



Florence, Oregon

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2019

**SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2019

**BOARD OF DIRECTORS
ELECTED OFFICIALS**

		Term Expires <u>June 30,</u>
Jane Yecny 06088 Mercer Lake Rd Florence, Oregon 97439	President	2023
Mark Tilton 87868 Limpit Lane Florence, Oregon 97439	Vice President	2021
Michael Falter 1255 Xylo St Florence, Oregon 97439	Director	2021
Susy Lacer PO Box 2642 Florence, Oregon 97439	Director	2021
Renée LaCosse 9247 Highway 126 Mapleton, Oregon 97453	Director	2023

Library Director

Megan Spencer

1460 9th Street

Florence, Oregon 97439

The District has not designated a registered agent.

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2019

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**SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Siuslaw Public Library District
Florence, Oregon

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Siuslaw Public Library District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position and, where applicable, 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 budgetary comparison information and pension schedules, 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.

INDEPENDENT AUDITOR'S REPORT – continued

We have applied certain limited procedures to the required supplementary information included in management's discussion and analysis 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 schedules and pension schedules presented as Required Supplementary Information, as listed in the table of contents, has been subjected to the audit 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 and other records used to prepare the basic financial statements or to the basic 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 as a whole.

Management has omitted the *Postemployment Benefits Other Than Pensions GASBS No. 75* required supplementary information, that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary and other information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary and other information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has 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 and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary and other information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 9, 2019 on our consideration of the District's compliance with certain provisions of laws and regulations including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Chris Mahr, Principal
Chris Mahr + Associates | CPAs
Bend, Oregon
December 9, 2019

**SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2019

This discussion and analysis is intended to provide an overview of the Siuslaw Public Library District's financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

I. FINANCIAL HIGHLIGHTS

At the close of the 2018-19 fiscal year:

- Assets exceeded liabilities by \$2,153,597. Of this amount, \$260,753 is unrestricted.
- The District is debt free having paid off all long-term debt in fiscal year 2018-19.
- Net position decreased by \$51,445 during the fiscal year.

II. OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis is intended to serve as an introduction to the District's basic financial statements and other required supplementary information. The District's basic financial statements are comprised of 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 financial statements themselves.

A. Reporting the District as a Whole

- The Statement of Net Position – page 11
- The Statement of Activities – page 12

The Statement of Net Position and the Statement of Activities report information that can be used to help answer the question "Is the District as a whole better off or worse as a result of the year's activities?" These statements include all assets and liabilities using the accrual basis of accounting, which is similar to accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS-continued

FOR THE YEAR ENDED JUNE 30, 2019

The District's net position represents the difference between assets, what the District owns, and liabilities, what the District owes. The Statement of Activities tracks the changes in the net position of the District. The increase/decrease in net position from year to year is one measure of the overall financial position of the District.

B. District Governmental Funds

- Governmental Funds Balance Sheet – page 13
- Statement of Revenues, Expenditures and Changes in Fund Balance – page 15

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has two governmental funds: the general fund and the grant fund. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund accounting tracks the revenues and expenditures separately in each fund. The year-end balance of each fund reflects the amount of funds available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

C. Reconciling Fund Financial Statements to Government-Wide Financial Statements

- The Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Position – page 14
- The Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities – page 16

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 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.

**SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS-continued

FOR THE YEAR ENDED JUNE 30, 2019

The Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position and the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities link the information presented regarding District governmental funds to the government-wide financial statements.

D. Comparison to Budget

The District's annual budget includes a budget for each of the funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with this budget.

- General Fund Schedule of Actual and Budgeted Transactions (with Budget to GAAP Differences) – page 43
- Grant Fund Schedule of Actual and Budgeted Transactions – page 44
- Library Building & Equipment Reserve Fund Schedule of Actual and Budgeted Transactions – page 50
- Estate & Trust Reserve Fund Schedule of Actual and Budgeted Transactions – page 51

E. Additional Information

- Notes to the financial statements are provided on pages 17 through 42

The notes included in the report provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes summarize accounting policies, provide detail on capital asset activity for the year, provide additional detail on the long-term debt of the District, provide additional information on the pension plan and provide an overview of the fund structure of the District. The notes are an integral part of the financial statements and should be read in conjunction with them.

III. ANALYSIS

A. The District as a Whole

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$2,153,597 on June 30, 2019.

**SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS-continued

FOR THE YEAR ENDED JUNE 30, 2019

The portion of the District's assets (70 percent) reflects its investment in capital assets (e.g. land, buildings, and equipment). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The remaining assets consist mainly of cash and cash equivalents, grant receivables and property taxes receivable, which are used to meet the District's ongoing obligations to its citizens.

Siuslaw Public Library District Summary of Net Position

The District's largest liability consists of the net pension liability, which is considered long-term. Current liabilities of the District consist largely of accounts payable, accrued payroll liabilities and compensated absences.

	2019	2018
Current & other assets	\$ 789,129	\$ 966,027
Capital assets	1,892,545	1,806,575
Total assets	2,681,674	2,772,602
 Total deferred outflows of resources	 228,014	 210,798
Current liabilities	72,676	201,717
Long-term liabilities	553,374	528,829
Total liabilities	626,050	730,546
 Total deferred inflows of resources	 130,041	 47,812
 Net position:		
Net investment in capital assets	1,892,545	1,806,575
Restricted	299	992
Unrestricted	260,753	397,475
Total net position	\$ 2,153,597	\$ 2,205,042

Governmental Activities. Governmental activities decreased the District's net position in the current year by \$51,445.

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS-continued

FOR THE YEAR ENDED JUNE 30, 2019

	<u>2019</u>	<u>2018</u>
Revenues		
Program revenues		
Fines & fees	\$ 17,109	\$ 32,894
Operating grants & contributions	<u>143,527</u>	<u>60,803</u>
	<u>160,636</u>	<u>93,697</u>
General revenues		
Property taxes	973,036	929,416
Earnings on investments	5,216	5,307
General contributions non-program specific amounts	20,467	32,290
Miscellaneous	<u>2,748</u>	<u>7,348</u>
	<u>1,001,467</u>	<u>974,361</u>
Total revenues	<u>1,162,103</u>	<u>1,068,058</u>
 Expenses		
Library services	<u>1,213,548</u>	<u>1,104,125</u>
Total expenses	<u>1,213,548</u>	<u>1,104,125</u>
Change in net position	<u>(51,445)</u>	<u>(36,067)</u>
Net position - beginning	<u>2,205,042</u>	<u>2,241,109</u>
Net position - ending	<u>\$ 2,153,597</u>	<u>\$ 2,205,042</u>

A. Financial Analysis of Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS-continued

FOR THE YEAR ENDED JUNE 30, 2019

At June 30, 2019 the District's governmental funds reported ending fund balances as follows:

<u>Fund</u>	<u>Ending Balance 6/30/2019</u>	<u>Ending Balance 6/30/2018</u>	<u>Change</u>
General Fund, Unassigned	\$ 550,205	\$ 637,000	\$ 86,795
General Fund, Assigned			
Building & Equipment Reserve Fund	96,352	95,709	(643)
Estate & Trust Reserve Fund	8,231	8,176	(55)
Roof replacement			
General Fund, Non-spendable	9,921	14,175	4,254
Special Revenue Fund			
Grant Fund, Restricted	299	992	693
Total governmental fund balances	<u>\$ 665,008</u>	<u>\$ 756,052</u>	<u>\$ 91,044</u>

Ending Fund Balance Notes:

The ending balance of the General Fund is maintained for two reasons: 1) to provide stability in library operations by providing a buffer in the event of temporary fluctuations in the projected tax revenue of the District; and 2) to reduce the need for short-term borrowing to finance library operations until tax revenue is received in November. An ending fund balance in the general fund of \$664,709 is sufficient to support library operations through the month of November.

