

LIBRARY BOARD MEETING -- Friday, October 2, 2015

Present were board members Vi Lovejoy, Craig Friar, Pat Piper, Stu Watkins, and Evelyn Allen. Also present were Judy Seyle and librarian Susana Fernandez.

Minutes of the September meeting were read and approved.

Maintenance & Repair: Susana and Vi reviewed with board members the results of their meeting with Rich Turi. Rich suggests that we use porcelain tile in the lobby rather than carpet tiles. The large meeting room and the library entry area around the circulation desk is to be done in carpet or carpet tiles. Susana discussed with Rich the possibility of using patterned tiles rather than solids or alternating the two. The idea being that it will be less noticeable when damaged tiles are replaced with new. She is to try to find examples.

Audits: The 2013-14 audit is still not done. Letters of agreement (see attached) received from Joe Wegner and Hough, MacAdam, Wartnik, Fisher & Gorman (HMW) were reviewed. The motion was made and seconded that the board accept the terms of both firms for completion of the 2014-15 audit. Motion passed. Joe will complete the financial compilation at a cost of \$4500.00. HMW is to audit our financial statements and activities at a cost not to exceed \$6750.00.

Safety Inspection: Susana and Pat agreed to meet on Tuesday, October 6th, at 11:30 to conduct a safety inspection of the library.

Next meeting: Friday, November 6, 2015

JOSEPH T. WEGNER, PC

CERTIFIED PUBLIC ACCOUNTANT

PO BOX 612, GOLD BEACH, OR 97444

To the Board of Directors
Chetco Community
Public Library District
405 Alder Street
Brookings, OR 97415

This letter is to confirm my understanding of the terms and objectives of my engagement and the nature and limitations of the services I will provide.

I will perform the following services:

I will compile, from information you provide, the financial statements, cash basis of Chetco Community Public Library District as of June 30, 2015, and issue an accountant's report thereon in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. I understand management has elected to omit substantially all the disclosures ordinarily included in a financial statement prepared on the cash basis method of accounting.

The objective of a compilation is to assist you in presenting financial information in the form of financial statements. I will utilize information that is your representation without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial information in order for it to be in conformity with the cash basis method of accounting, which is a comprehensive basis of accounting other than Generally Accepted Accounting Principles.

You are responsible for

- a. the preparation and fair presentation of the financial information in accordance with the cash basis method of accounting, which is a comprehensive basis of accounting other than Generally Accepted Accounting Principles.
- b. designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial information.
- c. preventing and detecting fraud.
- d. identifying and ensuring that the company complies with the laws and regulations applicable to its activities.
- e. making all financial records and related information available to me, and for the accuracy and completeness of that information.

I will conduct my compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation differs significantly from a review or an audit of financial information. A compilation does not contemplate performing inquiry, analytical procedures, or other procedures performed in a review. Additionally, a compilation does not contemplate obtaining an understanding of the entity's internal control; assessing fraud risk; testing accounting records by obtaining sufficient appropriate audit evidence through inspection, observation, confirmation, or the examination of source documents (for example, cancelled checks or bank images); or other procedures ordinarily performed in an audit. Accordingly, I will not express an opinion or provide any assurance regarding the financial information being compiled.

My engagement cannot be relied upon to disclose errors, fraud or illegal acts. However, I will inform the appropriate level of management of any material errors, and of any evidence or information that comes to my attention during the performance of my compilation procedures that fraud may have occurred. In addition, I will report to you any evidence or information that comes to my attention during the performance of my compilation procedures regarding illegal acts that may have occurred, unless they are clearly inconsequential. I have no responsibility to identify and communicate deficiencies in your internal control as part of this engagement.

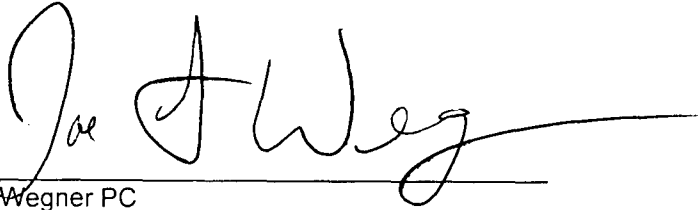
If, for any reason, I am unable to complete the compilation of your financial statements, I will not issue a report on such schedule as a result of this engagement.

You are responsible for assuming all management responsibilities, and for overseeing any bookkeeping services or other services provided by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience. In addition, you are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for the results of such services.

My fee for these services will be \$4500. The fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the work performed. If significant additional time is necessary, I will discuss it with you and arrive at a new fee estimate before I incur the additional costs. My invoices for these fees are payable on presentation.

I appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of my engagement. If you have any questions, please let me know. If you agree with the terms of my engagement as described in this letter, please sign the enclosed copy and return it to me.

Sincerely,



Joseph T. Wegner PC

Acknowledged:
Chetco Community Public Library District

Director

Date



**Hough, MacAdam, Wartnik,
Fisher & Gorman, LLC**
CERTIFIED PUBLIC ACCOUNTANTS

JIM HOUGH, CPA
SHIRLEY MACADAM, CPA
JAYSON WARTNIK, CPA
LAURA FISHER, CPA
BOB GORMAN, CPA
BRIAN BRAS, CPA
JOE COLO, CPA
SALLY JAEGGLI, CPA
TINA JONES, CPA
BRYAN WILLIAMS, CPA

September 25, 2015

Chetco Community Public Library District
405 Alder Street
Brookings, OR 97415

We are pleased to confirm our understanding of the services we are to provide the Chetco Community Public Library District (the District) for the year ended June 30, 2015. We will audit the financial statements of the governmental activities and each major fund, including the related notes to the financial statements, which collectively comprise the basic financial statements of the District as of and for the year ended June 30, 2015.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's 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.

As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis.

We have also been engaged to report on supplementary information other than RSI that accompanies Chetco Community Public Library District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements.

1. Budget to actual comparison schedules, cash basis.

Audit Objective

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with the cash basis of accounting and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the Minimum Standards for Audits of Oregon Municipal Corporations, and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of Chetco Community Public Library District's financial statements. Our report will be addressed to the Board of the Directors of the District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or may withdraw from this engagement.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility, as auditors, is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management, and those charged with governance, internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with the cash basis of accounting.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with the cash basis of accounting; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with the cash basis of accounting; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

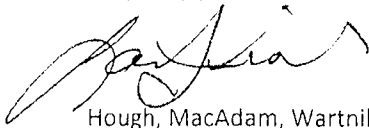
The audit documentation for this engagement is the property of Hough, MacAdam, Wartnik, Fisher & Gorman, LLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to regulatory agencies, their designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for the purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Hough, MacAdam, Wartnik, Fisher & Gorman personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties.

We expect to begin our audit on approximately October 20, 2015 and to have an estimated issuance date of January 31, 2016 for our reports. Laura Fisher is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses will not exceed \$ 6,750. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to the Chetco Community Public Library District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



Hough, MacAdam, Wartnik, Fisher & Gorman, LLC

RESPONSE:

This letter correctly sets forth the understanding of the Chetco Community Public Library District:

Management signature:

Title:

Date:

Governance signature:

Title:

Date: