

**NORTH COUNTY RECREATION
DISTRICT**
Nehalem, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2019



**NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon**

DISTRICT OFFICIALS

June 30, 2019

BOARD OF DIRECTORS

John Bloom, Chair
Nehalem, Oregon 97131

Wally Burton, Vice Chair
Nehalem, Oregon 97131

Mary Gallagher, Secretary
Nehalem, Oregon 97131

Jennifer Holm
Nehalem, Oregon 97131

John Coopersmith
Nehalem, Oregon 97131

REGISTERED AGENT

Patrick Dennis
Finance Director
P.O. Box 207
Nehalem, Oregon 97131

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

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FINANCIAL SECTION

KOONTZ, BLASQUEZ
ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
North County Recreation District
Nehalem, Oregon 97131

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of North County Recreation District, Nehalem, Oregon, 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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of North County Recreation District, Nehalem, Oregon as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The District's management has elected not to include the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. We have determined that adjustments required by those provisions would not materially impact the financial position of North County Recreation District.

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 on pages 4 through 9 and 29, respectively, 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 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 management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise North County Recreation District's basic financial statements. The individual fund schedules and schedule of property tax transactions are presented for purposes of additional analysis and are not a required part of the basic financial statements.

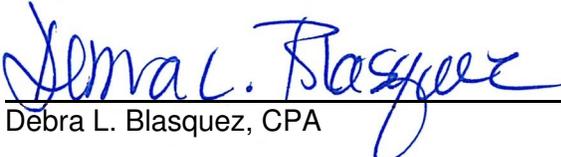
The individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 6, 2019 on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.

Koontz, Blasquez & Associates, P.C.

By: 
Debra L. Blasquez, CPA

Albany, Oregon
November 6, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

As management of North County Recreation District, Nehalem, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2019, total net position of North County Recreation District amounted to \$5,334,320. Of this amount, \$2,427,120 was invested in capital assets and \$11,419 was restricted for various purposes. The remaining balance of \$2,895,781 was unrestricted.
- The District's total net position increased by \$592,508 during the current fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to North County Recreation District's basic financial statements. 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 basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing 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 and earned but unused vacation leave).

The government-wide financial statements can be found on pages 10 through 11 of this report.

Fund Financial Statements

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the funds of North County Recreation District are governmental funds.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

□ **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 available resources, as well as on balances of available resources at the end of the fiscal year. Such information may be useful in evaluating the District'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 District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General and Capital Asset Reserve Funds, both of which are considered to be major governmental funds.

North County Recreation District adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their respective budgets.

The basic governmental fund financial statements can be found on pages 12 through 15 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements 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 16 through 28 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes budgetary comparison information for the General Fund. This required supplementary information can be found on page 29 of this report.

The individual fund schedules are presented immediately following the required supplementary information on page 30 of this report.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At June 30, 2019, the District's assets exceeded liabilities by \$5,334,320.

A large portion of the District's net position (45.7%) reflects its investment in capital assets (e.g., land, buildings, and equipment). The District uses these capital assets to provide services to customers; consequently, these assets are not available for future spending.

District's Net Position

At the end of the current fiscal year, the District was able to report positive balances in all categories of net position. The District's net position increased by \$592,508 during the current fiscal year.

Condensed statement of net position information is shown below.

Condensed Statement of Net Position

	Governmental Activities	
	<u>2019</u>	<u>2018</u>
Assets and deferred outflows of resources		
Current assets	\$ 2,924,761	\$ 2,448,406
Restricted assets	11,419	9,307
Net capital assets	2,427,120	2,339,010
Deferred outflows of resources	<u>-</u>	<u>1,202</u>
Total assets and deferred outflows of resources	<u>5,363,300</u>	<u>4,797,925</u>
Liabilities and deferred inflows of resources		
Current liabilities	23,656	31,179
Noncurrent liabilities	5,324	24,197
Deferred inflows of resources	<u>-</u>	<u>737</u>
Total liabilities and deferred inflows of resources	<u>28,980</u>	<u>56,113</u>
Net position		
Investment in capital assets	2,427,120	2,339,010
Restricted	11,419	9,307
Unrestricted	<u>2,895,781</u>	<u>2,393,495</u>
Total net position	<u>\$ 5,334,320</u>	<u>\$ 4,741,812</u>

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

District's Changes in Net Position

The condensed statement of activities information shown below explains changes in net position.