Budgetary Highlights. Current tax revenue for the current fiscal year was greater than budget projections by \$28,338 (3%).

**SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS-continued

FOR THE YEAR ENDED JUNE 30, 2019

B. Capital Asset, Debt Administration and Retirement Program

Capital Assets. The District's investment in capital assets includes land, buildings and improvements, furniture, fixtures and equipment. As of June 30, 2019, the District had \$1,892,545 of capital assets net of depreciation as detailed below:

Capital Assets (net of depreciation) - June 30, 2019	
Land	
Construction in progress	206,836
Buildings and improvements	3,272,882
Equipment	1,912,712
Total capital assets	<u>5,392,430</u>
Accumulated depreciation	<u>(3,499,885)</u>
Total capital assets, net of depreciation	<u>\$ 1,892,545</u>

During the year, the value of the District's capital assets increased by \$85,970 primarily for roof replacement costs.

Additional information on the District's capital assets can be found in Note 5 in the Notes to the Financial Statements.

Line of Credit. At the end of the current fiscal year, there was no outstanding balance on the District's line of credit obligation.

Long-term debt. The District had no long-term debt at the end of the current fiscal year.

The State of Oregon mandates a general obligation debt limit of 1.25 percent of real market value of assessed property. Thus, the District's legal debt margin of \$36,291,402 exceeds the outstanding debt.

PERS Pension Plan. The state's pension system for its public employees, PERS, has been under legislative and public scrutiny. This pension system has been subject to significant legislative reform as well as changes mandated from court rulings. It is not possible to project future PERS costs at this time, though it is more likely that the District's assigned rate of 17.93% of payroll will increase rather than decrease. (See Note 6 in the Notes to the Financial Statements).

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS-continued

FOR THE YEAR ENDED JUNE 30, 2019

C. Economic Factors and Next Year's Budget

The State of Oregon's "Oregon Economic and Revenue Forecast" published in December 2018 suggests that the statewide economy may cool in coming years even as the near-term trends continue to look strong. Those strong near-term trends have resulted in continued increases in the Siuslaw Public Library District's collection of property tax revenues. The Oregon Department of Revenue's "Fiscal Year 2017-2018 Oregon Property Tax Statistics" publication includes the following relevant information:

Statewide, the ratio of assessed value to real market value decreased from 0.691 in FY 2016-17 to 0.651 in FY 2017-18. A decreasing AV/RMV ratio means that real market values are growing faster than assessed values; growth in assessed values are generally capped at 3 percent per year for existing properties.

Because the ratio for AV/RVM continues to decrease, the District expects to continue to see growth in year-over-year property taxes in the coming fiscal year. Over the past five fiscal years, since the last year of the recession, the revenue from property taxes collected by the District has grown an average of 3.4% each year. Management has used a 2% estimated growth rate to calculate tax revenue in each of the past two budget years, but has increased this rate to 2.5% in the current budget year. Management believes using this rate still represents a conservative projection of income based on good data.

Carryover into the FY 2019-2020 fiscal year is also strong. In addition to two large donations over the past three budget years, this large carryover reflects the continued increase in tax revenue over projections and the Siuslaw Public Library District's role as fiscal sponsor for the multi-year grant awarded to the Siuslaw Vision by the Ford Family Foundation. Despite the large capital project that was the roof replacement, the Siuslaw Public Library District will begin this year with a good head start on a healthy budget.

IV. REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of the Siuslaw Public Library's finances for those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Library Director at Siuslaw Public Library District, 1460 9th Street, Florence, Oregon 97439.

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

STATEMENT OF NET POSITION

JUNE 30, 2019

		<u>Governmental Activities Total</u>
ASSETS		
Cash and investments		\$ 736,722
Receivables		42,486
Prepaid expenses		9,921
Capital assets		
Land	206,836	
Buildings and improvements	3,272,882	
Equipment and furniture	1,912,712	
Less accumulated depreciation	<u>(3,499,885)</u>	<u>1,892,545</u>
TOTAL ASSETS		<u>2,681,674</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions after measurement date		<u>228,014</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES		<u>228,014</u>
LIABILITIES		
Accounts payable		23,521
Payroll liabilities		19,932
Accrued compensated absences payable		29,223
Net pension liability		<u>553,374</u>
TOTAL LIABILITIES		<u>626,050</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred grant revenues		49,161
Pension investment and proportion/contribution differences		<u>80,880</u>
TOTAL DEFERRED INFLOWS OF RESOURCES		<u>130,041</u>
NET POSITION		
Net investment in capital assets		1,892,545
Restricted		299
Unrestricted		<u>260,753</u>
TOTAL NET POSITION		<u><u>\$ 2,153,597</u></u>

The accompanying notes are an integral part of these financial statements

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

FUNCTIONS/PROGRAMS	Direct Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Culture and recreation	\$ 1,213,548	\$ 17,109	\$ 143,527	\$	\$ (1,052,912)
Total governmental activities	\$ 1,213,548	\$ 17,109	\$ 143,527	\$	(1,052,912)
General revenues:					
Property taxes levied for general purposes					973,036
Earnings on investments					5,216
General contributions non-program specific					20,467
Miscellaneous					2,748
Total general revenues					1,001,467
CHANGE IN NET POSITION					(51,445)
Net position - beginning					2,205,042
Net position - ending					\$ 2,153,597

The accompanying notes are an integral part of these financial statements

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2019

	General	Grant Fund	Total Governmental Funds
ASSETS			
Cash and investments	\$ 686,569	\$ 50,153	\$ 736,722
Accounts receivable	5,306		5,306
Property taxes receivable	37,180		37,180
Prepaid expenses	9,921		9,921
Total assets	<u>\$ 738,976</u>	<u>\$ 50,153</u>	<u>\$ 789,129</u>
LIABILITIES			
Accounts payable	\$ 22,828	\$ 693	\$ 23,521
Payroll liabilities	19,932		19,932
Total liabilities	<u>42,760</u>	<u>693</u>	<u>43,453</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred grant revenue		49,161	49,161
Unavailable revenue-property taxes	31,507		31,507
Total deferred inflows of resources	<u>31,507</u>	<u>49,161</u>	<u>80,668</u>
FUND BALANCES			
Non-spendable	9,921		9,921
Restricted		299	299
Assigned	104,583		104,583
Unassigned	550,205		550,205
Total fund balance	<u>664,709</u>	<u>299</u>	<u>665,008</u>
	<u>\$ 738,976</u>	<u>\$ 50,153</u>	<u>\$ 789,129</u>

The accompanying notes are an integral part of these financial statements

**SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon**

**RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION**

JUNE 30, 2019

TOTAL FUND BALANCES		\$ 665,008
<p>Capital assets are not financial resources and therefore are not reported in the governmental funds:</p>		
Costs	\$ 5,392,430	
Accumulated depreciation	<u>(3,499,885)</u>	1,892,545
<p>A portion of the District's property taxes are collected after year-end, but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.</p>		
		31,507
<p>Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. This would include expenditures in future years related to the payment of the District's obligations for compensated absences and unfunded actuarial pension liability</p>		
<p>At June 30, 2019, these liabilities consist of:</p>		
Compensated absences payable	(29,223)	
Pension liability	<u>(406,240)</u>	<u>(435,463)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u><u>\$ 2,153,597</u></u>

