JEFFERSON COUNTY LIBRARY DISTRICT
MADRAS, OREGON

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2024

JEFFERSON COUNTY LIBRARY DISTRICT

MADRAS, OREGON

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JEFFERSON COUNTY LIBRARY DISTRICT

MADRAS, OREGON

DISTRICT OFFICIALS

JUNE 30, 2024

Chair

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Madras, Oregon

Vice Chair

Tiffany Turo
Madras, Oregon

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Madras, Oregon

Stephen Hillis
Madras, Oregon

Karen Esvelt
Madras, Oregon

Executive Director

Jane Ellen Innes
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Jefferson County Library District
Madras, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the modified cash basis financial statements of the governmental activities and each major fund of the Jefferson County Library District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of the Jefferson County Library District, as of June 30, 2024, and the respective changes in financial position-modified cash basis and, where applicable, cash flows, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter — Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control–related matters that we identified during the audit.

Other Supplementary Information

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

The other supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

The Management's Discussion and Analysis, as listed in the table of contents, 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.

Prior-Year Comparative Information

We have previously audited the District's 2023 financial statements, and we expressed an unmodified audit opinion on the respective financial statements of the governmental activities and each major fund in our report dated December 28, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent in all material respects, with the audited financial statements from which it has been derived.

Report on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards for Audits of Oregon Municipal Standards*, we have also issued a report titled "Independent Auditors' Report Required by Oregon State Regulations" dated December 12, 2024, which is also not a required part of the financial statements. The purpose of that report is to address specific matters required by the State of Oregon.

Price Fronk & Co. + KDP Certified Public Accountants, LLP

By: _____
Heather A. McMeekin – a partner

December 12, 2024

MANAGEMENT'S DISCUSSION & ANALYSIS

JEFFERSON COUNTY LIBRARY DISTRICT
MADRAS, OREGON

MANAGEMENT'S DISCUSSION & ANALYSIS
YEAR ENDED JUNE 30, 2024

As management of the Jefferson County Library District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audited financial statements.

Financial Highlights

The assets of the District exceeded its liabilities at June 30, 2024, by $2,718,455. Of this amount $1,374,899 is unrestricted.

Total net position of the District decreased by $60,125 during the year ended June 30, 2024, compared to a decrease of $99,774 in the prior year.

As of June 30, 2024, the District's General Fund reported an ending fund balance of $877,553, an increase of $32,146.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Basis of Accounting

The District has elected to present its financial statements on the modified cash basis of accounting. This is a basis of accounting other than accounting principles generally accepted in the United States of America. Basis of accounting is a reference to *when* financial events are recorded, such as the timing for recognizing revenues, expenses and related assets and liabilities. Under the District's modified cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when they result from cash transactions, except for recording of capital assets, related depreciation and long-term debt, in the government-wide financial statements for all activities.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (*such as accounts receivable and revenue for billed or provided services not yet collected*) and certain liabilities and their related expenses (*such as accounts payable and expenses for goods or services received but not yet paid and accrued expenses and payroll liabilities*) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

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 the District's assets and liabilities, with the difference between the two reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The *Statement of Activities* presents information showing how the District's net position changed during the fiscal year ended June 30, 2024.

Each of these government-wide financial statements, the *Statement of Net Position* and the *Statement of Activities*, distinguish functions of the District that are supported primarily by intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a significant portion of their costs through user fees and charges (*business-type activities*). The District had no business-type activities for the year ended June 30, 2024. The governmental activities of the District include library support services and operation and maintenance of facilities in conjunction with youth and community programs. Capital assets and related debt are supported primarily by property taxes.

