

Request for Proposal for Auditing Services

DATE: 6/2/2021

TO: Invited Parties

FROM: Kari May, Library Director

SUBJECT: Professional Auditing Services

Jackson County Library District (JCLD) is soliciting proposals from qualified firms of certified public accountants to audit JCLD financial statements for the fiscal year ending June 30, 2021, with the option of entering into contract for auditing the JCLD's financial statements for subsequent years (contracts cannot exceed 4 fiscal years).

The proposal should contain, but not be limited to the following considerations:

1. Eligibility - authorization by the Oregon State Board of Accountants to conduct audits.
2. Experience with audits with a scope comparable to that required in an audit of the District.
3. A list of similar local governments or pertinent accounts served by your firm.
4. Your staff assignments and availability to complete the audit on a timely basis.
 - Participation of senior audit personnel assigned to the engagement.
 - Frequency of contact with fiscal personnel.
 - Availability of staff to respond to questions within the scope of the engagement and the hourly charge, if any, for services outside the scope of the audit.
5. Audit firm staff stability history - what assurances can you provide the District regarding the assignment of your permanent personnel to the engagement.
6. Describe capability to audit computerized accounts receivable systems and to audit during the development of a completely computerized bookkeeping system.
7. Procedures used to transmit audit adjustments and the reasons for them along with management recommendations to the responsible personnel within the District structure.
8. Detailed audit plan.

9. Your fee proposal to conduct the basic audit function, along with your fee schedule for additional services that may be required beyond the scope of the audit engagement. The proposal should also state that any increase in the audit fee will be immediately disclosed to the Finance Manager. This disclosure should include an estimation of the increased fees and the reason for the increase.
10. Estimated number of hours to complete the audit by classification of your employees, i.e. partners, senior, junior.
11. Detail of expenses expected to be incurred, i.e. mileage, per diem, telephone, etc.
12. Audit firm to produce statements and to print annual report.
13. Proof that the firm is certified to conduct municipal audits by the Board of Accountancy.

Enclosed is a copy of the audit proposal information to provide you with information about the District's financial records. I have enclosed the unaudited statement from the previous fiscal period as well.

The final decision of the selection of the firm to conduct the audit will be made by the Board of Directors. The final agreement will be in the form of a written contract following the standard agreement form used by CPA firms conducting audits.

All questions and correspondence should be directed to Rick Leibowitz in writing at the above address or by calling 541-774-8679. Contact with Jackson County Library District personnel other than Rick Leibowitz or Kari May regarding this RFP may be grounds for elimination from the selection process.

We will look forward to receiving your proposals on or before July 30, 2021.

Sincerely,
Kari May, Library Director

Audit Proposal Information

Printed or emailed audit proposals will be accepted by the Jackson County Library District until 5:00 p.m., on July 30, 2021. Please direct proposals to the attention of Rick Leibowitz. All proposals become the property of Jackson County Library District.

Proposals can be mailed to:
205 S, Central Ave
Medford, OR, 97501
Attn: Rick Leibowitz, Finance Manager

Proposals can be emailed to:
rleibowitz@jcls.org

All proposals will become part of the requester's files without obligation.

Nature of Services Required

1. Audit period will be July 1, 2020 through June 30, 2021. (one year)
2. Special reports, exhibits, and schedules required:
 - Statement of Net Position.
 - Statement of Activities.
 - Balance sheet.
 - Reconciliation of Governmental Fund Balance Sheet to Statement of Net Position.
 - Reconciliation of the Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
 - Statements of changes in financial position.
 - Notes of financial statement.
3. Conferences:
 - Exit conference with Library District Board and Library Director.
 - Exit conference with office personnel.
4. Description of Entity and Records to be Audited:
 - General ledger, fixed assets ledger, accounts receivable, general journal, accounts payable.
5. Available Manuals and Information Sources:
 - Minutes of the board meetings of the District.
 - Accounting function work description of General Ledger Bookkeeper.
 - Financial Policies
6. Details of fixed assets are maintained. Fixed assets are based on cost when available otherwise on estimates authorized by the Board of Directors. The fixed assets ledger was constructed with historical information by the District Manager during an audit period.

7. A budget is maintained and is available for examination.
8. Staff members will be available to pull and reproduce documents. Legal counsel will be made available with prior staff approval.
9. Work areas will be provided by the District in close proximity with the financial records on the premises.
10. Report Requirements
 - The report will be addressed to the Board of Directors and will contain items listed in item #2.
 - State the scope of the examination and that the audit was performed with generally accepted accounting principles and include a statement of opinion as to whether the statements conform to generally accepted accounting principles.
 - Reports of compliance examinations must include a statement that the audit was conducted in accordance with applicable standards. The audit report must state where the examination disclosed instances of significant non-compliance with laws and generally accepted accounting principles. Findings of non-compliance and ineligible expenditures must be presented in enough detail for management to be able to understand them.
 - A management letter will be required. It should contain a statement of audit findings and recommendations affecting financial systems and statements, internal control, legality of actions, other instances of non-compliance with laws and generally accepted accounting principles, and any other material matters.
11. Time Requirements
 - Proposals will be delivered to the District office at 205 S. Central Ave, Medford, OR, 97501, not later than 5:00 p.m. on July 31, 2021.
 - If presentations of possible finalists are necessary, no one with personal bias will interview proposers.
 - The Board of Directors have made no decision as to the date of the award of the audit. All proposers will be notified of the Board action in a timely manner.
 - Once a contract has been signed, work may begin immediately to generate the audit in a progress manner with costs to be billed to the District as the charges generated by the proposer in accordance with the original agreement.
 - Preliminary work to close accounts can begin immediately upon award of contract.
 - The preliminary report and exit conference will be completed prior to December 31, 2021.
12. Report Review Timing and Number of Copies.

- Prior to the submission of the completed audit report the audit firm will be required to deliver and review the draft and the proposed management letter with the Finance Committee.
- Copies required
 - a. Audit report, 10 copies.
 - b. Management letter, 10 copies.
 - c. Working papers, 2 copies.

13. The District Reserves the Right:

- To reject any and all proposals submitted.
- To request additional information from all proposers.

**JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)**

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2020



JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)

DISTRICT OFFICIALS

JUNE 30, 2020

BOARD MEMBERS

Susan Kiefer - President
2155 Mill Creek Drive
Prospect, Oregon

Cathy Shaw - Vice President
886 Oak St.
Ashland, Oregon

George Prokop
2513 Cady Road
Jacksonville, Oregon

Jill Turner
1275 Munson Dr.
Ashland, Oregon

Eric Dziura
4755 Cloudcrest Drive
Medford, Oregon 97504

All Board members receive mail at the address listed below

ADMINISTRATION

Lisa Marston
District Administrator
Jackson County Library District
205 South Central
Medford, Oregon 97501

**JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)**

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2020

INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-9
BASIC FINANCIAL STATEMENTS	
<i>Government-Wide Financial Statements</i>	
Statements of Net Position	11
Statement of Activities	12
<i>Fund Financial Statements</i>	
Balance Sheet - Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
<i>Notes to the Financial Statements</i>	17-27
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	29
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Improvement Fund	30
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Property Tax Collections and Outstanding Balances	32
INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS	34-35



Certified Public Accountants
And Business Advisors

INDEPENDENT AUDITORS' REPORT

To the Library Board
Jackson County Library District

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Jackson County Library District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. The prior year comparative information has been derived from Jackson County Library District's financial statements and, in our report dated December 18, 2019, we expressed opinions on the respective financial statements of the government activities and the major funds.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, the major fund, and the aggregate remaining fund information of Jackson County Library District, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Prior Year Comparative Information

We previously audited Jackson County Library District's 2019 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated December 18, 2019. In our opinion, the comparative information in the *Balance Sheet – Governmental Funds*, the *Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position*, the *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds*, and the *Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities* presented herein as of and for the year ended June 30, 2019 is consistent in all material respects with the audited financial statements from which it was derived.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Jackson County Library District's basic financial statements. The Schedule of Property Tax Collections and Outstanding Balances is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Property Tax and Collections and Outstanding Balances is the responsibility of management and were 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 Schedule of Property Tax Collection and Outstanding Balances 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 the Audits of Oregon Municipal Corporations, we have issued our report dated January 22, 2021 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.



Carolyn M. Ryder, CPA, CGMA
Isler Medford, LLC

Medford, Oregon
January 22, 2021

**JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020



JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

As management of Jackson County Library District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the period from July 1, 2019 to June 30, 2020. This is the sixth year of operation for the District. We encourage readers to consider the information presented here in conjunction with the balance of information presented in this report.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the net position of the Library exceeded its liabilities and deferred inflows at June 30, 2020 by \$15,267,040. Of this amount \$1,012,890 represents the District's net investment in capital assets, \$1,108,342 is restricted permanently by the donors, \$6,045,927 is committed by the Board for Capital Improvements, \$734 is non-spendable prepaid expenses and \$7,099,147 is unrestricted and available to meet the Library's ongoing obligations to citizens.
- The District's total net assets increased by \$2,097,515 from the prior fiscal year ended June 30, 2019.
- The District's governmental funds reported a combined ending fund balance of \$13,776,584 of which \$6,621,581 is unassigned and available for spending at the District's discretion.
- At the end of the fiscal year, unassigned fund balance for the governmental funds on a budget basis was \$6,621,581 or about 64.8% of total governmental fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements.

Government-wide financial statements

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

The Statement of Net Position. The statement of net position presents information on all of the assets and liabilities of the District at fiscal year-end. Net assets are what remain after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities. The statement of activities presents information showing how the net assets of the District changed over the year by tracking revenues, expenses and other transactions that increase or reduce net assets. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

In the government-wide financial statements the District’s activities are shown in one category:

- *Library services:* The District’s basic functions are shown here, such as contracted services for library operations, library collections, software, maintenance and utilities. These activities are primarily financed through property taxes.

Fund financial statements

The fund financial statements provide more detailed information about the District’s funds, focusing on its most significant or “major” funds, not the Library as a whole. 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District funds are governmental funds.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance are reconciled to the government-wide Statements of Net Position and Activities.