The accompanying notes are an integral part of these financial statements

**SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS**

YEAR ENDED JUNE 30, 2019

	General	Grant Fund	Total Governmental Funds
Revenues			
Property taxes	\$ 976,245	\$	\$ 976,245
Intergovernmental		125,048	125,048
Fines, licenses and fees	5,680		5,680
Interest	5,216		5,216
Donations	20,467		20,467
Endowed funds	18,479		18,479
Miscellaneous	14,177		14,177
	<u>1,040,264</u>	<u>125,048</u>	<u>1,165,312</u>
Totals revenues			
Expenditures			
Personnel services	607,905		607,905
Materials and services	331,445	125,741	457,186
Capital outlay	191,265		191,265
	<u>1,130,615</u>	<u>125,741</u>	<u>1,256,356</u>
Total expenditures			
Revenues over (under) expenditures	(90,351)	(693)	(91,044)
Fund balance - beginning	<u>755,060</u>	<u>992</u>	<u>756,052</u>
Fund balance - ending	<u>\$ 664,709</u>	<u>\$ 299</u>	<u>\$ 665,008</u>

The accompanying notes are an integral part of these financial statements

**SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2019

NET CHANGE IN FUND BALANCES \$ (91,044)

Amounts reported for governmental activities in the *Statement of Activities* are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year.

Expenditures for capital assets that meet capitalization policy	\$ 186,695	
Less current year depreciation	<u>(100,726)</u>	85,969

Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities they are recognized as an expenditure when incurred.		(2,765)
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Governmental funds report expenditures for funding employee pensions as expenditures are paid. In the Statement of Activities they are recognized as an expenditure when incurred.		(40,397)
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Property taxes that do not provide current financial resources are not reported as revenue in the governmental funds as they do not meet the available criteria. In the Statement of Activities property taxes are recognized as revenue when levied or earned		<u>(3,208)</u>
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CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		<u><u>\$ (51,445)</u></u>
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The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Siuslaw Public Library District (the "District") is an Oregon municipal corporation governed by a five-member governing Board (Board), who are elected to office at large by voters within the District zone. Administrative functions are delegated to individuals who report and are responsible to the Board. The chief financial officer is the Library Director. In the tradition of the human ideal of freedom of thought and speech, the Siuslaw Public Library District strives to be a warm and inviting place of lifelong learning and human improvement, accessible to people of all ages, economic levels, and cultural backgrounds.

Accounting principles generally accepted in the United States of America require that the reporting entity include primary government, all organizations for which the primary government is financially accountable and other organizations, that by the nature and significance of their relationship with the primary government, would cause the financial statements to be incomplete or misleading if excluded. Based on these criteria, the District is considered a primary government and does not have any component unit relationships. Conversely, the District is not considered a component unit of any primary government.

Basis of accounting and presentation

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

Description of government-wide financial statements

The government-wide financial statements (the statement of net position and the statement of activities) report about the District. These statements include the governmental financial activities of the overall District. Governmental activities are financed primarily through property taxes, donations, and private grants. The District has neither business-type activities nor fiduciary-type activities. Government-wide financial statements incorporate data from the governmental funds, but eliminations have been made to minimize the double counting of internal activities.

While separate government-wide and fund financial statements are presented, they are interrelated. In the *Statement of Activities*, direct expenses are reported to reflect the cost of the District providing services reduced by the direct program revenue, which include charges for services and program specific grants. Taxes, interest and contributions that are not program specific are reported as general revenues.

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of presentation – fund financial statements

The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis on fund financial statements is on major governmental funds, each displayed in a separate column. All remaining funds are aggregated and reported as non-major funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District has determined that the General Fund and Grant Fund are major funds of the District.

General Fund – The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund. Principal revenue sources include property taxes, grants and payments from intergovernmental arrangements, unrestricted donations, fines and fees, interest and other miscellaneous charges for services. Expenditures are for the general operation of the District and include, but are not limited to library staffing, media and materials purchases, certain administrative functions and debt service. General Sub-Fund account groupings are used to separate accounting for management purposes.

General Operations Fund accounts for general operating revenues, expenditures and transfers of the District. Principal revenue sources include property taxes, grants and payments from intergovernmental arrangements and unrestricted donations. Expenditures include personal services, materials and services and certain administrative functions necessary to carry out library and media services.

Library Building and Equipment Reserve Fund was created by the Board of Directors for emergency repairs to the library buildings and equipment.

Estate and Trust Reserve Fund is used for bequests received by the District which have no restrictions. The Board of Directors reserves the bequest funds until they determine their use.

The District reports the Grant Fund as a major fund. The Grant Fund is considered a Special Revenue Fund. Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes.

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds from issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes associated with the current fiscal period are all susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred, all other eligibility requirements have been met and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with original maturities of three months or less from the date of acquisition. Short-term investments are stated at cost which approximates fair value.

State statutes authorize the District to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, and commercial paper among others.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Capital Assets

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year. Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	15 to 40 years
Equipment	5 to 10 years

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 represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The District has one item that qualifies for reporting in this category. It is the deferred amounts relating to pensions. This amount is deferred and recognized as an outflow of resources in the period when the District recognizes pension expense/expenditures. Deferred outflows are included in the government-wide Statement of Net Position.

**SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Deferred outflows /inflows of resources - continued

In addition to liabilities, the governmental Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. Unavailable revenue from property taxes and unearned grant revenues are reported in this category in the governmental funds balance sheet. This amounts are deferred and recognized as an inflow of resources in the period that amount becomes available or is earned. Deferred inflows are also included in the government-wide Statement of Net Position and include deferred amounts related to pensions and deferred amounts for unearned grant revenues. Both amounts are deferred and recognized as an inflow of resources in the period when the District recognizes the income.

Net position flow assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted fund balance to have been depleted before using any components of the unrestricted fund balance. Further, when the components of the unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The other three categories of fund balances are non-spendable, restricted and unrestricted.

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fund balance policies – continued

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action by the District Board. The District Board is the highest level of decision-making authority for the District that can, by adoption of an ordinance or resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance or resolution remains in place until a similar action is taken (the adoption of ordinance or resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The District Board has by resolution authorized the District's Library Director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Non-spendable fund balance represents resources which can not be spent due to form (such as prepaid expenses) or must be maintained intact. Restricted fund balance represents resources whose use is constrained for a specific purpose by externally imposed restrictions from grantors, creditors or those restrictions imposed by law. Unrestricted fund balances have no external, internal or resource restrictions.

Revenues and expenditures/expenses

Program revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment of the District and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues.

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property taxes

Property taxes are assessed on July 1st of the fiscal year, which begins July 1 and ends June 30. The taxes are levied and become an enforceable lien on real property on July 1. Collection dates are November 15, February 15 and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent, at which time subject to interest.

Compensated Absences

Liabilities for unused vacation and sick pay are recorded in the Statement of Net Position when vested or earned by employees. Vacation and sick pay are expenditures in the governmental fund financial statements when the amounts are liquidated with expendable available resources. Sick pay accrues up to a maximum of 960 hours. Sick leave does not vest. Vacation pay vests up to a maximum of 336 hours based on years of continuous service and position.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 2 - BUDGET COMPLIANCE

Budget basis of accounting

Annual budgets, as required by state statutes, are adopted on the modified cash basis of accounting for all governmental funds. The budget is prepared by fund, function and activity. The budget document includes actual information on the past two years, current year budget information, as well as requested appropriation and estimated revenues for the ensuing fiscal year.

The proposed budget is presented by the budget officer to the budget committee. Public meetings are held by the budget committee. The budget committee may make changes to the original document. The budget committee approves the budget document to be submitted to the governing body for the District.