The government-wide financial statements can be found on pages 11 and 12 of this report. A comparison to the prior year of the summarized modified cash basis Statement of Net Position is as follows:

Summarized Statement of Net Position

	June 30, 2024	June 30, 2023	Change
Assets			
Current assets	$ 1,544,671	$ 1,729,661	$ (184,990)
Non-current assets	1,264,100	1,137,348	126,752
TOTAL ASSETS	2,808,771	2,867,009	(58,238)
Liabilities and Deferred Inflows	90,316	88,429	1,887
Net Position			
Net investment in capital assets	1,203,186	1,067,074	136,112
Restricted for grant programs	140,370	136,802	3,568
Unrestricted	1,374,899	1,574,704	(199,805)
TOTAL NET POSITION	2,718,455	2,778,580	(60,125)
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 2,808,771	$ 2,867,009	$ (58,238)

A summarized comparison to the prior year of the modified cash basis Statement of Activities is as follows:

Summarized Statement of Revenues, Expenditures and Changes in Net Position

	June 30, 2024	Restated June 30, 2023	Change
Revenues Received			
Property taxes	$ 840,979	$ 746,479	$ 94,500
Operating grants and contributions	97,681	129,001	(31,320)
Capital grants and contributions		43,117	(43,117)
Interest	47,450	36,989	10,461
Charges for services and miscellaneous	19,715	26,695	(6,980)
Total revenues	1,005,825	982,281	23,544
Total expenses paid	1,065,950	1,082,055	180,586
Changes in net position	(60,125)	(99,774)	39,649
Net position - Beginning of year	2,778,580	2,878,354	(99,774)
Net position - End of year	$ 2,718,455	$ 2,778,580	$ (60,125)

Fund Financial Statements

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. Jefferson County Library District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. *Governmental funds* are used to account for essentially the same functions as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable 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. A reconciliation from the General Fund Balance Sheet to the government-wide Statement of Net Position and a reconciliation from the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the government-wide Statement of Activities have been included in this report.

The District reported activity in two governmental funds during the fiscal year ended June 30, 2024, the General Fund and the Building and Improvement Fund. Information is presented in the Governmental Fund Balance Sheet – Modified Cash Basis and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance – Modified Cash Basis for these funds.

The basic governmental fund financial statements can be found on pages 13 and 14 of this report.

Notes to the Financial Statements

The 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 financial statements begin on page 15 of this report.

Other Information

The District has included other supplementary information beginning on page 35 including budgetary comparisons for each fund and schedules required under Standards for the Audits of Oregon Municipal Corporations.

Government-Wide Financial Analysis

Net position at a specific point in time serves as a useful indicator of an entity's financial position. In the case of the District, assets exceeded liabilities by $2,718,455 at June 30, 2024.

Of the District's net position, 40% reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, furniture and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its patrons; consequently, these assets are not available for future spending.

The District sold a building on contract in the prior year. The library holds the deed to the land until the final payment is made. The deferred inflow plus contract liability will total $88,000 each year. After the final payment is made, the library will exchange the $88,000 asset and resolve the $88,000 deferred inflow.

The District had $140,370 of unspent grant proceeds at year end that were considered restricted net position. The remaining 55% of the District's net position, $1,374,899 may be used to meet the District's on-going obligations to patrons, citizens and creditors.

As of June 30, 2024, the District reports positive balances in all its categories of net position (net investment in capital assets, restricted and unrestricted) for the government as a whole and for the governmental activities.

Governmental Activities

The District's governmental activities decreased the District's net position by $60,125 during the year ended June 30, 2024, compared to a decrease of $99,774 in the prior year. The most significant changes from the prior year were increases in grants and public support.

Financial Analysis of the District's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of June 30, 2024, $877,553 is the reported General Fund balance for the District, an increase of $32,146. The Building and Improvement Fund reported a fund balance of $664,802 as of June 30, 2024, a decrease of $219,023 due primarily from capital outlay and limited expenditures for the new library building.

General Fund Budgetary Highlights

Revenues were $54,591 under budget, due to less funds received from grants than budgeted. Expenditures were $322,792 under budget, due primarily to grant expenses being under appropriated by $141,260, capital outlay being under appropriated by $53,641, contingency under appropriated by $70,000.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2024, is $1,203,186, net of accumulated depreciation. This investment in capital assets includes the District's land, buildings, furniture and equipment. The District's new capital assets included furniture and equipment and building improvements. The cost of newly acquired capital assets was $14,396 during the fiscal year ending June 30, 2024. The District's depreciation expense on capital assets was $72,830 for the year. The District disposed of $4,291 of capital assets during the year. Additional information on the District's capital assets is included in Note 4 on page 22 of this report.