Condensed Statement of Activities

	Governmental Activities	
	<u>2019</u>	<u>2018</u>
Program revenues		
Charges for services	\$ 196,546	\$ 193,176
Operating grants and contributions	23,309	8,450
Capital grants and contributions	<u>147,236</u>	<u>87,620</u>
Total program revenues	<u>367,091</u>	<u>289,246</u>
General revenues		
Property taxes	991,814	945,528
Timber revenue	460,755	366,660
Unrestricted grants and contributions	61,916	41,161
Investment earnings	71,247	40,623
Miscellaneous	<u>56,645</u>	<u>45,006</u>
Total general revenues	<u>1,642,377</u>	<u>1,438,978</u>
Total revenues	2,009,468	1,728,224
Program expenses		
Recreational facilities and activities	<u>1,416,960</u>	<u>1,397,774</u>
Change in net position	592,508	330,450
Net position - beginning of year	<u>4,741,812</u>	<u>4,411,362</u>
Net position - end of year	<u>\$ 5,334,320</u>	<u>\$ 4,741,812</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S 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 near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measurement of the District's net resources available for spending at the end of the fiscal year.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

At the end of the current fiscal year, the District's major governmental funds reported combined fund balances of \$2,854,713, an increase of \$476,951 over the prior year. This amount included \$190 restricted for activities, \$1,000 restricted for administration, \$857 restricted for aquatics, \$1,023 restricted for fitness, \$3,750 restricted for performing arts, \$4,599 restricted for youth programs, and \$2,511,960 assigned to capital acquisitions. The remaining \$331,334 constitutes unassigned fund balance available for spending at the District's discretion.

Significant Changes in Major Governmental Fund Balances

- General Fund: The 22.7% increase in restricted fund balance can be attributed to conservative budget estimates of revenues.
- General Fund: the 38.3% increase in unassigned fund balance can be attributed to conservative budget estimates of revenues.
- Capital Asset Reserve Fund: The 18% increase in total fund balance can be attributed to timber tax revenue being an estimate provided by the county and concentrated efforts to save more money for the new pool in the Capital Asset Reserve Fund. Timber tax revenues were higher than estimated.

BUDGETARY HIGHLIGHTS: GENERAL FUND

Significant variances between budgeted and actual amounts in the General Fund for the year ended June 30, 2019 include:

- Grants and contributions were budgeted for \$80,320. Actual revenues were \$111,580 (38.9% over budget) due to the District budgeting conservatively.
- Investment earnings were budgeted for \$5,222. Actual revenues were \$9,980 (91.1% over budget) due to unexpected interest rate increases in the LGIP account.
- Expenditures for activities were budgeted for \$25,201. Actual expenditures were \$16,884 (33% under budget) due to closer controls on expenditures and the inability to participate in a budget event.

CAPITAL ASSETS

The District's investment in capital assets for its governmental activities as of June 30, 2019 amounted to \$2,427,120, net of accumulated depreciation. This investment in capital assets includes land, construction in progress, buildings and facility improvements, office equipment and furnishings, machinery and equipment, and infrastructure. The total depreciation related to the District's investment in capital assets for the current fiscal year was \$90,762.

Additional information on the District's capital assets can be found in Note III-B on pages 25 through 26 of this report.

**NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstance that could affect its future financial health:

- The District is in the process of constructing a new pool. The project will be funded by the Capital Asset Reserve Fund and is expected to cost between \$7.5 million and \$8.5 million.

This factor was considered in preparing the District's budget for the 2019-2020 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: North County Recreation District, P.O. Box 207, Nehalem, Oregon 97131.

BASIC FINANCIAL STATEMENTS

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

STATEMENT OF NET POSITION

June 30, 2019

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 2,845,128
Undistributed taxes with county	6,668
Prepaid insurance	17,697
Property taxes receivable	55,268
Total current assets	2,924,761
Restricted assets	
Cash and cash equivalents	11,419
Capital assets	
Land and construction in progress	804,929
Capital assets, net of accumulated depreciation	1,622,191
Total capital assets	2,427,120
Total assets	5,363,300
LIABILITIES	
Current liabilities	
Accounts payable	7,900
Accrued liabilities	602
Compensated absences, current portion	15,154
Total current liabilities	23,656
Noncurrent liabilities	
Compensated absences, less current portion	5,324
Total liabilities	28,980
NET POSITION	
Investment in capital assets	2,427,120
Restricted	11,419
Unrestricted	2,895,781
Total net position	\$ 5,334,320

