 AUDIO BOOKS	379
2018-11 AUDIO VISUAL	4
2018-11 Adult Graphic Novel	14
2018-11 BIOGRAPHIES	52
2018-11 Board Games	6
2018-11 CHILDREN'S AUDIOS	51
2018-11 CHILDREN'S BIOGRAPHIES	24
2018-11 CHILDREN'S BOARD BOOKS	210
2018-11 CHILDREN'S FICTION	353
2018-11 CHILDREN'S NON FICTION	254
2018-11 CHILDREN'S PAPERBACKS	3
2018-11 CHILDREN'S TINY BOOKS	4
2018-11 CHILDREN'S BIOGRAPHY	3
2018-11 CHRISTIAN FICTION	95
2018-11 EARLY READER	493
2018-11 FICTION	931
2018-11 Game Center	4
2018-11 J Graphic Novel	278
2018-11 JUVENILE SERIES	225
2018-11 LARGE PRINT	405
2018-11 LIBROS EN ESPANOL	46
2018-11 LUCKY DAY VIDEOS	1
2018-11 MAGAZINES	23
2018-11 MANGA COLLECTION	103
2018-11 Music CD's	30
2018-11 NEW BOOKS	1527
2018-11 NON-FICTION	733
2018-11 OREGON BATTLE OF THE BOOKS	65
2018-11 OVERSIZE COLLECTION	6
2018-11 PICTURE BOOKS	1819
2018-11 Parenting	1
2018-11 STAFF WORKROOM	2
2018-11 VIDEO RACK	9953
2018-11 Wifi Hotspots	99
2018-11 YA Graphic Novel	25
2018-11 YOUNG ADULT AUDIOBOOK	7
2018-11 YOUNG ADULT FICTION	164
2018-11 YOUNG ADULT NON-FICTION	25

Programming Statistics
Month of: DECEMBER 2018

Children's Services	How many programs	Total Attending
Book Babies	1	5
Toddler Storytime	4	44
Preschool Storytime	3	74
Family Storytime	1	5
Spanish Storytime	2	14
Special Craft Night	2	23
Holiday Festivities	1	118
Fun Friday	3	57
Afternoon at the Movies	2	25
Passive craft & coloring	3	45
Head Start outreach	2 classes	42
Elementary school visits	4 classes	79
Early Head Start outreach (here)	1	16
Main Street Santa outreach	3	50
Parks & Rec holiday prgm @Dry Hollow	1	45
Next Door play group	3	74
	Total:	716

Note: this does not include the people who come just to play with the MindSplash and other play things in the Children's Wing. This is 35-40 people per day we are open

Teen Services	How many programs	Total Attending
Teen Movie	1	8
Light up jewelry	1	7
Candy making	1	15
Crafternoon	1	4
Dungeons & Dragons (Saturday)	1	13
Teen Art (beading)	1	10
Maker Club	3	16
Youth Fiber Guild	2	7
Dungeons & Dragons (weekday)	3	14
Wahtonka Outreach	3	58
Snacks & Stories	1	50
Harry Potter passive (crossword)	one week	8
Thursday Movie	1	10
Xbox use	2 weeks	25
	Total:	245

Programming Statistics
Month of: DECEMBER 2018

Dylan's programs	How many programs	Total Attending
Kids Safe	1	35
Teen Warhammer	1	15
Tabletop gaming	1	6
WCS outreach	1	25
Sheriff	2	35
	Total:	116

Adult Services	How many programs	Total Attending
Outreach visits	3	28
Book clubs	2	7
Animanga	1	19
Meeting room use by outside groups		20*
	Total:	74

*Of all the groups that use our room, only 3 of them recorded attendance as requested. This will change for future months.