Key Economic Factors and Budget Information for the Future

- A long-term goal of the library is to increase the size of the facility. As construction begins, additional funding will be raised through donations, rent from acquired properties, grants and low interest rate loans. Additionally, they are asking the voters to pass a construction bond in May 2025.

- Employer contribution rates for the Oregon Public Employees Retirement System are 23.21% for Tier1/Tier2 employees and 21.19% for OPSRP employees. This represents a decrease from the 2023 rates of 0.19% to the Tier1/Tier2 rate and an increase of 0.04% for the OPSRP rate.

- The Library sold the D St. building on contract in a prior year. The library holds the deed to the land until the final payment is made. Interest on the remaining balance of $60,914 will accrue at the rate of 4% and monthly payments of $1,000 will be made.

- Due to a tax correction as a result of PGE having a misreporting issue, the library expects actual property tax collections to be $802,000 instead of the $840,000 in the 2024-2025 approved budget. However, they received an anonymous donation of $50,000 and additional grants so services won't be affected.

Requests for Information

This financial report is designed to provide a general overview to those parties interested in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Library Director, Jefferson County Library District, 241 SE Seventh Street, Madras, Oregon 97741.

BASIC FINANCIAL STATEMENTS

JEFFERSON COUNTY LIBRARY DISTRICT
MADRAS, OREGON

STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2023)

	Governmental Activities	
	2024	2023
ASSETS		
Cash and investments	$ 1,544,671	$ 1,729,661
Land	311,387	311,387
Assets not yet placed in service	439,901	254,715
Depreciable capital assets	963,860	942,250
Accumulated depreciation	(511,962)	(441,278)
Note receivable	60,914	70,274
TOTAL ASSETS	2,808,771	2,867,009
LIABILITIES		
Credit card liabilities	2,316	429
Contract liability	60,914	70,274
TOTAL LIABILITIES	63,230	70,703
Deferred inflows of resources	27,086	17,726
TOTAL LIABILITIES AND DEFERRED INFLOWS	90,316	88,429
NET POSITION		
Net investment in capital assets	1,203,186	1,067,074
Restricted for grant programs	140,370	136,802
Unrestricted	1,374,899	1,574,704
TOTAL NET POSITION	2,718,455	2,778,580
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 2,808,771	$ 2,867,009

See notes to financial statements

JEFFERSON COUNTY LIBRARY DISTRICT
MADRAS, OREGON

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	Governmental Activities	
	2024	Restated 2023
Expenses paid		
Library services	$ 1,065,950	$ 1,082,055
Program revenues received		
Charges for services	19,715	26,695
Operating grants and contributions	97,681	129,001
Capital grants and contributions		43,117
Total program revenues	117,396	198,813
Net program expenses	(948,554)	(883,242)
General revenues received		
Property taxes levied for general purposes	840,979	746,479
Earnings on investments	47,450	36,989
Total general revenues	888,429	783,468
Change in net position	(60,125)	(99,774)
Net position - Beginning of year	2,778,580	2,878,354
Net position - End of year	$ 2,718,455	$ 2,778,580

See notes to financial statements

JEFFERSON COUNTY LIBRARY DISTRICT
MADRAS, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
MODIFIED CASH BASIS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2023)