The accompanying notes are an integral part of these financial statements.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities				
Recreational facilities and activities	<u>\$ 1,416,960</u>	<u>\$ 196,546</u>	<u>\$ 23,309</u>	<u>\$ 147,236</u>
				<u>\$ (1,049,869)</u>
General revenues				
Property taxes				991,814
Timber revenue				460,755
Unrestricted grants and contributions				61,916
Investment earnings				71,247
Miscellaneous				<u>56,645</u>
Total general revenues				<u>1,642,377</u>
Change in net position				592,508
Net position - beginning				<u>4,741,812</u>
Net position - ending				<u>\$ 5,334,320</u>

The accompanying notes are an integral part of these financial statements.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2019

	General Fund	Capital Asset Reserve Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 344,587	\$ 2,511,960	\$ 2,856,547
Undistributed taxes with county	6,668	-	6,668
Property taxes receivable	55,268	-	55,268
Total assets	\$ 406,523	\$ 2,511,960	\$ 2,918,483
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 7,900	-	\$ 7,900
Accrued liabilities	602	-	602
Total liabilities	8,502	-	8,502
Deferred inflows of resources			
Unavailable revenue - property taxes	55,268	-	55,268
Fund balances			
Restricted	11,419	-	11,419
Assigned	-	2,511,960	2,511,960
Unassigned	331,334	-	331,334
Total fund balances	342,753	2,511,960	2,854,713
Total liabilities, deferred inflows of resources, and fund balances	\$ 406,523	\$ 2,511,960	\$ 2,918,483

The accompanying notes are an integral part of these financial statements.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

June 30, 2019

Total fund balances		\$ 2,854,713
Capital assets are not financial resources and are therefore not reported in the governmental funds:		
Cost	3,471,655	
Accumulated depreciation	(1,044,535)	2,427,120
Prepaid insurance is expensed when incurred, but recorded as an asset on the statement of net position.		
		17,697
Property tax revenue is recognized in the net position of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations. Taxes not collected within 15 days of the end of the year are not considered available to pay for current year operations and are therefore not reported as revenue in the governmental funds.		
		55,268
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due. These liabilities consist of:		
Compensated absences payable		(20,478)
Net position of governmental activities		<u>\$ 5,334,320</u>

The accompanying notes are an integral part of these financial statements.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2019

	General Fund	Capital Asset Reserve Fund	Total Governmental Funds
REVENUES			
Property taxes	\$ 991,814	\$ -	\$ 991,814
Timber revenue	-	460,755	460,755
Charges for services	196,546	-	196,546
Grants and contributions	111,580	120,881	232,461
Investment earnings	9,980	61,267	71,247
Miscellaneous	56,645	-	56,645
Total revenues	1,366,565	642,903	2,009,468
EXPENDITURES			
Current			
Activities	16,884	-	16,884
Administration	442,216	-	442,216
Aquatics	378,694	-	378,694
Fitness	201,491	-	201,491
Performing arts	72,851	-	72,851
Youth	160,511	-	160,511
Capital outlay	-	259,870	259,870
Total expenditures	1,272,647	259,870	1,532,517
Excess (deficiency) of revenues over (under) expenditures	93,918	383,033	476,951
Fund balances - beginning	248,835	2,128,927	2,377,762
Fund balances - ending	\$ 342,753	\$ 2,511,960	\$ 2,854,713

The accompanying notes are an integral part of these financial statements.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

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

For the Year Ended June 30, 2019

Net change in fund balances		\$ 476,951
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures; however, on the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Expenditures for capital assets	178,872	
Less current year depreciation	<u>(90,762)</u>	88,110
Prepaid insurance is recorded as an expense when paid in the governmental fund statements and amortized over the life of the policy in the government-wide statements.		
		9,873
Long-term liabilities are not due or payable in the current period and are therefore not reported in the governmental fund statements. These liabilities consist of:		
Compensated absences payable		(1,127)
Changes in the net OPEB assets and liabilities, as well as the related changes in deferred outflows and inflows of resources, are not recognized as expenditures in the governmental funds. The previously reported provisions of GASB Statement No. 75 were removed in the current year financial statements.		
Deferred outflows of resources	(1,202)	
Net OPEB liability	19,166	
Deferred inflows of resources	<u>737</u>	<u>18,701</u>
Change in net position		<u>\$ 592,508</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of North County Recreation District have been prepared in accordance 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 more significant of the District's accounting policies are described below.