The Library maintains two individual governmental funds, which management considers major funds for reporting purposes:

- General Fund - funded with property tax collections, expenditures for general operation of the Library.
- Capital Improvement Fund - funded by General Fund transfer and used to fund purchase of equipment and other capital projects.

JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

Notes to the basic financial statements

These notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 17-27 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's compliance with the Oregon Minimum Standards for Audits of Oregon Municipal Corporations. The supplementary information is included in this report.

Financial Analysis of the District

Net position may serve as a useful indicator of a government's financial condition. As noted earlier, the District's total assets exceeded its liabilities by \$15,267,040. At the end of the fiscal year, the District is able to report positive balances in each category of net position. The following statements summarize the District's net position at June 30, 2020 with comparison information for June 30, 2019.

JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

	June 30,		
	2020	2019	Change
Cash and investments	\$ 14,090,565	\$ 11,916,724	\$ 2,173,841
Receivables	940,990	1,000,861	(59,871)
Capital assets, net	1,012,890	691,948	320,942
Total assets	<u>16,044,445</u>	<u>13,609,533</u>	<u>2,434,912</u>
Current Liabilities	<u>777,405</u>	<u>440,008</u>	<u>337,397</u>
Net position:			
Investment in capital assets	1,012,890	691,948	320,942
Non spendable- prepaid expenses	734	769	(35)
Restricted-permanent	1,108,342	714,703	393,639
Committed	6,045,927	4,068,212	1,977,715
Unrestricted	7,099,147	7,693,893	(594,746)
Total net position	<u>\$ 15,267,040</u>	<u>\$ 13,169,525</u>	<u>\$ 2,097,515</u>

Changes in Net Position

Revenues

Program revenues:

Fees, fines and charges for services	\$ 207,921	\$ 283,931	\$ (76,010)
Operating grants and contributions	694,577	518,175	176,402

General revenues:

Property taxes	10,766,346	10,410,901	355,445
Interest and investment earnings	317,161	321,676	(4,515)
Restricted revenues- transfers in	-	-	-

Total revenues	<u>11,986,005</u>	<u>11,534,683</u>	<u>451,322</u>
----------------	-------------------	-------------------	----------------

Expenses

Library services and operations	<u>9,888,490</u>	<u>9,503,228</u>	<u>385,262</u>
Total expenses	<u>9,888,490</u>	<u>9,503,228</u>	<u>385,262</u>

Increase in net position	2,097,515	2,031,455	66,060
Beginning fund - net position	<u>13,169,525</u>	<u>11,138,070</u>	<u>2,031,455</u>
Ending fund- net position	<u>\$ 15,267,040</u>	<u>\$ 13,169,525</u>	<u>\$ 2,097,515</u>

JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

Financial Analysis of the District's Governmental Funds

As noted earlier, the District uses Fund accounting to ensure and demonstrate compliance with finance related legal requirements. The District's governmental fund provides information on near-term inflows, outflows and balances of spendable resources. Unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

Governmental Fund

The focus of the District's governmental fund is to provide information on relatively short-term cash flow and funding for future basic services. 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.

At June 30, 2020 the District's governmental fund reported an ending fund balance of \$13,776,584. \$6,621,581 represents unassigned ending fund balance which is available for spending at the District's discretion.

The District received \$356,063 more in property tax revenue than in the prior fiscal year. The governmental fund total revenues were under budget by \$37,180. The governmental total expenditures were under budget by \$2,516,335.

Capital Assets

The buildings and equipment used by the District in the 15 libraries it runs are owned by Jackson County and are leased back to the District at zero cost through an intergovernmental agreement. The District is responsible for maintaining the buildings and making any capital improvements necessary. The District's capital assets at June 30, 2020 include new HVAC controls for the Rogue River and White City branches, upgrades to parking lot lights and all branches and office remodeling at the Medford branch. The net value at June 30, 2020 is \$1,012,890.

Economic Factors and Budget Information for Next Year

The District's adopted revenues for fiscal year 2021 total \$18,758,285. Of this total \$10,720,995 comes from property taxes which represent 57.2% of the total. Property tax revenues are the single largest source of revenue for the District.

JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

The Library District’s 2020/2021 budget includes plans for the following high impact services:

- June 30, 2020 marked the end of a five-year contract with Library Systems and Services (LS&S) for library operations. Therefore, the 2020/2021 budget reflects direct costs for library employees and operations that were previously encompassed in the LS&S contract line items.
- The 2020/2021 budget includes a total of \$6,555,950 for personnel services (\$4,327,552 for wages and \$2,228,398 for benefits).
- The 2020/2021 budget includes \$1,331,000 for library materials, including databases, physical and digital materials, and items that can be borrowed from the Library of Things.
- The 2020/2021 budget includes monies to support the following budget priorities:
 - Finalize systems for transition from LS&S for library operations
 - 2016-2020 Strategic Plan
 - 75% by 2023 active cardholder goal
 - Enhance the Library’s aging facilities through repairs and renovations
 - Build community partnerships in response to COVID-19
 - Migrate to a new Integrated Library System
 - Transfer \$300,000 from the General Fund to the Capital Improvement Fund
 - Maintain a sufficient ending fund balance of \$4,552,332

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Jackson County Library District’s finances for all 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 Lisa Marston, Assistant Director of Administrative Services, Jackson County Library District, 205 S. Central Avenue, Medford Oregon 97501.

JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)



BASIC FINANCIAL STATEMENTS

JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)
STATEMENTS OF NET POSITION
JUNE 30, 2020

ASSETS	Governmental Activities	
	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 14,090,565	\$ 11,916,724
Property taxes receivable	632,233	632,993
Accounts receivable	42,192	90,877
Prepaid expenses	734	769
Note receivable- Lindberg property	265,831	276,222
Depreciable capital assets, net	<u>1,012,890</u>	<u>691,948</u>
TOTAL ASSETS	<u>16,044,445</u>	<u>13,609,533</u>
LIABILITIES		
Accounts payable	758,122	427,729
Payroll liabilities	5,181	3,174
Accrued compensated absences	<u>14,102</u>	<u>9,105</u>
TOTAL LIABILITIES	<u>777,405</u>	<u>440,008</u>
NET POSITION		
Net investment in capital assets	1,012,890	691,948
Non spendable- prepaid expenses	734	769
Restricted- permanent	1,108,342	714,703
Committed	6,045,927	4,068,212
Unrestricted	<u>7,099,147</u>	<u>7,693,893</u>
TOTAL NET POSITION	<u>\$ 15,267,040</u>	<u>\$ 13,169,525</u>

The accompanying notes are an integral part of these statements.

JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Change in Net Assets</u>
Governmental Activities				
Library services	\$ 9,888,490	\$ 207,921	\$ 694,577	\$ (8,985,992)
Total governmental activities	<u>\$ 9,888,490</u>	<u>\$ 207,921</u>	<u>\$ 694,577</u>	\$ (8,985,992)
			Property taxes	10,766,346
			Interest	<u>317,161</u>
		Total general revenues		<u>11,083,507</u>
		Change in Net Position		2,097,515
		Net position- Beginning of the year		<u>13,169,525</u>
		Net position- end of year		<u>\$ 15,267,040</u>

-

The accompanying notes are an integral part of these statements.

JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020
(With Comparative totals for June 30, 2019)

			<u>Totals</u>	
	<u>General</u>	<u>Capital Improvement</u>	<u>2020</u>	<u>2019</u>
Assets				
Unrestricted:				
Cash and cash equivalents	\$ 7,202,127	\$ 6,045,927	\$ 13,248,054	\$ 11,478,243
Property taxes receivable	632,233	-	632,233	632,993
Accounts receivable	42,192	-	42,192	90,877
Prepaid expenses	734	-	734	769
Restricted:				
Cash and cash equivalents	842,511	-	842,511	438,481
Note Receivable- Lindberg property	265,831	-	265,831	276,222
Total assets	<u>\$ 8,985,628</u>	<u>\$ 6,045,927</u>	<u>\$ 15,031,555</u>	<u>\$ 12,917,585</u>
Liabilities, Deferred Inflows and Fund Balances				
Liabilities				
Accounts payable	758,122	-	758,122	427,729
Payroll liabilities	5,181	-	5,181	3,174
Accrued compensated absences	14,102	-	14,102	9,105
Total liabilities	<u>777,405</u>	<u>-</u>	<u>777,405</u>	<u>440,008</u>
Deferred inflows of resources				
Unavailable property taxes	477,566	-	477,566	481,878
Fund balances				
Nonspendable- prepaid expenses	734	-	734	769
Restricted- permanent	1,108,342	-	1,108,342	714,703
Committed	-	6,045,927	6,045,927	4,068,212
Unassigned	6,621,581	-	6,621,581	7,212,015
Total fund balances	<u>7,730,657</u>	<u>6,045,927</u>	<u>13,776,584</u>	<u>11,995,699</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 8,985,628</u>	<u>\$ 6,045,927</u>	<u>\$ 15,031,555</u>	<u>\$ 12,917,585</u>

The accompanying notes are an integral part of these statements.

JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2020
(With Comparative Totals for June 30, 2019)

	<u>2020</u>	<u>2019</u>
Total fund balance- Governmental Funds	\$ 13,776,584	\$ 11,995,699
Amounts reported in the statement of net position are different because:		
Capital assets are not financial resources and are not reported in the funds:		
Capital assets at cost	1,453,268	969,362
Accumulated Depreciation	(440,378)	(277,414)
Deferred inflows represent amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds.		
Property taxes	<u>477,566</u>	<u>481,878</u>
Net Position of Governmental Activities	<u>\$ 15,267,040</u>	<u>\$ 13,169,525</u>

The accompanying notes are an integral part of these statements.

JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)

			Totals	
	General	Capital Improvement	2020	2019
Revenues				
Property taxes	\$ 10,770,658	\$ -	\$ 10,770,658	\$ 10,414,595
Interest	183,784	133,377	317,161	321,676
Fines and fees	38,408	-	38,408	51,204
Charges for services	169,513	-	169,513	232,727
Grants and donations	694,577	-	694,577	518,175
			-	\$ -
Total revenues	<u>11,856,940</u>	<u>133,377</u>	<u>11,990,317</u>	<u>11,538,377</u>
Expenditures				
Current				
Library services	9,725,526	-	9,725,526	9,361,044
Capital outlay	<u>278,244</u>	<u>205,662</u>	<u>483,906</u>	<u>115,814</u>
Total expenditures	<u>10,003,770</u>	<u>205,662</u>	<u>10,209,432</u>	<u>9,476,858</u>
Excess of revenues over (under) expenditures	1,853,170	(72,285)	1,780,885	2,061,519
Other Financing Sources (Uses)				
Transfers in	-	2,050,000	2,050,000	2,050,000
Transfers out	<u>(2,050,000)</u>	<u>-</u>	<u>(2,050,000)</u>	<u>(2,050,000)</u>
Net change in fund balance	(196,830)	1,977,715	1,780,885	2,061,519
Fund balance - beginning of year	<u>7,927,487</u>	<u>4,068,212</u>	<u>11,995,699</u>	<u>9,934,180</u>
Fund balance- end of year	<u>\$ 7,730,657</u>	<u>\$ 6,045,927</u>	<u>\$ 13,776,584</u>	<u>\$ 11,995,699</u>

The accompanying notes are an integral part of these statements.

JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	<u>2020</u>	<u>2019</u>
Net change in fund balance, page 15	\$ 1,780,885	\$ 2,061,519
Amounts reported in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.	320,942	(26,369)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Increase (decrease) in deferred inflows - property taxes	<u>(4,312)</u>	<u>(3,695)</u>
Change in net position of governmental activities	<u>\$ 2,097,515</u>	<u>\$ 2,031,455</u>

The accompanying notes are an integral part of these statements.

JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District

The Jackson County Library District (the District) is a municipal corporation governed by a five member Board of Directors.

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

Financial Reporting Entity

The District's financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of Government Accounting Standards Board's (GASB's), *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name).
- The District holds the corporate powers of the organization.
- The District appoints a voting majority of the organization's board.
- The District is able to impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the District.
- There is fiscal dependency by the organization on the District.

Based on the aforementioned criteria, the District has no component units and is not a component unit of any other entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. The primary focus of the District is to provide library services to the citizens of Jackson County. Significant interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the expenses of the District are offset by program revenues. *Program revenues* include: 1) charges to users or applicants who purchase, use or directly benefit from goods, services or privileges and 2) grants and contributions that are restricted for operational or capital requirements. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

Major individual governmental funds are reported as separate columns in the fund financial statements. The District has designated all of its funds as major funds.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. These consist of unavailable revenue, which is reported in the governmental funds balance sheet and deferred inflows of resources, which is reported in the government wide statement of net position. Deferred inflows of resources reported in the governmental funds for unavailable revenues relate to property tax revenue.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources *measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by the provider have been met. It is the District's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

The governmental fund financial statements are reported using a current resources measurement focus and the modified accrual basis of accounting. Under this method, revenues, when material, are recognized when susceptible to accrual (measurable and available to finance expenditures of the current period). Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes available if they are collected within 60 days after year-end.

Expenditures are recorded at the time liabilities are incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

The basis of accounting described above is in accordance with accounting principles generally accepted in the United States of America as promulgated for state and local government units.

JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The District reports the following major governmental funds:

- General Fund- This is the District's primary operating fund. It accounts for the general operations of the government. Principal sources of revenues are property taxes, interest and donations. Expenditures are for the operation and maintenance of the library system.
- Capital Improvement Fund- This fund is used to account for capital improvement projects and major capital equipment purchases. The principal source of revenue is transfers from the general fund. Expenditures are for capital outlay and capital equipment purchases.

Cash and Investments

Cash and investments include amounts in demand deposits and the Oregon Local Government Investment Pool (LGIP). Investments with maturities over three months are not considered to be cash. The cash balances of all funds are pooled.

Property Taxes

Property taxes are levied on all taxable property as of January 1. Property taxes become a lien on July 1. Collection dates are November 15, February 15 and May 15. Discounts are allowed if the full amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established.

Capital Assets

Capital assets which include equipment are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or greater and an estimated useful life in excess of one year. Capital assets are recorded at historical cost. Donated capital assets are recorded at their fair market value at the date of donation.

Equipment is depreciated using the straight-line method over the estimated useful life of the asset. The estimated useful life is 3 to 15 years for equipment.

Compensated Absences

Unpaid compensated absences are recognized as an expense when earned with a corresponding liability in the government-wide financial statements.

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 certain amounts and disclosures. Actual results may differ.

JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Net Position

Net position is reported on the Statement of Net Position. Net position represents the difference between assets and liabilities. The restricted component of net position consists of funds transferred to the District upon inception that have restrictions by the donor on how they are spent. Amounts reported as unrestricted consists of assets that do not meet the definition of restricted as noted. Unrestricted include property taxes, fines, fees and charges for services that do not carry any constraints on spending.

Fund Balance Reporting

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54)*.

This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below:

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

JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the district considers restricted funds to have been spent first. For the classification of unrestricted ending fund balance, the district first reduces assigned amounts, then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those classifications could be used.