	General	Building and Improvement	Total 2024	Total 2023
ASSETS				
Cash and investments	$ 879,869	$ 664,802	$ 1,544,671	$ 1,729,661
TOTAL ASSETS	$ 879,869	$ 664,802	$ 1,544,671	$ 1,729,661
LIABILITIES AND FUND BALANCES				
Liabilities				
Credit card liabilities	$ 2,316	$	$ 2,316	$ 429
TOTAL LIABILITIES	2,316		2,316	429
Fund Balances				
Restricted for grant programs		140,370	140,370	136,802
Assigned for capital acquisitions		524,432	524,432	747,023
Assigned for film center programs				2,396
Unassigned	877,553		877,553	843,011
TOTAL FUND BALANCES	877,553	664,802	1,542,355	1,729,232
TOTAL LIABILITIES AND FUND BALANCES	$ 879,869	$ 664,802	$ 1,544,671	$ 1,729,661
Total fund balance, above			$ 1,542,355	$ 1,729,232
Amounts reported for governmental activities in the Statement of Net Position are different because:				
Notes receivable are not financial resources and, therefore, are not reported in the governmental funds			60,914	70,274
Deferred inflow of resources are not considered to be a financial obligation in the governmental funds			(27,086)	(17,726)
Capital assets used in governmental activities are not spendable resources and, therefore, not reported as assets in the funds			1,203,186	1,067,074
Contract liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds			(60,914)	(70,274)
Total net position - governmental activities (page 11)			$ 2,718,455	$ 2,778,580

See notes to financial statements

JEFFERSON COUNTY LIBRARY DISTRICT
MADRAS, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	General	Building and Improvement	Total 2024	Total Restated 2023
Revenues received				
Property taxes	$ 840,979	$	$ 840,979	$ 746,479
Interest	32,479	14,971	47,450	36,989
Grants	97,051		97,051	171,269
Rental income		11,385	11,385	10,100
Program services revenue	2,440		2,440	2,530
Contributions - public support	630		630	849
Fees, fines and miscellaneous	5,890		5,890	14,065
Contract income	9,340		9,340	8,227
Total revenues received	988,809	26,356	1,015,165	990,508
Expenditures paid				
Current				
Library services	982,245	3,213	985,458	1,030,150
Capital outlay	18,859	197,725	216,584	12,190
Total expenditures paid	1,001,104	200,938	1,202,042	1,042,340
Excess of revenues over (under) expenditures	(12,295)	(174,582)	(186,877)	(51,832)
Other financing sources (uses)				
Operating transfer out	44,441		44,441	393
Operating transfer in		(44,441)	(44,441)	(393)
	44,441	(44,441)		
Net changes in fund balances	32,146	(219,023)	(186,877)	(51,832)
Fund balances - Beginning of year	845,407	883,825	1,729,232	1,781,064
Fund balances - End of year	$ 877,553	$ 664,802	$ 1,542,355	$ 1,729,232
Total net change in fund balances, above			$ (186,877)	$ (51,832)
Amounts reported for governmental activities in the Statement of Activities are different because:				
The governmental funds report capital outlay as an expenditure whereas the cost of those assets is capitalized and depreciated for the Statement of Activities			211,087	51,065
The governmental funds report contract income received from the sale of building whereas the proceeds increase deferred inflows of resources for governmental activities			(9,340)	(8,227)
Depreciation and gains and losses on the disposal of capital assets are not included in the funds since they are not a current use of resources			(74,995)	(90,780)
Change in net position - governmental activities (page 12)			$ (60,125)	$ (99,774)

See notes to financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District

Jefferson County Library District was formed by passage of a tax base measure in May 2000, and began operations July 1, 2000. The District provides library services to the City of Madras and surrounding areas. Property taxes are levied in Jefferson County and Wasco County.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis) report information on all of the activities of the government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District has no business activities or fiduciary funds.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide Statement of Net Position and the Statement of Activities utilize the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income and changes in net position. All modified cash basis assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported.

The fund financial statements utilize the current financial resources measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable resources during a given period. These funds use fund balance as their measure of available spendable resources at the end of the period.

The government-wide Statement of Net Position and Statement of Activities and the fund financial statements utilize the modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund balance, revenues and expenditures/expenses when they result from cash transactions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

The District also recognizes long-term debt and capital assets on its modified cash basis Statement of Net Position, including a provision for depreciation. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Cash and Investments

Cash includes amounts in demand deposits and amounts in investment pools that have the general characteristics of demand deposit accounts, such as the Jefferson County Treasurer's Investment Pool.