Once the budget document is received by the governing body, a public hearing is held on a date as published. After the public hearing, the governing body will give consideration to matters discussed and makes amendments to the budget documents prior to adoption.

However, state statutes do not allow the governing body to increase estimated expenditures for each fund by more than ten percent. The amount of the total ad valorem taxes to be certified by the county for levy for all funds shall not exceed the amount presented by the budget committee unless the budget document is republished and another public hearing is held. The governing body is then required by state statutes to adopt the budget, make appropriations, and certify the levy of ad valorem taxes for each fund. The level of control for appropriations is exercised at the level of major expenditure category in each fund. Personal services, materials and services, capital outlay, debt service and other expenditures are the levels of control established by board resolution.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations ordinance. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the governing body. All appropriations lapse at the end of the fiscal year.

During the 2018-2019 budget year, the District approved a resolution to increase appropriations in the General Fund related to additional unanticipated expenses and payments. The amendment increased appropriations by \$30,000 in personal services, \$60,000 in capital outlay and \$150,555 Special payments for grants in the general fund with a reduction in the District's contingency amount by \$240,555.

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 3 - DEPOSITS AND INVESTMENTS

The District utilizes a pooled cash and investment concept for all its funds to maximize investment return. A reconciliation of cash and investments as shown on the basic financial statements for the District as of June 30, 2019 follows:

Cash on hand	\$ 130
Demand deposits with financial institutions	734,548
Cash with fiscal agent	<u>2,044</u>
Net cash	<u><u>\$ 736,722</u></u>

Deposits

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned. The District does not have a policy for custodial credit risk for deposits. At June 30, 2019 the District held cash of \$734,548 with a bank balance of \$745,555. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. Where balances continually exceed \$250,000, ORS 295 requires bank depositories to pledge collateral against any public funds deposits in excess of deposit insurance amounts.

ORS 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable. ORS 295 creates a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Banks are required to report quarterly to Treasury, providing quarter-end public funds balances in excess of the FDIC limits, net worth, and FDIC capitalization information. The FDIC assigns each bank with a capitalization category quarterly, either well capitalized, adequately capitalized or undercapitalized. The Public Funds Collateralization Program calculates, based on this information, the bank's minimum collateral required, which is the value that must be pledged with the custodian for the next quarter. The minimum collateral requirement is reported to the bank, OST and custodian. Public officials are required to verify that deposit accounts in excess of deposit insurance limits are only maintained at financial institutions included on the list of qualified depositories found on the Treasurer's website.

Investments

Interest rate risk. Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the Oregon Short-term Bond Fund. The District does not have a formal adopted investment policy. The District has no investments with a maturity date.

**SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 3 - DEPOSITS AND INVESTMENTS – continued

Credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The District has no investments with credit ratings.

Concentrations of Credit risk. The District maintains 100% of its investments in a money market account with Oregon Pacific bank.

NOTE 4 – PROPERTY TAXES

The tax levy is certified by the District Board to the Lane County Assessor. The tax rate is calculated by the county assessor for each taxing district based upon the July 1 assessed valuation. The levy becomes a lien on July 1 of each year. Unpaid taxes become subject to foreclosure four years after they become a lien on the property. Collections and foreclosures are the responsibility of the county tax collector/treasurer. Uncollected property taxes are recorded on the statement of net position. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. All property tax receivables are due from property owners within the District. Because property is subject to foreclosure for unpaid property taxes, it is the District's position that no allowance for uncollectible taxes is considered necessary.

The levy for general operations is based on a permanent rate of \$.5163 per thousand dollars of assessed valuation.

The levies, as extended on the tax rolls, are summarized as follows:

	General Fund
Certification to Assessor	<u>\$ 1,003,532</u>
Farmland adjustments and tax roll corrections	<u>1,941</u>
Levy as extended on tax rolls	<u><u>\$ 1,005,473</u></u>

**SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 5 – CAPITAL ASSETS

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

	July 1, 2018	Increase	Decrease	June 30, 2019
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 206,836	\$	\$	\$ 206,836
Construction in progress	55,445		(55,445)	
Total capital assets not being depreciated	<u>262,281</u>		<u>(55,445)</u>	<u>206,836</u>
Capital assets being depreciated				
Buildings and improvements	3,030,741	242,141		3,272,882
Equipment	1,912,712			1,912,712
Total capital assets being depreciated	<u>4,943,453</u>	<u>242,141</u>		<u>5,185,594</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,573,003)	(61,408)		(1,634,411)
Equipment	(1,826,156)	(39,318)		(1,865,474)
Total accumulated depreciation	<u>(3,399,159)</u>	<u>(100,726)</u>		<u>(3,499,885)</u>
Total capital assets being depreciated, net	<u>1,544,294</u>	<u>141,415</u>		<u>1,685,709</u>
Total capital assets, net	<u>\$ 1,806,575</u>	<u>\$ 141,415</u>	<u>\$ (55,445)</u>	<u>\$ 1,892,545</u>

Depreciation expense in the amount of \$100,726 has been included as part of the District's cultural and recreational activities.

NOTE 6 – PENSION PLAN

General Information about the Pension Plan

Plan Description

Employees of the District are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at:

<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 6 – PENSION PLAN - continued

Benefits Provided

1. Tier One/Tier Two Retirement Benefit ORS Chapter 238

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

**SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 6 – PENSION PLAN - continued

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

Benefit Changes

After Retirement Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living (COLA) changes. The COLA is capped at 2.0 percent.

2. OPSRP Defined Benefit Pension Program (OPSRP DB)

Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 6 – PENSION PLAN - continued

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and \$750 plus 0.15 percent on annual benefits above \$60,000.

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

The Individual Account Program (IAP) is a defined contribution pension plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 6 – PENSION PLAN - continued

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

1. Employer Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. Employer contributions for the year ended June 30, 2019 were \$57,360 excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2019 were 17.93 percent for Tier One/Tier Two General Service Member and 11.73 percent for OPSRP Pension Program General Service Members.

2. Employee Contributions

Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements.

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 6 – PENSION PLAN - continued

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the District reported a liability of \$553,374 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the District's proportion was 0.00365295 percent, which was decreased from its proportion of .003932305 measured as of June 30, 2017.

For the year ended June 30, 2019, the District's recognized pension expense (income) of \$99,164. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,824	\$
Changes in assumptions	128,658	
Net difference between projected and actual earnings on investments		24,573
Changes in proportionate share	18,136	54,695
Differences between employer contributions and employer's proportionate share of system contributions	5,036	1,612
Contributions subsequent to the measurement date	57,360	
Total	\$ 228,014	\$ 80,880

\$57,360 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 6 – PENSION PLAN - continued

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Net Outflow/ (Inflow)
2020	\$ 113,992
2021	40,927
2022	(14,799)
2023	3,047
2024	3,967
Thereafter	<u>\$ 147,134</u>

Actuarial Assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

<u>Actuarial Methods and Assumptions</u>	<u>Pension</u>
Valuation Date	December 31, 2016
Measurement Date	June 30, 2018
Experience Study Report	2016, published July 26, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service
Mortality	<p><i>Health retirees and beneficiaries:</i> RP-2014 healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><i>Active Members:</i> RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments, and set-backs as described in the valuation.</p> <p><i>Disabled retirees:</i> RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

(Source: June 30, 2018 PERS CAFR; page 69)

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 6 – PENSION PLAN - continued

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

OIC Target and Actual Investment Allocation as of June 30, 2018*

Asset Class/Strategy	Assumed Asset Allocation		
	Low Range	High Range	Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	13.5%	21.5%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100.0%

**Opportunity Portfolio is an investment strategy and it may be invested up to 3% of total plan net assets.*

(Source: June 30, 2018 PERS CAFR; page 98)

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 6 – PENSION PLAN - continued

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.30%	6.69%
Micro Cap US Equities	1.30%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Foreign Equities	4.12%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equities	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event-driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Total	<u>100.00%</u>	
Assumed Inflation - Mean		2.50%

** Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of June 7, 2017.*

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 6 – PENSION PLAN - continued

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 6 – PENSION PLAN - continued

Discount Rate

The discount rate used to measure the total pension liability was 7.20 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension liability (asset)	\$ 924,792	\$ 553,374	\$ 246,798

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

Payables to the Pension Plan

The District had payables to the defined benefit pension plan in the amount of \$6,447 as of June 30, 2019.

Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2018 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2018 measurement period that require disclosure.

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 7 – OTHER POST-EMPLOYMENT BENEFIT PLANS

There are two categories of Other Post-Employment Benefits (OPEB) valued under GASB 75: explicit employer benefits and implicit employer subsidies. Explicit employer benefits are paid from the employer to the retiree or from the employer to a benefits provider on behalf of the retiree. Implicit employer subsidies arise from offering benefits to retirees. The sum of the liability from the explicit employer benefits and implicit employer subsidies equals the total OPEB liability under GASB 75.

The District, through Oregon PERS Health Insurance Program (PHIP), offers optional medical, dental and long-term care insurance plans to eligible Tier One/Tier Two PERS and OPSRP retirees, their spouses, and dependents. Upon retirement, these insurance options become a choice available to all PERS retirees. While primarily serving the Medicare-eligible (age 65 and over) population, the PERS Health Insurance Program also offers insurance coverage options for those not yet Medicare eligible. PHIP benefits result in both explicit and implicit OPEBs.

At June 30, 2019, the District's combined explicit and implicit net OPEB liability/(asset), deferred inflows and deferred outflows were not considered significant by management and were not accrued in the basic financial statements. Descriptions of the other post-employment benefits follow.

Explicit OPEB

The explicit other post-employment benefits result from a statutory trust fund, administered by PERS as part of the Health Insurance Program, that provides premium subsidies for eligible Tier One and Tier Two PERS retirees or surviving spouses. This trust fund is known as Retirement Health Insurance Account (RHIA) serving all qualifying PERS Medicare-eligible retirees. As a member of Oregon Public Employees Retirement System (OPERS), the District contributes to RHIA for each of its eligible employees based on a rate assessed each year by OPERS. RHIA is a cost-sharing, multiple-employer defined benefit OPEB plan. RHIA was established by ORS 238.420 and authority to establish and amend the benefit provision of RHIA reside with the Oregon Legislature. OPERS issues a publicly available financial report that includes financial statement and required supplementary information. It can be found at the following link:

<https://www.oregon.gov/pers/EMP/Documents/GASB/2019/GASB-75-RHIA-YE-06-30-2018.pdf>

**SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 7 – OTHER POST-EMPLOYMENT BENEFIT PLANS - continued

The plan pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retiree member in the manner provided in ORS 238.410.

The plan was closed to new entrants hire on or after August 29, 2003. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan.

Implicit OPEB

The District, through PHIP, offers an implicit employer subsidy in the form of pre-Medicare health care insurance coverage to retirees based on the gross premium rates charged to active employees. Health care premiums, priced only for retirees who on average incur higher health care claims costs than younger active employees, would be more expensive than health care premiums that are priced to cover the average costs of both actives and retirees combined.

NOTE 9 – DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code §457. The plan, available to all employees of the District, permits them to defer a portion of their salary until future years on a pre-tax basis. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency. The assets of the plan are held in Trust with the employer serving as trustee for the exclusive benefit of the plan participants and their beneficiaries, and the assets shall not be diverted to any other purpose. The trustee's beneficial ownership of plan assets held in trust shall be held for the further exclusive benefit of the plan participants and their beneficiaries. The District delegates the administrative and investment responsibilities to a Third Party Administrator(s), and therefore, in accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code §457 Deferred Compensation Plans*, does not report the plan assets on the statement of net position.

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 9 – LINE OF CREDIT

The District has a line of credit with Oregon Pacific Bank. The line was converted to a loan during the year ended June 30, 2012 in the amount of \$125,000. On July 19, 2019, the revolving line of credit loan was renewed with a variable rate of 2% over the Wall Street Journal Prime Rate. The District did not borrow on the note during the current fiscal year and there is no balance owing as of June 30, 2019.

NOTE 10 – LEASE AGREEMENTS

The District has an operating lease with Mapleton Lions Club for the Mapleton library branch facilities. Rent is increased or decreased annually by a percentage equal to the increase or decrease in the U.S. City Average Consumer Price Index for all items for all urban consumers. The maximum rent increase in a given year is 6%. For the fiscal year ending June 30, 2019, rents were paid in the amount of \$5,467.

NOTE 11 – FUND BALANCES

As mentioned in Note 1, the District classifies its fund balances for major governmental funds based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in each fund can be spent. The five classifications of fund balances are nonspendable, restricted, committed, assigned or unassigned. The District's order of spending regarding restricted and unrestricted fund balances, when both are available for expenditure is to spend the restricted fund balances first. The District's order of spending when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used is as follows: to first spend those funds in the committed fund balances, then the assigned fund balances and finally the unassigned fund balances.

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 11 – FUND BALANCES - continued

Details of fund balance classifications are as follows:

	General	Grant Fund	Total Governmental Funds
Fund balances			
Nonspendable:			
Prepaid items	\$ 9,921	\$	\$ 9,921
Restricted:			
Grant Fund		299	299
Assigned:			
Building & Equipment Reserve Fund	96,352		96,352
Estate & Trust Reserve Fund	8,231		8,231
Unassigned:			
General operations	550,205		550,205
Total fund balance	\$ 664,709	\$ 299	\$ 665,008

NOTE 12 – 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 natural disasters.

The District carries commercial insurance for risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Insurance coverage has not changed significantly from prior year.

NOTE 13 – RELATED PARTY TRANSACTIONS

The District received a three year grant from The Ford Family Foundation(FFF) during fiscal year 2017 in the amount of \$280,000 to be spent on various consultants, contractors and expenses related to the Vision Team. The District serves as fiscal sponsor for the Siuslaw Vision as overseen by the all-volunteer Siuslaw Vision Team. As such, the District receives grant funds and then pays the Coordinator and other consultants and contractors directly with the grant proceeds. As part of the Vision Team grant, the following related party transactions exist.

On April 6, 2018, Siuslaw Vision Keepers entered into a contract with Susan Lacer Consulting in the amount of \$2,080 for grant writing services with a monthly payment amount of \$693. On February 28, 2019, Siuslaw Vision Keepers entered into a contract with Susan Lacer Consulting in the amount of \$2,080 for grant writing services with a monthly payment amount of \$693.

**SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 11 – FUND BALANCES - continued

Details of fund balance classifications are as follows:

	General	Grant Fund	Total Governmental Funds
Fund balances			
Nonspendable:			
Prepaid items	\$ 9,921	\$	\$ 9,921
Restricted:			
Grant Fund		299	299
Assigned:			
Building & Equipment Reserve Fund	96,352		96,352
Estate & Trust Reserve Fund	8,231		8,231
Unassigned:			
General operations	550,205		550,205
Total fund balance	\$ 664,709	\$ 299	\$ 665,008

NOTE 12 – 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 natural disasters.

The District carries commercial insurance for risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Insurance coverage has not changed significantly from prior year.