A. Reporting Entity

North County Recreation District became operational in 1997 following voter approval of a proposal to maintain and enhance a community center, fitness center, and a pool. The District is currently governed by a five-member board of directors elected from the District at large.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges for goods and services provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Individual governmental funds are reported as separate columns in the fund financial statements.

C. 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 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.

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 both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 15 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting; however, expenditures related to compensated absences are recorded only when payment is due.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Property taxes, investment earnings, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and have therefore been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

General Fund – The General Fund is the District’s primary operating fund. It accounts for all financial resources of the District except for those required to be accounted for in another fund. The primary source of revenue is property taxes.

Capital Projects Fund

Capital Asset Reserve Fund – The Capital Asset Reserve Fund accounts for the revenues and expenditures associated with the purchase, construction, and major repair of capital assets. The primary sources of revenue include timber revenue, as well as grants and contributions.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity

1. 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.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity (Continued)

1. Deposits and Investments (Continued)

State statutes authorize the District to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, or California, certain interest-bearing bonds, time deposit open accounts, certificates of deposit, and savings accounts in banks, mutual savings banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

2. Property Taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. An allowance for doubtful accounts is not deemed necessary, as uncollectible taxes become a lien on the associated property. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15.

Uncollected property taxes are shown as assets in the governmental funds. Property taxes collected within approximately 15 days of fiscal year-end are recognized as revenue, while the remaining amount of taxes receivable are recorded as unavailable revenue because they are not deemed available to finance operations of the current period.

3. Timber Revenue

State and federal law provide timber revenue payments in lieu of taxes. County governments are responsible for distributing the revenue to the District. Timber revenue is recognized when received by the District.

4. Prepaids

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

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity (Continued)

5. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance or repairs that do not add to the value of an asset or materially extend its life are charged to expenditures as incurred and are not capitalized.

Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Office equipment and furnishings	3-15
Machinery and equipment	3-15
Infrastructure	3-15
Buildings and facility improvements	30-40

6. Compensated Absences

Amounts of vested or accumulated vacation and sick leave that are expected to be liquidated with expendable available financial resources are reported as expenditures when paid. Amounts of vested or accumulated vacation that are not expected to be liquidated with expendable available financial resources are reported as long-term liabilities on the statement of net position. Accumulated sick leave lapses when an employee leaves employment of the District and, upon separation from service, no monetary obligation exists.

7. Retirement Plans

The District has authorized a deferred compensation plan to be made available to its employees wherein they may execute an individual agreement with the District for amounts earned by them, not to be paid until a future date, when they are terminated by reason of death, permanent disability, retirement, or separation. The deferred compensation plan is authorized under Internal Revenue Code (IRC) Section 457 and has been approved by the Internal Revenue Service. Under the plan document, the District has a fiduciary responsibility to administer the plan in accordance with the requirements of IRC Section 457.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity (Continued)

7. Retirement Plans (Continued)

In addition, the District provides an implicit rate subsidy for retiree health insurance premiums. The single-employer, defined benefit postemployment healthcare plan is administered by Citycounty Insurance Services (CIS).

8. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet 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 and therefore, will not be recognized as an outflow of resources until then.

In addition to liabilities, the statement of net position and/or balance sheet 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 and therefore, will not be recognized as an inflow of resources until that time. The District has one item that qualifies for reporting in this category, which is unavailable revenue from property taxes. Unavailable revenue from property taxes is deferred and recognized as an inflow of resources in the period that the amount becomes available. Unavailable revenue from property taxes is reported on the balance sheet.

9. Fund Equity

The District reports fund equity in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity (Continued)

9. Fund Equity (Continued)

- Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the board of directors or by an official or body to which the board of directors delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

Commitment of fund balance is accomplished through adoption of a resolution or ordinance by the board of directors. Further, commitments of fund balance may be modified or rescinded only through approval of the board of directors via resolution or ordinance. Authority to assign fund balances has been granted to the Executive Director.

The District has not formally adopted a minimum fund balance policy.

E. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The District budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general and capital projects funds. All funds are budgeted on the modified accrual basis of accounting.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The budget is legally adopted by the board of directors by resolution prior to the beginning of the District's fiscal year. The board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The General Fund consists of activities, administration, aquatics, fitness, performing arts, and youth departments, as well as non-departmental expenditures. For the Capital Asset Reserve Fund, total personnel services, materials and services, debt service, and capital outlay are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line item budgets within appropriation categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of a fund's original budget may be adopted by the board of directors at a regular board meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the board of directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors. During the year, there were no supplemental budgets. The District does not use encumbrances and appropriations lapse at year-end.

Budget amounts shown in the financial statements reflect the original budget amounts and six approved appropriation transfers.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

North County Recreation District maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Additionally, several funds held separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

A. Deposits and Investments (Continued)

The Oregon State Treasury administers the LGIP. The LGIP is an open-ended, no-load, diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the District's position in the LGIP is the same as the value of the pool shares.

Credit Risk

Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Government Investment Pool. The District has not adopted a formal policy regarding credit risk; however, investments comply with state statutes.

Investments

As of June 30, 2019, the District had the following investments:

	Credit Quality Rating	Maturities	Fair Value
Oregon Local Government Investment Pool	Unrated	-	\$ 2,819,569

Interest Rate Risk

The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increases in interest rates.

Concentration of Credit Risk

The District does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100 percent of the District's investments are in the Oregon Local Government Investment Pool.

Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of a counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District does not have a policy that limits the amount of investments that can be held by counterparties.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

A. Deposits and Investments (Continued)

Custodial Credit Risk – Deposits

This is the risk that, in the event of a bank failure, the District's deposits may not be returned. All District deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

The District holds accounts at US Bank and Columbia Bank, for which the FDIC provides insurance coverage of \$250,000 for demand deposit accounts and an additional \$250,000 for time and savings accounts per institution. In addition, the District holds accounts at Fibre Federal Credit Union, for which the National Credit Union Share Insurance Fund (NCUSIF) provides insurance coverage of \$250,000. At June 30, 2019, the District had deposits of \$72,126 insured by the FDIC and \$25,919 insured by the NCUSIF.

Deposits

The District's deposits and investments at June 30, 2019 are as follows:

Cash on hand	\$ 100
Checking accounts	36,878
Total investments	<u>2,819,569</u>
Total deposits and investments	<u>\$ 2,856,547</u>

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 333,168
Capital Asset Reserve Fund	<u>2,511,960</u>
Total governmental activities - unrestricted	2,845,128
Governmental activities - restricted	
General Fund	<u>11,419</u>
Total cash and investments	<u>\$ 2,856,547</u>

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

A. Deposits and Investments (Continued)

Deposits (Continued)

Restricted cash of \$11,419 reported in the General Fund at June 30, 2019 represents monies restricted for various programs, including activities, administration, aquatics, fitness, performing arts, and youth programs.

B. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 614,636	\$ -	\$ -	\$ 614,636
Construction in progress	<u>28,729</u>	<u>161,564</u>	<u>-</u>	<u>190,293</u>
Total capital assets not being depreciated	<u>643,365</u>	<u>161,564</u>	<u>-</u>	<u>804,929</u>
Capital assets being depreciated				
Buildings and facility improvements	2,397,951	11,289	-	2,409,240
Office equipment and furnishings	24,496	-	-	24,496
Machinery and equipment	207,890	6,019	-	213,909
Infrastructure	<u>19,081</u>	<u>-</u>	<u>-</u>	<u>19,081</u>
Total capital assets being depreciated	<u>2,649,418</u>	<u>17,308</u>	<u>-</u>	<u>2,666,726</u>
Less accumulated depreciation for				
Buildings and facility improvements	(808,850)	(79,934)	-	(888,784)
Office equipment and furnishings	(9,802)	(1,708)	-	(11,510)
Machinery and equipment	(116,040)	(9,120)	-	(125,160)
Infrastructure	<u>(19,081)</u>	<u>-</u>	<u>-</u>	<u>(19,081)</u>
Total accumulated depreciation	<u>(953,773)</u>	<u>(90,762)</u>	<u>-</u>	<u>(1,044,535)</u>
Total capital assets being depreciated, net	<u>1,695,645</u>	<u>(73,454)</u>	<u>-</u>	<u>1,622,191</u>
Governmental activities capital assets, net	<u>\$ 2,339,010</u>	<u>\$ 88,110</u>	<u>\$ -</u>	<u>\$ 2,427,120</u>