Appropriation and Budgetary Controls

The District is subject to provisions of the Oregon Revised Statutes, which set forth local budget procedures. A budget is prepared for each fund on the modified accrual basis of accounting. Expenditure budgets are appropriated by the following categories within each fund: personnel services; materials and services; capital outlay; debt service; transfers and contingency. Budgeted expenditures at the appropriation level may not be legally overspent.

The Board of Directors may, however, approve additional appropriations for reimbursable grant expenditures, which could not be reasonably estimated at the time the budget was adopted. Additionally, budgets may be modified during the fiscal year by the use of appropriation transfers between legal categories. Such transfers require the approval of the Board.

A supplemental budget may be approved if an occurrence or need exists which had not been ascertained at the time the budget was adopted.

In accordance with state law, all encumbrances and appropriations terminate on June 30. Goods and services delivered during the ensuing year must be charged against the ensuing year's appropriations. Consequently, encumbrances are not reported in the financial statements.

Transfers of appropriations from one fund to another or from one appropriation level to another must be authorized by official resolution or ordinance of the governing body. The resolution or ordinance must state the need for the transfer, the purpose for the authorized expenditures and the amount of the appropriation transferred.

Transfers of general operating contingency appropriations, which in aggregate during a fiscal year, exceed 10% of the total appropriations of the fund, may only be made after adoption of a supplemental budget prepared for that purpose.

JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

When the estimated expenditures contained in a supplemental budget for a fiscal year result in an amount of estimated total expenditures by the municipal corporation for that fiscal year that differs by not more than 10% of any individual fund contained in the regular budget for that fiscal year, the governing body of the municipal corporation may adopt the supplemental budget at a regular meeting of the governing body.

When the estimated expenditures contained in a supplemental budget for a fiscal year result in an amount of estimated total expenditures by the municipal corporation for that fiscal year that differs by more than 10% of any individual fund contained in the regular budget for that fiscal year, the supplemental budget, or a summary thereof, shall be published. The governing body shall then hold a public hearing on the supplemental budget prior to adopting the supplemental budget.

Comparative information

The basic financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a complete financial statement presentation. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Newly Implemented Accounting Standards

For the fiscal year ended June 30, 2020, the District implemented the following new accounting standards:

GASB Statement No. 84 *"Fiduciary Activities"* This Statement establishes criteria and guidance for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes, as well as the reporting requirements for these fiduciary funds. The statement is effective for fiscal years beginning after December 15, 2019.

GASB Statement 90 *"Majority Equity Interests- An Amendment of GASB Statements No 14 and No. 61"* This Statement's objective is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This statement is effective for fiscal years beginning after December 31, 2019.

The District will implement new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements from implementing any of the following pronouncements:

GASB Statement No. 87 *"Leases."* This Statement addresses the accounting and financial reporting for leases by governments, requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. The statement is effective for fiscal years beginning after December 15, 2021.

GASB Statement No 89 *"Accounting for Interest Cost Incurred Before the End of a Construction Period"* This Statement's objectives are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting

JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

period and to simplify accounting for interest cost incurred before the end of a construction period. This statement is effective for fiscal years beginning after December 15, 2020.

GASB Statement No. 91 *“Conduit Debt Obligations”* This Statement’s primary objectives are to provide a single method of reporting conduits debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement is effective for fiscal years beginning after December 15, 2020.

GASB Statement No. 92, *Omnibus 2020* This Statement’s objectives are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. This statement is effective for fiscal years beginning after June 15, 2020.

GASB Statement No. 93 *Replacement of Interbank Offered Rates* This Statement’s objective is to address the accounting and financial reporting implications that result from the replacement of an IBOR. This statement is effective for fiscal years beginning after June 15, 2020 with some sections not being effective until reporting periods ending after December 31, 2021.

GASB No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* This Statement’s primary objective is to improve reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). It also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). This statement is effective for fiscal years beginning after June 15, 2022.

GASB No. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance* This Statement’s primary objective is to provide temporary relief to governments and other stakeholders in lift of the COVID-19 pandemic. The effective dates of Statements 83, 84, 87, 88, 89, 90, 92 and 93 were postponed. This statement is effective immediately.

GASB Statement No. 96 *Subscription-Based Information Technology Arrangements* This Statement’s objective is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. This statement is effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans- and amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* This Statements primary objectives are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the

JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This statement is effective for fiscal years beginning after June 15, 2021 with the exception that objective (1) are effective immediately.

NOTE 2 – CASH AND CASH EQUIVALENTS

The District's investment of cash funds is regulated by Oregon Revised Statutes. Under these guidelines, cash funds may be invested in time certificates of deposit, general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances and the State Treasurer's Investment Pool, among others.

The District maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed as "cash and cash equivalents".

Cash and investments as of June 30, 2020, consisted of the following:

Demand deposits with financial institution	\$ 259,273
State Treasurer's Investment Pool	<u>13,831,292</u>
Total	<u><u>\$ 14,090,565</u></u>

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require that all bank deposits in excess of the FDIC or FSLIC insurance amounts be collateralized through the Oregon State Treasurer's Public Funds Collateralization Program. This program provides a structure for specified depositories to participate in a shared liability collateral pool.