NOTE 13 – RELATED PARTY TRANSACTIONS

The District received a three year grant from The Ford Family Foundation(FFF) during fiscal year 2017 in the amount of \$280,000 to be spent on various consultants and activities related to the Vision Team. The District serves as fiscal sponsor for the Siuslaw Vision Team. As such, the District receives the grant funds as a pass-through grant and then pays the Coordinator and other consultants directly with the grant proceeds. As part of the FFF Vision Team grant, the following related party transactions exist.

On April 6, 2018, Siuslaw Vision Keepers entered into a contract with Susan Lacer Consulting in the amount of \$2,080 for grant writing services with a monthly payment amount of \$693. On February 28, 2019, Siuslaw Vision Keepers entered into a contract with Susan Lacer Consulting in the amount of \$2,080 for grant writing services with a monthly payment amount of \$693.

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 13 – RELATED PARTY TRANSACTIONS - continued

Susan Lacer is the owner of Susan Lacer Consulting and is a director on the District's Board of Directors. For the year ended June 30, 2019, Susan Lacer Consulting has received grant writing service payments and expense reimbursement payments in the amount of \$2,243. The remaining amount of the February 2019 contract of \$693 will be paid during next fiscal year ending June 30, 2020.

NOTE 14 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 6, 2019 which is the date the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.



REQUIRED SUPPLEMENTARY INFORMATION

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND

YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Variance with Final Budget Over/(Under)	Actuals		
	Original	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Property taxes - current	\$ 929,259	\$ 929,259	\$ 28,338	\$ 957,597	\$ 2,678	\$ 960,275
Property taxes - prior	17,000	17,000	24,128	41,128	(25,158)	15,970
Licenses and fees	4,600	4,600	1,080	5,680		5,680
Donations	22,000	22,000	(1,533)	20,467		20,467
Endowed funds	18,800	18,800	(321)	18,479		18,479
Interest	1,536	1,536	3,680	5,216		5,216
Miscellaneous	10,700	10,700	3,477	14,177		14,177
Total revenues	1,003,895	1,003,895	58,849	1,062,744	(22,480)	1,040,264
Expenditures						
Personal services	637,600	667,600	(59,695)	607,905		607,905
Materials and services	400,000	400,000	(68,555)	331,445		331,445
Capital outlay	314,940	374,940	(183,675)	191,265		191,265
Special Payments-Grants to Others	50,000	200,555	(200,555)			
Contingency	260,555	20,000	(20,000)			
Total expenditures	1,663,095	1,663,095	(532,480)	1,130,615		1,130,615
Revenues over (under) expenditures	(659,200)	(659,200)	591,329	(67,871)	(22,480)	(90,351)
Fund balance - beginning	704,200	704,200	22,704	726,904	28,156	755,060
Fund balance - ending	\$ 45,000	\$ 45,000	\$ 614,033	\$ 659,033	\$ 5,676	\$ 664,709

**SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon**

GRANT FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual, Budget Basis	Variance with Final Budget Over/(Under)
Revenues				
Grant funds	\$ 107,000	\$ 229,000	\$ 125,048	\$ (103,952)
Total revenues	<u>107,000</u>	<u>229,000</u>	<u>125,048</u>	<u>(103,952)</u>
Expenditures				
Personnel Services - Contract services	5,000	5,000		(5,000)
Materials and services	177,620	299,620	125,741	(173,879)
Capital outlay	5,000	5,000		(5,000)
Total expenditures	<u>187,620</u>	<u>309,620</u>	<u>125,741</u>	<u>(183,879)</u>
Revenues over (under) expenditures	(80,620)	(80,620)	(693)	79,927
Fund balance - beginning	<u>80,620</u>	<u>80,620</u>	<u>992</u>	<u>(79,628)</u>
Fund balance - ending	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$ 299</u></u>	<u><u>\$ 299</u></u>

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
State of Oregon Public Employees Retirement System (PERS)
Last 6 Fiscal Years*

Year Ending June 30,	District's proportion of the net pension liability (asset)	District's proportionate share of the net pension liability (asset)	District's covered- employee payroll	District's proportionate share of net pension liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.00365295%	\$ 553,374	\$ 416,253	132.94%	82.10%
2017	0.00392305%	\$ 528,829	\$ 412,438	128.22%	83.10%
2016	0.00448010%	\$ 667,750	\$ 409,451	163.08%	80.53%
2015	0.00381818%	\$ 219,219	\$ 395,986	55.36%	91.90%
2014	0.00474941%	\$ (107,656)	\$ 392,408	-27.43%	103.60%
2013	0.00474941%	\$ 242,369	\$ 385,622	62.85%	91.97%

Specific notes to the schedule:

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

* This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

General notes to the schedule:

Changes in Benefit Terms

The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions to future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contribution rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

Changes of Assumptions

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability. The changes include the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated.

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
State of Oregon Public Employees Retirement System (PERS)
Last 6 Fiscal Years*

Year Ending June 30,	Contractually required contribution expense/(credit)	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered- employee payroll	Contributions as a percentage of its covered- employee payroll
2019	\$ 57,360	\$ 57,360	\$	\$ 444,463	12.91%
2018	\$ 55,456	\$ 55,456	\$	\$ 416,253	13.32%
2017	\$ 41,686	\$ 41,686	\$	\$ 412,338	10.11%
2016	\$ 42,227	\$ 42,227	\$	\$ 409,451	10.31%
2015	\$ 40,535	\$ 40,535	\$	\$ 395,986	10.24%
2014	\$ 35,491	\$ 35,491	\$	\$ 392,408	9.04%

Specific notes to the schedule:

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

* This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

General notes to the schedule:

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

Actuarial valuation:	December 31, 2015	December 31, 2013	December 31, 2011
Effective:	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Actuarial cost method:	Entry Age Normal	Entry Age Normal	Projected Unit Credit
Amortization method:	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Asset valuation method:	Market value	Market value	Market value
Remaining amortization periods:	20 years	20 years	N/A
Actuarial assumptions			
Inflation rate	2.50 percent	2.75 percent	2.75 percent
Projected salary increases	3.50 percent	3.75 percent	3.75 percent
Investment rate of return	7.50 percent	7.75 percent	8.00 percent

SUPPLEMENTARY INFORMATION

**COMBINING SCHEDULES OF GENERAL
FUND SUB-FUNDS**

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCE
GENERAL FUND SUB-FUND ACCOUNT GROUPINGS

YEAR ENDED JUNE 30, 2019

	General Operations	Building & Equipment Reserve	Estate & Trust Reserve	Total
ASSETS				
Cash and investments	\$ 581,986	\$ 96,352	\$ 8,231	\$ 686,569
Accounts receivable	5,306			5,306
Property taxes receivable	37,180			37,180
Prepaid expenses	9,921			9,921
Total assets	<u>\$ 634,393</u>	<u>\$ 96,352</u>	<u>\$ 8,231</u>	<u>\$ 738,976</u>
LIABILITIES AND FUND BALANCE				
Accounts payable	\$ 22,828	\$	\$	\$ 22,828
Payroll liabilities	19,932			19,932
Total liabilities	<u>42,760</u>			<u>42,760</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	31,507			31,507
Total deferred inflows of resources	<u>31,507</u>			<u>31,507</u>
FUND BALANCES				
Non-spendable	9,921			9,921
Assigned		96,352	8,231	104,583
Unassigned	550,205			550,205
Total fund balance	<u>560,126</u>	<u>96,352</u>	<u>8,231</u>	<u>664,709</u>
	<u>\$ 634,393</u>	<u>\$ 96,352</u>	<u>\$ 8,231</u>	<u>\$ 738,976</u>