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

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018



12700 SW 72nd Ave.
Tigard, OR 97223

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

2017-2018

FINANCIAL REPORT

**BOARD OF DIRECTORS
WASCO COUNTY LIBRARY SERVICE DISTRICT
(A COMPONENT UNIT OF WASCO COUNTY)
JUNE 30, 2018**

Rod Runyon	Commission Chair
Steve Kramer	Commissioner
Scott Hege	Commissioner

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

TABLE OF CONTENTS

	PAGE <u>NUMBER</u>
FINANCIAL SECTION:	
INDEPENDENT AUDITORS' REPORT	1
REQUIRED SUPPLEMENTARY INFORMATION: Management's Discussion and Analysis	i-v
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position	3
Statement of Activities	4
Balance Sheet- All Governmental Funds	5
Reconciliation of Balance Sheet to Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balances	7
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances to the Statement of Activities	8
Notes to the Basic Financial Statements	9
REQUIRED SUPPLEMENTARY INFORMATION: Schedule of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget General Fund	15
INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS	16



PAULY, ROGERS, AND Co., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcocpas.com

December 21, 2018

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, 2018, 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, 2018, 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.

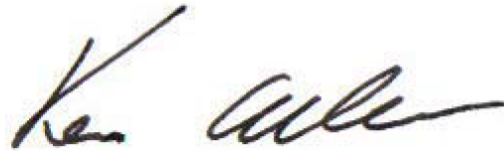
Other Matters*Required Supplementary Information*

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 December 21, 2018, 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.



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

WASCO COUNTY LIBRARY SERVICE DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2018

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, 2018. This was the tenth year of the District's operations.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at June 30, 2018 by \$1,075,124
- Total net position increased \$115,933.
- As of June 30, 2018, the District's governmental fund reported an ending balance of \$996,613 or 75.3% of fiscal year 2018 expenditures.
- The District had no debt as of June 30, 2018.

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, 2018. 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, 2018. 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 \$1,075,124 at June 30, 2018.

Net Position		
	2017	2018
Current Assets		
Cash	869,511	985,491
Taxes Receivable	<u>89,680</u>	<u>89,633</u>
Total assets	959,191	1,075,124
Liabilities	-	-
Net position		
Unrestricted	<u>959,191</u>	<u>1,075,124</u>
Total net position	959,191	1,075,124

The District's net position increased by \$115,932 during the year ended June 30, 2018.

Change in Net Position		
	2017	2018
Revenue		
Property Taxes	1,336,797	1,385,220
Interest & Investment Earnings	10,461	13,978
Miscellaneous	<u>(818)</u>	<u>26,378</u>
Total Revenues	1,346,440	1,425,576
Expenditures		
Culture & Recreation	<u>1,271,700</u>	<u>1,309,643</u>
Total Expenditures	1,271,700	1,309,643
Change in net position	74,740	115,933
Beginning net position	<u>884,451</u>	<u>959,191</u>
Ending net position	<u>959,191</u>	<u>1,075,124</u>

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 \$54,083. The expenditure side is within budgeted amounts. The actual Materials and Services is \$3,400 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, 2018 was \$1,075,124, an increase of \$115,932 from June 30, 2017. 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, 2018
(all amounts are in dollars)

	<u>Primary Government Governmental Activities</u>
<u>ASSETS:</u>	
Cash & Investments	985,491
Taxes Receivable	<u>89,633</u>
<u>TOTAL ASSETS</u>	<u><u>1,075,124</u></u>
 <u>LIABILITIES:</u>	
Due to Other Taxing Districts	<u>-</u>
<u>TOTAL LIABILITIES</u>	<u><u>-</u></u>
 <u>NET POSITION</u>	
Unrestricted	<u>1,075,124</u>
<u>TOTAL NET POSITION</u>	<u><u>1,075,124</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, 2018
(all amounts are in dollars)

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>			<u>NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION</u>
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>TOTAL GOVERNMENTAL ACTIVITIES</u>
Culture and Recreation	1,309,643	-	-	-	(1,309,643)
Total Government Activities	1,309,643	-	-	-	(1,309,643)
General Revenues:					
Property Taxes levied for General Purposes					1,385,220
Interest and Investment Earnings					13,978
Miscellaneous					26,378
Total General Revenues					<u>1,425,576</u>
Change in Net Position					115,933
					Net Position, beginning
					<u>959,191</u>
					<u>Net Position, ending</u>
					<u>1,075,124</u>