Capital Assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with initial, individual cost of more than $500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. In the governmental fund statements, capital assets are charged to expenditures as purchased.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position and is calculated on the straight-line basis over the estimated useful lives of the assets. The District does not capitalize its book collection.

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 listed below:

1. *Nonspendable*, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable and property held for resale (unless the proceeds are restricted, committed or assigned),

2. *Restricted* fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers or through enabling legislation,

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balance Reporting – Continued

3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's governing board (the District's highest level of decision-making authority),

4. *Assigned* fund balance classification is intended to be used by the government for specific purposes but does not meet the criteria to be classified as restricted or committed and

5. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

The District reduces restricted amounts first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available. The District reduces committed amounts first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Property Taxes

Property taxes are assessed on a July 1 – June 30 fiscal year basis. The taxes are levied July 1 and property owners have the option of paying the full amount November 15 or February 15 less a discount, or paying in three installments, November 15, February 15 and May 15. Property taxes attach as an enforceable lien July 1 and are considered delinquent if not paid by the following May 15. The Jefferson County Tax Collector is the tax collection agent for all taxing entities within Jefferson County. The Wasco County Treasurer is the tax collection agent for all taxing entities within Wasco County.

Tax revenue is considered received when in the hands of the County as the intermediary collecting agency. Uncollected taxes receivable at June 30, 2024, amounted to $36,358.

Credit Card Liabilities

In the government-wide financial statements, credit card liabilities are reported as liabilities in the statement of net position. The District uses a series of credit cards to finance public programs and general operations. The District's general fund pays these debts.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 the 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 its 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.

Both the Jefferson County Library Association and Friends of Jefferson Public Library were examined as potential component units. The District does not hold powers to impose its will or affect board decision. Based on the aforementioned criteria, the District has no component units and is not a component unit of any other entity.

Appropriations and Budgetary Controls

The District is subject to provisions of the Oregon Revised Statutes which set forth local budget law procedures. A budget is prepared for each fund on the modified cash basis of accounting. Expenditure budgets are appropriated by major program in the fund. Budgeted expenditures at the appropriation level may not be legally overspent.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition of those assets. Net position is reported as restricted when there are limitations imposed on the use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Comparative Information

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with the modified cash basis of accounting. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Accounting Pronouncement and Accounting Standard

GASB Statement No. 100, Accounting Changes and Error Corrections, became effective for fiscal year 2023-2024. In implementing this new accounting pronouncement, the District determined this pronouncement had no impact to its financial statements.

Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation.

NOTE 2 – ORGANIZATION AND FUND STRUCTURE

The District was formed for the purpose of providing library services for Jefferson County and surrounding areas. It is organized with an elected board consisting of five members.

NOTE 2 – ORGANIZATION AND FUND STRUCTURE – CONTINUED

General Fund

The General Fund is utilized to account for the operation of the District. Property taxes and grants are its principal sources of revenue. Personnel costs and materials and supplies are the major expenditures of the fund.

Building and Improvement Fund

The Building and Improvement Fund is utilized to save funds for future expansion. Interest income and transfers from the General Fund are its principal sources of revenue and capital outlay will be its principal type of expenditure.

NOTE 3 – CASH AND INVESTMENTS

The District's investment of cash funds is regulated by the Oregon Revised Statutes. Under these guidelines, cash funds may be invested in bank accounts, general obligation issues of the United States and certain states and certain guaranteed investments issued by banks. During the year, the District purchased allowable investment instruments but did not participate in any repurchase or reverse repurchase agreements.

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. Securities pledged by individual institutions may range from 10% to 110% of public fund deposits depending on the financial institution's level of capitalization as determined by its federal regulatory authority. The aggregate Oregon public fund collateral pledged at June 30, 2024, was $2,760,815,778 for reported public funds of $3,462,647,134. The custodian, Federal Home Loan Bank of Seattle, is the agent for the depository bank. The securities pledged are designated as subject to the Pledge Agreement between the depository bank, custodian bank and Office of the State Treasurer (OST) and are held for the benefit of OST on behalf of the public depositors. The District's funds were held by financial institutions that participated in the State Treasurer's program and were in compliance with statutory requirements.