The Oregon State Treasurer is responsible for monitoring public funds held by bank depositories in excess of FDIC insured amounts, and for assuring that public funds on deposit are collateralized to the extent required by Oregon Revised Statute (ORS) 295. ORS 295 requires depository banks to place and maintain on deposit with a third party custodian bank securities having a value of 10 percent, 25 percent or 110 percent of public funds on deposit depending primarily on the capitalization level of the depository bank. Deposits in the Public Funds Collateralization Pool are not 100 percent guaranteed.

JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 2 – CASH AND CASH EQUIVALENTS - continued

Investments

The only investments held by the District at June 30, 2020, were amounts deposited with the State of Oregon Local Government Investment Pool (LGIP). The District's investment in the LGIP is carried at cost, which approximates fair value. Oregon's investment policies used in administering the LGIP are governed by statute and the Oregon State Investment Council (Council).

The State Treasury's investments in short-term securities are limited by the portfolio rules established by the Oregon Short-term Fund Board and the Council. In accordance with Oregon statutes, the investment funds are invested, and the investments of those funds managed, as a prudent investor would do, exercising reasonable care, skill and caution.

The Oregon Local Government Investment Pool issues monthly statements to participants. The Office of the State Treasurer issues publicly available financial reports on the Oregon Short-Term Fund. The reports can be obtained from the Office of the State Treasurer, 350 Winter Street NE, Suite 100, Salem, OR, 97301-3896, the Office of the State Treasurer's web-site, or by calling 1-503-378-4000.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Investments in the LGIP are not required to be rated.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the risk that its fair value will decline if interest rates rise. In order to manage the interest rate risk of its investments, the District invests only in the LGIP. The LGIP has rules that require at least 50% of its investments to mature within 93 days, not more than 25% may mature in over a year, and all other investments must mature in no more than three years.

Custodial Credit Risk – Investments. Custodial credit risk is the risk that, in the event of a failure of the counterparty to a transaction, the District will not be able to recover the value of an investment or collateral securities in the possession of an outside party. The LGIP's portfolio rules provide that broker/dealers meet certain qualifications and that investments are delivered to and held by a third-party custodian which holds the securities in the State of Oregon's name.

JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 3 – CAPITAL ASSETS

The buildings and equipment used by the District in the 15 libraries it runs are owned by Jackson County and are leased back to the District at zero cost through an intergovernmental agreement. The District is responsible for maintaining the buildings and making any capital improvements necessary.

Capital asset activity for the year was as follows:

	Balance			Balance
	June 30, 2019	Increases	Decreases	June 30, 2020
Capital Assets				
Equipment	\$ 295,986	\$ 76,785	\$ -	\$ 372,771
Leasehold Improvements	<u>673,376</u>	<u>407,121</u>	<u>-</u>	<u>1,080,497</u>
Total capital assets being depreciated	<u>969,362</u>	<u>483,906</u>	<u>-</u>	<u>1,453,268</u>
Less accumulated depreciation				
Equipment	154,962	66,767	-	221,729
Leasehold Improvements	<u>122,452</u>	<u>96,197</u>	<u>-</u>	<u>218,649</u>
Total accumulated depreciation	<u>277,414</u>	<u>162,964</u>	<u>-</u>	<u>440,378</u>
Total capital assets, net	<u>\$ 691,948</u>	<u>\$ 320,942</u>	<u>\$ -</u>	<u>\$ 1,012,890</u>

Depreciation expense of \$162,964 was charged to library services in the Statement of Activities.

Effective July 1, 2020 the Library District received ownership of all 15 branches from Jackson County who had previously owned the assets. The book value of those assets at July 1 is \$12,688,458.

NOTE 4 – RISK MANAGEMENT

The District is exposed to various risk of loss related to torts; theft or damage to, and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. The District reviews the coverage periodically, and there have not been any significant claims.

NOTE 5 – SUBSEQUENT EVENT

The District has operated the Library System using a contractor for Library Services. Beginning on July 1, 2020, the Library System will be operated by District employees. The budget for 2020/2021 was prepared to accommodate this change.

The COVID-19 outbreaks in the United States have caused disruption through mandated and voluntary closures of businesses and government agencies. The impact of property tax collections due to this pandemic has not been determined at June 30, 2021. While these disruptions are currently expected to last until Spring, 2021, there is considerable uncertainty of the impact these will have.

On September 8, 2020 a fast moving wildfire destroyed many homes and businesses in Jackson County. The impact of this loss of property value has been estimated by Jackson County to be about 1.01% of assessed value. This would equate to approximately \$114,883 to the Library District.

JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 5 – SUBSEQUENT EVENTS - continued

In January 2021 the Library District Board was made aware of fees on lost and damaged library materials that had been accumulating for several years. These fees dated back before the formation of the District on July 1, 2015. The value of the fees at June 30, 2020 is approximately \$ 565,117. On January 14, 2021, the District Board voted not to pursue collection of these fees because the collection was considered highly unlikely.

NOTE 6 – TRANSFERS

The District's General Fund transfers money to the Capital Improvement Fund without a requirement for repayment. The Capital Improvement Fund uses the transfer to fund improvements to the buildings leased from Jackson County as well as purchase equipment. The General Fund transferred \$2,050,000 during the fiscal year ended June 30, 2020 into the Capital Improvement Fund.