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

B. Capital Assets (Continued)

Capital assets are reported on the statement of net position as follows:

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Land	\$ 614,636	\$ -	\$ 614,636
Construction in progress	190,293	-	190,293
Buildings and facility improvements	2,409,240	(888,784)	1,520,456
Office equipment and furnishings	24,496	(11,510)	12,986
Machinery and equipment	213,909	(125,160)	88,749
Infrastructure	19,081	(19,081)	-
Total governmental capital assets	\$ 3,471,655	\$ (1,044,535)	\$ 2,427,120

Depreciation expense was charged to the functions/programs of the District as follows:

Governmental activities	
Recreational facilities and activities	\$ 90,762

C. Operating Lease

On July 17, 2018, the District entered into a contract to lease a copier for a period of 60 months, ending on July 16, 2023. The lease calls for payments of \$437 per month. Lease expense for the year ended June 30, 2019 was \$5,010.

Future lease liabilities are as follows:

Year Ending June 30	
2020	\$ 5,245
2021	5,245
2022	5,245
2023	5,245
2024	219
	\$ 21,199

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

D. Compensated Absences

The following is a summary of compensated absences transactions for the year:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 19,351	\$ 1,127	-	\$ 20,478	\$ 15,154

The General Fund has traditionally been used to liquidate compensated absences liabilities.

E. Constraints on Fund Balances

Constraints on fund balances reported on the balance sheet are as follows:

	General Fund	Capital Asset Reserve Fund	Total Governmental Funds
Fund balances:			
Restricted for:			
Activities	\$ 190	\$ -	\$ 190
Administration	1,000	-	1,000
Aquatics	857	-	857
Fitness	1,023	-	1,023
Performing arts	3,750	-	3,750
Youth programs	4,599	-	4,599
Assigned to:			
Capital acquisitions	-	2,511,960	2,511,960
Unassigned	331,334	-	331,334
Total fund balances	\$ 342,753	\$ 2,511,960	\$ 2,854,713

IV. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There was no significant reduction in insurance coverage from the previous year. There were no insurance settlements exceeding insurance coverage in any of the past three years.

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

IV. OTHER INFORMATION (Continued)

B. Deferred Compensation Plan

The District has authorized a deferred compensation plan to be made available to its employees wherein they may execute an individual agreement with the District for amounts earned by them, not to be paid until a future date, when they are terminated by reason of death, permanent disability, retirement, or separation. The deferred compensation plan is authorized under Internal Revenue Code (IRC) Section 457 and has been approved by the Internal Revenue Service. Under the plan document, the District has a fiduciary responsibility to administer the plan in accordance with the requirements of IRC Section 457. The District has no liability for any losses that may be incurred under the plan. District contributions for the year ended June 30, 2019 amounted to \$25,351.

C. Tax Abatements

The District had no tax abatements for the year ended June 30, 2019.

D. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements that have future effective dates that will impact future financial presentations. Management has not currently determined what impact implementation of the following statements will have on future financial statements.

GASB Statement No. 84, *Fiduciary Activities*, will be effective for the District beginning with its fiscal year ending June 30, 2020. This statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 87, *Leases*, will be effective for the District beginning with its fiscal year ending June 30, 2021. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting of leases by governments.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, will be effective for the District beginning with its fiscal year ending June 30, 2021. The objective of this statement is to simplify accounting for interest costs incurred before the end of a construction period, and enhance the relevance and comparability of capital asset information.

GASB Statement No. 91, *Conduit Debt Obligations*, will be effective for the District beginning with its fiscal year ending June 30, 2021. The objective of this statement is to clarify the definition of a conduit debt obligation and improve required note disclosures.

E. Subsequent Events

Management has evaluated subsequent events through November 6, 2019, which was the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

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

GENERAL FUND

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES				
Property taxes	\$ 968,734	\$ 968,734	\$ 23,080	\$ 991,814
Charges for services	201,834	201,834	(5,288)	196,546
Grants and contributions	68,320	80,320	31,260	111,580
Investment earnings	5,222	5,222	4,758	9,980
Miscellaneous	43,200	51,895	4,750	56,645
Total revenues	1,287,310	1,308,005	58,560	1,366,565
EXPENDITURES				
Current				
Activities	25,201	25,201	(8,317)	16,884
Administration	438,407	447,102	(4,886)	442,216
Aquatics	394,277	394,277	(15,583)	378,694
Fitness	209,445	209,445	(7,954)	201,491
Performing arts	51,344	73,344	(493)	72,851
Youth	162,021	165,521	(5,010)	160,511
Contingency	30,000	16,500	(16,500)	-
Total expenditures	1,310,695	1,331,390	(58,743)	1,272,647
Excess (deficiency) of revenues over (under) expenditures	(23,385)	(23,385)	117,303	93,918
Fund balance - beginning	283,757	283,757	(34,922)	248,835
Fund balance - ending	\$ 260,372	\$ 260,372	\$ 82,381	\$ 342,753