NOTE 3 – CASH AND INVESTMENTS – CONTINUED

Cash and investments at June 30, 2024, consisted of the following:

Demand deposits	$	92,362
Petty cash		150
Jefferson County Treasurer Investment Pool		1,452,159
	$	1,544,671

The District participates in the Jefferson County Treasurer's external investment pool, a non-SEC regulated, open-ended, no-load diversified portfolio created under Oregon Revised Statutes Chapter 294.

The Treasurer has calculated the fair value of the underlying investments of the pool, which approximates the carrying value. The portfolio's maturities are regulated by state statute and the County's investment policy.

Investments

The Cash with the County Treasurer is carried at cost, which approximates fair market value. Such government pool investments are not required to be categorized in accordance with Governmental Accounting Standards Board Statements because they are not evidenced by securities that exist in physical or book entry form.

Interest Rate Risk

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

Credit Risk

State law limits investments to obligations of the United States Treasury and United States Government agencies and instrumentalities, certain bankers' acceptances, repurchase agreements, certain high-grade commercial paper and corporate bonds and obligations of states and municipalities. The District has no investment policy that would further limit its investment choices.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party.

The funds held with the County Treasurer are not deemed to be a security, which is a transferable financial instrument that evidences ownership and is, therefore, not subject to custodial credit risk.

NOTE 4 – CAPITAL ASSETS

The District uses estimated useful lives as follows:

Buildings	30-40 years
Improvements	7-15 years
Equipment	5-7 years

Depreciation expense for the year ended June 30, 2024, amounted to $72,830. The District has elected not to capitalize and depreciate its reading and audio-visual collection.

Changes in the District's capital assets were as follows:

	Balance July 1, 2023	Additions	Disposals	Balance June 30, 2024
Capital assets not being depreciated				
Land	$ 311,387	$	$	$ 311,387
Assets not yet placed in service	254,715	196,691	(11,505)	439,901
	566,102	196,691	(11,505)	751,288
Capital assets being depreciated				
Buildings	486,499			486,499
Improvements	180,547			180,547
Furniture and equipment	275,204	25,901	(4,291)	296,814
	942,250	25,901	(4,291)	963,860
Less accumulated depreciation	(441,278)	(72,830)	2,146	(511,963)
Governmental activities capital assets, net	$ 1,067,074	$ 149,762	$ (13,650)	$ 1,203,186

NOTE 5 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To reduce the risk of incurring material losses related to the above, the District pays annual insurance premiums to a special districts supplier.

NOTE 5 – RISK MANAGEMENT – CONTINUED

Limitations on claims are as follows: general liability up to $500,000 and excess liability up to $5,000,000. The District also carries insurance for property coverage, crime, workers' compensation and employee health insurance. In the public entity risk pool through Special Districts Insurance Services (SDIS), the District does retain some risk of loss. Since the SDIS trust is a nonassessable trust, the District cannot be required to contribute funds beyond its annual contributions to cover the claims of any other member. In the event of the insolvency of the trust, each member or former member of the trust will continue to be liable for the payment of its own claims and liabilities arising during the period of membership.

The trust's reserves have been sufficient to pay the claims of all members to date and the District believes that the likelihood of insolvency of the trust to be remote. Therefore, no liability for claims has been accrued as of June 30, 2024. No losses were incurred during the year ended June 30, 2024, or the three years prior, which were greater than the District's coverage.

NOTE 6 – PROPERTY TAX LIMITATIONS

The District is currently subject to constitutional property tax limitation provisions that specify a maximum allowable tax of $5 for public schools and $10 for other local government entities for each $1,000 assessed value of property. The limitation does not include taxes to repay bonded debt or certain special assessments.