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GAAP BASIS
GENERAL FUND SUB-FUND ACCOUNT GROUPINGS**

YEAR ENDED JUNE 30, 2019

	General Operations	Building & Equipment Reserve	Estate & Trust Reserve	Total
Revenues				
Property taxes	\$ 976,245	\$	\$	\$ 976,245
Licenses and fees	5,680			5,680
Interest	4,518	643	55	5,216
Donations	20,467			20,467
Endowed funds	18,479			18,479
Miscellaneous	14,177			14,177
Total revenues	<u>1,039,566</u>	<u>643</u>	<u>55</u>	<u>1,040,264</u>
Expenditures				
Current				
Personal services	607,905			607,905
Materials and services	331,445			331,445
Capital outlay	191,265			191,265
Total expenditures	<u>1,130,615</u>			<u>1,130,615</u>
Revenues over (under) expenditures	(91,049)	643	55	(90,351)
Fund balance - beginning	<u>651,175</u>	<u>95,709</u>	<u>8,176</u>	<u>755,060</u>
Fund balance - ending	<u>\$ 560,126</u>	<u>\$ 96,352</u>	<u>\$ 8,231</u>	<u>\$ 664,709</u>

BUDGETARY COMPARISONS

GOVERNMENTAL FUNDS

SIUSLAW PUBLIC LIBRARY DISTRICT
 Florence, Oregon

GENERAL FUND

GENERAL OPERATIONS SUB-FUND ACCOUNT GROUP
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (with Budget to GAAP Differences)

YEAR ENDED JUNE 30, 2019

	Budget		Final Budget Over/(Under)	Actual Amounts		
	Original	Final Budget		Budget Basis	Adjustments	GAAP Basis
Revenues						
Current year property taxes	\$ 929,259	\$ 929,259	\$ 28,338	\$ 957,597	\$ 2,678	\$ 960,275
Prior years' property taxes	17,000	17,000	24,128	41,128	(25,158)	15,970
Fines and fees	4,600	4,600	1,080	5,680		5,680
Interest	996	996	3,522	4,518		4,518
Donations	22,000	22,000	(1,533)	20,467		20,467
Endowed funds	18,800	18,800	(321)	18,479		18,479
Miscellaneous	10,700	10,700	3,477	14,177		14,177
Total revenues	1,003,355	1,003,355	58,691	1,062,046	(22,480)	1,039,566
Expenditures						
Personnel services	637,600	667,600	(59,695)	607,905		607,905
Materials and services	400,000	400,000	(68,555)	331,445		331,445
Capital outlay	210,200	270,200	(78,935)	191,265		191,265
Special Payments-Grants to Others	50,000	200,555	(200,555)			
Contingency	260,555	20,000	(20,000)			
Total expenditures	1,558,355	1,558,355	(427,740)	1,130,615		1,130,615
Revenues over (under) expenditures	(555,000)	(555,000)	486,431	(68,569)	(22,480)	(91,049)
Fund balance - beginning	600,000	600,000	23,019	623,019	28,156	651,175
Fund balance - ending	\$ 45,000	\$ 45,000	\$ 509,450	\$ 554,450	\$ 5,676	\$ 560,126

**SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon**

GENERAL FUND

**BUILDING & EQUIPMENT RESERVE FUND SUB-FUND ACCOUNT GROUP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2019

	Original and Final Budget	Actual, Budget Basis	Variance with Final Budget Over/(Under)
Revenues			
Interest	\$ 500	\$ 643	\$ 143
Expenditures			
Capital outlay	96,600		(96,600)
Revenues over (under) expenditures	(96,100)	643	96,743
Fund balance - beginning	96,100	95,709	(391)
Fund balance - ending	\$	\$ 96,352	\$ 96,352

**SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon**

GENERAL FUND

**ESTATE & TRUST RESERVE FUND SUB-FUND ACCOUNT GROUP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2019

	Original and Final Budget	Actual, Budget Basis	Variance with Final Budget Over/(Under)
Revenues			
Interest	\$ 40	\$ 55	\$ 15
Expenditures			
Capital outlay	8,140		(8,140)
Revenues over (under) expenditures	(8,100)	55	8,155
Fund balance - beginning	8,100	8,176	76
Fund balance - ending	<u>\$</u>	<u>\$ 8,231</u>	<u>\$ 8,231</u>

OTHER FINANCIAL INFORMATION

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

GENERAL OPERATIONS FUND - MANAGEMENT DETAIL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2019

	Budget Original	Final Budget	Actual, Budget Basis	Variance with Final Budget Over/(Under)
Revenues				
Current year property taxes	\$ 929,259	\$ 929,259	\$ 957,597	\$ 28,338
Prior years' property taxes	17,000	17,000	41,128	24,128
Fines and fees	4,600	4,600	5,680	1,080
Donations	22,000	22,000	20,467	(1,533)
Endowed funds				
Endowed funds	8,800	8,800	5,774	(3,026)
Book endowment fund	10,000	10,000	10,413	413
L. Chernoff, M. Beechler, Cherones/Keener funds			2,292	2,292
Interest	996	996	4,518	3,522
Miscellaneous				
State per capita	3,600	3,600	2,313	(1,287)
Copier	2,800	2,800	3,810	1,010
E-rate	4,000	4,000	5,306	1,306
Other miscellaneous receipts	300	300	2,748	2,448
Total revenues	<u>1,003,355</u>	<u>1,003,355</u>	<u>1,062,046</u>	<u>58,691</u>
Expenditures				
Personnel services				
Library director	86,600	86,600	86,652	52
Assistant director	64,700	64,700	64,608	(92)
Librarian II	63,000	63,000	62,088	(912)
Librarian I	105,600	105,600	92,712	(12,888)
Library assistant	79,500	79,500	75,221	(4,279)
Substitutes	18,000	18,000	26,584	8,584
Library clerk	23,600	43,600	22,230	(21,370)
Library Aide	11,500	11,500	11,603	103
Intern	2,300	2,300		(2,300)
Fringe - Insurance	80,000	86,000	71,192	(14,808)
Fringe - PERS	61,100	63,100	58,767	(4,333)
Fringe - FICA	36,000	38,000	33,791	(4,209)
Worker's compensation	4,000	4,000	2,170	(1,830)
Miscellaneous	1,700	1,700	287	(1,413)
Total Personal services	<u>637,600</u>	<u>667,600</u>	<u>607,905</u>	<u>(59,695)</u>

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

GENERAL OPERATIONS FUND - MANAGEMENT DETAIL - continued
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2019