REQUIRED SUPPLEMENTARY INFORMATION

JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2020

				Variance
Revenues	Original Budget	Final Budget	Actual	Over(Under)
Property taxes	\$ 10,810,000	\$ 10,810,000	\$ 10,770,658	\$ (39,342)
Interest	323,000	323,000	183,784	(139,216)
Fines and fees	10,000	10,000	38,408	28,408
Charges for services	148,520	148,520	169,513	20,993
Grants and donations	<u>602,600</u>	<u>602,600</u>	<u>694,577</u>	<u>91,977</u>
 Total revenues	 <u>11,894,120</u>	 <u>11,894,120</u>	 <u>11,856,940</u>	 <u>(37,180)</u>
 Expenditures				
Personnel costs	579,420	579,420	153,883	(425,537)
Materials and services	10,940,685	10,940,685	9,571,643	(1,369,042)
Capital Outlay	250,000	250,000	278,244	28,244
Operating Contingency	<u>750,000</u>	<u>750,000</u>	<u>-</u>	<u>(750,000)</u>
	<u>12,520,105</u>	<u>12,520,105</u>	<u>10,003,770</u>	<u>(2,516,335)</u>
 Other Financing Uses				
Transfer to other funds	(2,050,000)	(2,050,000)	(2,050,000)	-
 Net change in fund balance	 (2,675,985)	 (2,675,985)	 (196,830)	 2,479,155
 Fund balance - beginning of year	 <u>8,200,000</u>	 <u>8,200,000</u>	 <u>7,927,487</u>	 <u>(272,513)</u>
 Fund balance- end of year	 <u>\$ 5,524,015</u>	 <u>\$ 5,524,015</u>	 <u>\$ 7,730,657</u>	 <u>\$ 2,206,642</u>

JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over(Under)</u>
Revenues				
Interest	\$ -	\$ -	\$ 133,377	\$ 133,377
Total revenues	\$ -	\$ -	\$ 133,377	\$ 133,377
Expenditures				
Capital outlay	6,066,279	6,066,279	205,662	(5,860,617)
Total expenditures	6,066,279	6,066,279	205,662	(5,860,617)
Other Financing sources				
Transfers in from General fund	2,050,000	2,050,000	2,050,000	-
Net change in fund balance	(4,016,279)	(4,016,279)	1,977,715	(5,727,240)
Fund balance beginning of the year	4,016,279	4,016,279	4,068,212	51,933
Fund balance end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,045,927</u>	<u>\$ (5,675,307)</u>

OTHER SUPPLEMENTARY INFORMATION

JACKSON COUNTY LIBRARY DISTRICT
(Jackson County, Oregon)
SCHEDULE OF PROPERTY TAX COLLECTIONS AND OUTSTANDING BALANCES
YEAR ENDED JUNE 30, 2020

Tax Year	Taxes Receivable			Interest		Taxes Receivable	
	June 30, 2019	Current Levy	Adjustments	(Discount)	Collections	June 30, 2020	
2019-2020		\$ 11,129,948	\$ (16,359)	\$ (284,917)	\$ 10,530,646	298,026	
2018-2019	313,006		(3,624)	10,886	199,948	120,320	
2017-2018	110,005		(1,360)	8,227	51,471	65,401	
2016-2017	93,086		(1,336)	9,197	40,552	60,395	
2015-2016	71,402		(1,368)	8,314	31,175	47,173	
2014-2015	45,494		(1,071)	1,168	4,673	40,918	
	<u>\$ 632,993</u>	<u>\$ 11,129,948</u>	<u>\$ (25,118)</u>	<u>\$ (247,125)</u>	<u>\$ 10,858,465</u>		
Total receivable at June 30, 2020						<u>\$ 632,233</u>	
Less taxes accrued in prior year					(151,115)		
Plus taxes accrued in current year					154,697		
Payments received or deducted in lieu of taxes					<u>(91,389)</u>		
Modified accrual basis revenue					<u>\$ 10,770,658</u>		

**INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS**



Certified Public Accountants
And Business Advisors

Independent Auditors' Report Required by Oregon State Regulations

To the Library Board
Jackson County, Oregon

We have audited the basic financial statements of Jackson County Library District as of and for the year ended June 30, 2020, and have issued our report thereon dated January 22, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

Compliance

As part of obtaining reasonable assurance about whether Jackson County Library District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- The use of approved depositories to secure the deposit of public funds (ORS Chapter 295).
- The requirements relating to insurance and fidelity bonds in force or required by law.
- Indebtedness limitations, restrictions and repayment.
- Programs funded from outside sources.
- Budgets legally required (ORS Chapter 294).
- The statutory requirements pertaining to the investment of surplus funds (ORS Chapter 294).
- The requirements pertaining to the awarding of public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our testing nothing came to our attention that caused us to believe Jackson County Library District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, as prescribed by the Secretary of State, except as follows:

- Capital outlay expenditures in the General Fund were over budget by \$28,244.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered Jackson County Library District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness

of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Purpose of This Report

This report is intended solely for the information and use of board of directors and management of Jackson County Library District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Isler Medford, LLC

Isler Medford, LLC
January 22, 2021