Under an additional constitutional limitation, the maximum assessed value of property for 1997-98 was reduced to 90% of each property's assessed value for the 1995-96 tax year. Increases to the assessed value are limited to 3% per year, with exceptions for new property and certain improvements. For the 1997-98 tax year, the totals of most taxing district operating levies in the state were reduced by approximately 17%. For subsequent years, the tax rates for each taxing district are permanently fixed based on the 1997-98 levy. Voters of a local taxing district may approve a tax that exceeds this limitation. Elections related to tax levies or bond measures require 50% of the registered voters to cast ballots to be valid except for general elections in even-numbered years.

NOTE 7 – DEFINED BENEFIT PENSION PLAN

Plan Description

General Information about the Pension Plan

The Oregon Public Employees Retirement Systems (PERS or the System) provides statewide defined benefit and defined contribution plans for eligible employers such as units of state government, political subdivisions, community colleges and school districts. For the District and other eligible employers that have joined the State and Local Government Rate Pool, PERS is a cost-sharing, multiple-employer system. PERS is administered under Oregon Revised Statutes (ORS) Chapter 238, 238A and Internal Revenue Code Section 401(a) by the Public Employees Retirement Board. The Board has the authority under state statutes to amend the Plan's benefits and contribution rates. PERS issues publicly available financial reports that, include financial statements and required supplementary information. The reports can be obtained from the Oregon Public Employees Retirement System, PO Box 23700, Tigard, Oregon 97281-3700 or by calling 1-503-598-7377 or at www.oregon.gov/pers. The Plan currently covers 163,537 retired plan members (or their beneficiaries) receiving benefits, 53,100 inactive plan members, and 188,736 active plan members.

The Plan offers retirement and disability benefits, post-employment healthcare benefits, annual cost of living increases and death benefits to Plan members and beneficiaries. Benefits differ depending upon employee entry date. PERS Tier1/Tier2 plans and the Oregon Public Service Employee's Retirement Plan (OPSRP) established for employees hired after August 29, 2003, are established by state statutes to provide benefits for state and local governments and their employees. The authority to establish and amend the benefit provisions of the Plan rests with the Oregon Legislature.

Benefits Provided

Tier1/Tier2 Retirement Benefit ORS Chapter 238

Pension Benefits. The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2% for police and fire employees, 1.67% for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981), or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five-calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). Police and fire members are eligible for retirement after reaching age 50. Also, Tier1 police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than twenty-five years of service.

NOTE 7 – DEFINED BENEFIT PENSION PLAN – CONTINUED

Benefits Provided – Continued

Tier1/Tier2 Retirement Benefit ORS Chapter 238 – Continued

Tier2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

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

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

Disability Benefits. A member with ten or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes. After Retirement Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes.

OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five-calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a $200 minimum distribution limit.

NOTE 7 – DEFINED BENEFIT PENSION PLAN – CONTINUED

Benefits Provided – Continued

OPSRP Individual Account Program (OPSRP IAP) – Continued

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

Recordkeeping. OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. The employer contribution rates during the period were based on the December 31, 2021, actuarial valuation which became effective July 1, 2021. Employer contributions for the year ended June 30, 2024, were $87,200. The rates in effect for the fiscal year ended June 30, 2024, were 23.48% for Tier 1/Tier 2 employees and 21.19% and 25.95% for general service employees and police and fire OPSRP employees, respectively, in addition to the required 6% IAP contribution.

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

The District reports on the modified cash basis of accounting; therefore, the District does not report pension liabilities, deferred outflows of resources nor deferred inflows of resources related to pensions on its Statement of Position. PERS reported that the District's proportionate share of the Plan's net pension liability was $539,908 at the Plan measurement date. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2023, the District's proportion was .0029%. At the Plan measurement date, PERS reported that the District's proportionate share of pension expense was $120,816.