The Accompanying Notes are an integral part of this Financial Statement

Wasco County Library District
Balance Sheet
Governmental Funds
June 30, 2018
(all amounts are in dollars)

	<u>GENERAL</u>
<u>ASSETS:</u>	
Cash & Investments	985,491
Taxes Receivable	<u>89,633</u>
<u>TOTAL ASSETS</u>	<u><u>1,075,124</u></u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>	
<u>LIABILITIES:</u>	
Due to Other Taxing Districts	-
<u>TOTAL LIABILITIES</u>	<u>-</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>	
Unavailable Revenue - Taxes	<u>78,511</u>
<u>TOTAL DEFERRED INFLOWS OF RESOURCES</u>	<u>78,511</u>
<u>FUND BALANCES:</u>	
Unassigned	<u>996,613</u>
<u>TOTAL FUND BALANCES</u>	<u>996,613</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>	<u><u>1,075,124</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, 2018
(all amounts are in dollars)

Fund Balance - Governmental Funds	996,613
-----------------------------------	---------

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>78,511</u>
---	---------------

Net Position of Governmental Activities	<u><u>1,075,124</u></u>
---	-------------------------

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, 2018
 (all amounts are in dollars)

	<u>GENERAL</u>
<u>REVENUES:</u>	
Property Taxes	1,383,836
Investment Earnings	13,978
Miscellaneous	26,378
<u>TOTAL REVENUES</u>	<u>1,424,192</u>
 <u>EXPENDITURES:</u>	
Current:	
<i>Culture & Recreation</i>	<u>1,309,643</u>
<u>TOTAL EXPENDITURES</u>	<u>1,309,643</u>
 Net Changes in Fund Balance	 114,549
 <u>FUND BALANCE - BEGINNING OF YEAR</u>	 <u>882,064</u>
 <u>FUND BALANCE - END OF YEAR</u>	 <u><u>996,613</u></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, 2018
(all amounts are in dollars)

Net Change in Fund Balance	114,549
----------------------------	---------

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>1,383</u>
---	--------------

Change in Net Position of Governmental Activities	<u><u>115,932</u></u>
---	-----------------------

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**

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**

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, 2018. 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, 2018.

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

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**

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**

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, 2018, the District had a deposit of \$985,491 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**

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, 2018, the foregone property tax revenue is \$452,435.

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, 2018
(all amounts are in dollars)

	BUDGETED AMOUNTS		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES:</u>				
Property Taxes	1,312,653	1,312,653	1,383,836	71,183
Investment Earnings	4,950	4,950	13,978	9,028
Miscellaneous	52,506	52,506	26,378	(26,128)
<u>TOTAL REVENUES</u>	<u>1,370,109</u>	<u>1,370,109</u>	<u>1,424,192</u>	<u>54,083</u>
<u>EXPENDITURES:</u>				
Current:				
<i>Materials & Services</i>	1,313,043	1,313,043	1,309,643	3,400
Contingency	50,000	50,000	-	50,000
<u>TOTAL EXPENDITURES</u>	<u>1,363,043</u>	<u>1,363,043</u>	<u>1,309,643</u>	<u>53,400</u>
Net Changes in Fund Balance	7,066	7,066	114,549	107,483
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>804,835</u>	<u>804,835</u>	<u>882,064</u>	<u>77,229</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>811,901</u>	<u>811,901</u>	<u>996,613</u>	<u>184,712</u>



PAULY, ROGERS, AND Co., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcocpas.com

December 21, 2018

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, 2018, and have issued our report thereon dated December 21, 2018. 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:

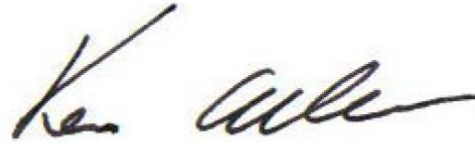
- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Authorized investment of surplus funds (ORS Chapter 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". The signature is fluid and cursive, with a large initial "K" and "A".

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