OTHER SUPPLEMENTARY INFORMATION

INDIVIDUAL FUND SCHEDULES

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

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

CAPITAL ASSET RESERVE FUND

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Actual GAAP Basis</u>
REVENUES				
Timber revenue	\$ 271,941	\$ 271,941	\$ 188,814	\$ 460,755
Grants and contributions	60,000	72,600	48,281	120,881
Investment earnings	<u>30,400</u>	<u>30,400</u>	<u>30,867</u>	<u>61,267</u>
Total revenues	362,341	374,941	267,962	642,903
EXPENDITURES				
Capital outlay	<u>371,941</u>	<u>384,541</u>	<u>(124,671)</u>	<u>259,870</u>
Excess (deficiency) of revenues over (under) expenditures	(9,600)	(9,600)	392,633	383,033
Fund balance - beginning	<u>2,076,241</u>	<u>1,283,575</u>	<u>845,352</u>	<u>2,128,927</u>
Fund balance - ending	<u>\$ 2,066,641</u>	<u>\$ 1,273,975</u>	<u>\$ 1,237,985</u>	<u>\$ 2,511,960</u>

OTHER FINANCIAL SCHEDULES

NORTH COUNTY RECREATION DISTRICT
Nehalem, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS

For the Year Ended June 30, 2019

Tax Year	Taxes Receivable July 1, 2018	2018-2019 Levy	Adjustments	Collections	Taxes Receivable June 30, 2019
2018-2019	\$ -	\$ 1,016,604	\$ (26,558)	\$ 963,431	\$ 26,615
2017-2018	24,282	-	(142)	12,957	11,183
2016-2017	12,288	-	(104)	5,193	6,991
2015-2016	7,783	-	(95)	4,629	3,059
2014-2015	3,301	-	(91)	2,581	629
2013-2014	3,565	-	(87)	333	3,145
2012-2013	2,752	-	(85)	243	2,424
Prior	<u>1,297</u>	-	<u>(81)</u>	<u>(6)</u>	<u>1,222</u>
Subtotal - Prior	<u>55,268</u>	-	<u>(685)</u>	<u>25,930</u>	<u>28,653</u>
Total	<u>\$ 55,268</u>	<u>\$ 1,016,604</u>	<u>\$ (27,243)</u>	989,361	<u>\$ 55,268</u>
Add:					
Other taxes and interest				2,453	
Undistributed taxes with county, July 1, 2018				<u>-</u>	
Total available				991,814	
Less: Turnovers to District					
				<u>(985,146)</u>	
Undistributed taxes with county, June 30, 2019				<u>\$ 6,668</u>	

**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY
STATE REGULATIONS**

KOONTZ, BLASQUEZ
ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors
North County Recreation District
Nehalem, Oregon 97131

We have audited the basic financial statements of North County Recreation District as of and for the year ended June 30, 2019, and have issued our report thereon dated November 6, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether North County Recreation District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 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:

Accounting records

Deposit of public funds with financial institutions (ORS Chapter 295)

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)

Accountability for collecting and receiving money by elected officials

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, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

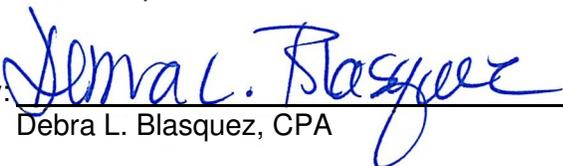
The District does not have any elected officials collecting or receiving money.

OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered North County Recreation District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of North County Recreation District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of North County Recreation District's internal control over financial reporting. However, we noted certain matters that we have reported to management of the District in a separate letter dated November 6, 2019.

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

Koontz, Blasquez & Associates, P.C.

By: 
Debra L. Blasquez, CPA

Albany, Oregon
November 6, 2019