	Budget Original	Final Budget	Actual, Budget Basis	Variance with Final Budget Over/(Under)
Materials and services				
Library materials				
Adult books	33,500	33,500	27,005	(6,495)
Book Endowment Fund	10,000	10,000	10,750	750
Materials and shipping	300	300	27	(273)
Children's materials - ready read	2,300	2,300	2,915	615
Children's materials-print	11,000	11,000	10,144	(856)
Reference books	3,500	3,500	2,906	(594)
Periodicals	15,000	15,000	14,122	(878)
Electronic data base	14,000	14,000	9,116	(4,884)
Large print books	6,000	6,000	4,323	(1,677)
Lost/paid/ILL materials	700	700	427	(273)
Spanish language materials	500	500		(500)
Recorded books	11,000	11,000	10,777	(223)
Videos, DVDs and music CDs	4,000	4,000	3,725	(275)
Chernoff/Beechler/Cherones Funds	8,800	8,800	5,954	(2,846)
Music CD	3,000	3,000	231	(2,769)
Children's AV	4,500	4,500	3,425	(1,075)
Total library materials	128,100	128,100	105,847	(22,253)
Postage	7,500	7,500	4,367	(3,133)
Travel and training	7,000	7,000	7,866	866
Board expenses	1,000	1,000	1,659	659
Volunteer recognition	1,500	1,500	1,573	73
Staff recognition	1,000	1,000	1,222	222
Memberships and dues	6,000	6,000	4,393	(1,607)
Telecommunication services	16,000	16,000	15,023	(977)
Sirsi maintenance	29,500	29,500	25,678	(3,822)
OCLC fees	4,800	4,800	4,956	156
Fire suppression maintenance	3,000	3,000	1,278	(1,722)
Equipment lease/maintenance	3,500	3,500	907	(2,593)
Landscape maintenance	6,000	6,000	4,723	(1,277)
Building maintenance	21,000	21,000	14,386	(6,614)
Computer supplies	6,200	6,200	5,840	(360)
Food supplies	200	200	17	(183)
Office supplies	2,500	2,500	2,349	(151)
Printing	2,600	2,600	1,007	(1,593)
Materials processing and supplies	6,000	6,000	4,715	(1,285)
Photocopier supplies	2,500	2,500	702	(1,798)
Legal notices and publications	1,500	1,500	614	(886)
Utilities	33,000	33,000	29,017	(3,983)
Insurance	15,000	15,000	14,870	(130)
Interest on short-term borrowings	300	300	3	(297)

SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon

GENERAL OPERATIONS FUND - MANAGEMENT DETAIL - continued
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2019

	Budget Original	Final Budget	Actual, Budget Basis	Variance with Final Budget Over/(Under)
Materials and services - continued				
Mapleton rent	5,500	5,500	5,467	(33)
Mapleton utilities	1,200	1,200	276	(924)
Mapleton operations	2,500	2,500	2,484	(16)
Legal services	6,500	6,500	1,375	(5,125)
Election Services	4,000	4,000	1,961	(2,039)
Bookkeeping	12,000	12,000	11,505	(495)
Audit	12,000	12,000	9,944	(2,056)
Janitorial supplies	5,500	5,500	5,699	199
Janitorial services	10,000	10,000	10,121	121
Programs, adult	5,500	5,500	4,448	(1,052)
Programs, children	7,000	7,000	7,286	286
Community relations	2,000	2,000	1,593	(407)
Other	400	400	934	534
Network maintenance and support	5,000	5,000	3,099	(1,901)
System development fees	3,700	3,700	3,613	(87)
Marketing	8,000	8,000	5,532	(2,468)
Materials & services designated by donor	1,000	1,000	3,064	2,064
Book Shelf Signage	2,000	2,000		(2,000)
Art Display	500	500	32	(468)
Total materials and services	<u>400,000</u>	<u>400,000</u>	<u>331,445</u>	<u>(68,555)</u>
Capital Outlay				
Equipment	2,200	2,200	1,868	(332)
Capital outlay - other	20,000	20,000	8,307	(11,693)
Roof replacement	165,000	225,000	179,960	(45,040)
Mapleton capital	3,000	3,000		(3,000)
Computer PC-LAN	10,000	10,000	1,071	(8,929)
Furniture	10,000	10,000	59	(9,941)
Total Capital outlay	<u>210,200</u>	<u>270,200</u>	<u>191,265</u>	<u>(78,935)</u>
Special Payments				
Library Foundation Grants	50,000	200,555		(200,555)
Total special payments	<u>50,000</u>	<u>200,555</u>		<u>(200,555)</u>
Contingency				
Total expenditures	<u>1,558,355</u>	<u>1,558,355</u>	<u>1,130,615</u>	<u>(427,740)</u>
Revenues over (under) expenditures	(555,000)	(555,000)	(68,569)	486,431
Fund balance - beginning	600,000	600,000	623,019	23,019
Fund balance - ending	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ 554,450</u>	<u>\$ 509,450</u>

**SIUSLAW PUBLIC LIBRARY DISTRICT
Florence, Oregon**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS
GENERAL FUND**

YEAR ENDED JUNE 30, 2019

Tax Year	Beginning Balance and 2017-18 Levy	Adjustments	Net Interest (Discount)	Collections	Ending Balance
2018-19	\$ 1,005,473	\$ (4,095)	\$ (26,337)	\$ 957,597	\$ 17,444
2017-18	16,458	(1,011)	570	8,009	8,008
2016-17	10,281	(831)	459	5,222	4,687
2015-16	7,435	(848)	543	4,879	2,251
2014-15	6,330	(90)	336	5,854	722
2013-14	4,875	(78)	(116)	4,225	456
2012-13	4,519	(59)	(146)	4,013	301
Prior	12,972	(28)	(204)	9,429	3,311
TOTAL	<u>\$ 1,068,343</u>	<u>\$ (7,040)</u>	<u>\$ (24,895)</u>	999,228	<u>\$ 37,180</u>

Miscellaneous adjustments, in-lieu payments	(502)
Adjustments for accruals	
June 30, 2018 accrual	(28,154)
June 30, 2019 accrual	
Current	2,678
Prior	2,995
	<u>\$ 976,245</u>
Current year's levy	\$ 960,275
Prior years' levies	15,970
	<u>\$ 976,245</u>



AUDITOR COMMENTS REQUIRED BY STATE REGULATIONS

INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATION

Board of Directors
Siuslaw Public Library District
Florence, Oregon

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Siuslaw Public Library District, Florence, Oregon (the District), as of and for the year ended June 30, 2019, which collectively comprise District's basic financial statements and have issued our report thereon December 9, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-000 through 162-010-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).**
- Indebtedness limitations, restrictions and repayment.**
- Budgets legally required (ORS Chapter 294).**
- Insurance and fidelity bonds in force or required by law.**
- Programs funded from outside sources.**
- Authorized investment of surplus funds (ORS Chapter 294).**
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-000 through 162-010-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS - continued**

OAR 162-010-0230 Internal Control

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Siuslaw Public Library District (the District) as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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

The District does not employ an accountant or other person with the capability of preparing financial statements in accordance with generally accepted accounting principles (GAAP). The District contracts with an accounting firm that compiles monthly financial statements on a budget basis. However, that firm does not make closing entries or draft disclosures for GAAP financial statements. As a result, the District does not have staff responsible for the preparation and review of the financial statements. By definition, a control must involve at least two qualified individuals who provide oversight for specific functions. Therefore, internal controls are not in place to assure that the financial statements are correctly presented in accordance with generally accepted accounting principles.

The District has limited segregation of duties due to its small size. This is an inherent limitation that is typical for entities similar in size to Siuslaw Public Library District. A good system of internal control contemplates an adequate segregation of duties such that no one individual controls a transaction from inception to completion. Compensating controls do exist, including two directors' signatures on all checks, monthly review of the check register, bank reconciliations and of the monthly financial statements by the Board of Directors.

These are important controls, which help mitigate risks to the District. We recommend the District continue to maintain these compensating controls.

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS - continued**

Action Plan of Management: It is management's belief that the cost of correcting these material weaknesses would exceed the benefits derived from doing so. The District will continue to use the existing mitigating controls as noted above.

The District's written response to the material weaknesses identified in our audit has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

In addition, we noted other matters involving internal control and its operation that we have reported to management of the District in a separate letter dated December 9, 2019.

This report is intended solely for the information and use of management, the Board of Directors of the District, others within Siuslaw Public Library District, and the Oregon Secretary of State and is not intended to be, and should not be, used by anyone other than these specified parties.



Chris Mahr, Principal
Chris Mahr + Associates | CPAs
Bend, Oregon

December 9, 2019