NOTE 7 – DEFINED BENEFIT PENSION PLAN – CONTINUED

Actuarial Assumptions

The employer contribution rates effective July 1, 2023, through June 30, 2025, were set using the projected unit credit actuarial cost method. For the Tier1/Tier2 component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over twenty years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over sixteen years. The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions:

- valuation date of December 31, 2021, rolled forward to June 30, 2023,
- experience study report in 2021, published September 2022,
- actuarial cost method using normal entry age
- amortization method amortized as a level percentage of payroll as layered amortization bases over a closed period: Tier 1/Tier 2 UAL is amortized over twenty years and OPSRP pension UAL is amortized over sixteen years
- asset valuation using market value of assets method
- inflation rate of 2.40%
- investment rate of return of 6.90%
- projected salary increases of 3.40% in overall payroll growth
- cost of living adjustment (COLA) - blend of 2.0% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service
- mortality rates: ***Healthy retirees and beneficiaries:*** Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. ***Active members:*** Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. ***Disabled retirees:*** Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

NOTE 7 – DEFINED BENEFIT PENSION PLAN – CONTINUED

Actuarial Assumptions – Continued

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Global Equity	27.50%	7.07%
Private Equity	25.50%	8.83%
Core Fixed Income	25.00%	4.50%
Real Estate	12.25%	5.83%
Master Limited Partnerships	0.75%	6.02%
Infrastructure	1.50%	6.51%
Hedge Fund of Funds - Multistrategy	1.25%	6.27%
Hedge Fund Equity - Hedge	0.63%	6.48%
Hedge Fund - Macro	5.62%	4.83%
Total	100.00%	
Assumed Inflation - Mean		2.35%

NOTE 7 – DEFINED BENEFIT PENSION PLAN – CONTINUED

Discount Rate

The discount rate used to measure the total pension liability was 6.90% for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
District's proportionate share of the net pension liability (asset)	$ 891,827	$ 539,908	$ 245,390

The District does not report this liability under modified cash basis accounting.

Pension Plan Fiduciary Net Position

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

Changes in Plan Provisions Subsequent to Measurement Date

We are not aware of any changes subsequent to the June 30, 2024, Measurement Date and the net pension liability (asset) proportionate shares provided by OPERS have not been included in the modified cash basis financial statements.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

Oregon Public Employees Retirement System (PERS or the System) administers the Retirement Health Insurance Account (RHIA) cost-sharing, multiple-employer defined benefit Other Postemployment Benefit (OPEB) plan (the Plan) for units of state government, political subdivisions, community colleges and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides OPEB through the Plan. Contributions are mandatory for each employer that is a member of PERS. As of June 30, 2024, there were 897 participating employers.

PERS is administered in accordance with Oregon Revised Statutes (ORS) Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a). The Oregon Legislature has delegated authority to the Public Employees Retirement Board (Board) to administer and manage the System. All members of the Board are appointed by the governor and confirmed by the State Senate. The governor designates the chairperson. One member must be a public employer manager or a local elected official, one member must be a union-represented public employee or retiree and three members must have experience in business management, pension management or investing.

Contributions

Contributions for employers are recognized on the accrual basis of accounting. Employer contributions to PERS are calculated based on creditable compensation for active members reported by employers. Employer contributions are accrued when due pursuant to legal requirements. These are amounts normally included in the employer statements cut off as of the fifth of the following month.

Plan Membership

RHIA was established by ORS 238.420. The plan was closed to new entrants hired on or after August 29, 2003. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage and (3) enroll in a PERS-sponsored health plan.

As of June 30, 2023, the inactive RHIA plan participants currently receiving benefits totaled 40,703 and, and there were 34,508 active and 11,710 inactive members who meet the requirements to receive RHIA benefits when they retire.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The District reports on the modified cash basis of accounting; therefore, the District does not report OPEB liabilities/(assets), deferred outflows of resources nor deferred inflows of resources related to OPEB on its Statement of Net Position. PERS reported that the District's proportionate share of the net OPEB liability/(asset) was ($770) at the Plan measurement date. The net OPEB liability/(asset was measured as of June 30, 2023, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability/(asset) was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2023, the District's proportion was .00021%. At the Plan measurement date, PERS reported that the District's proportionate share of OPEB expense was $332.

Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown below are based on the 2022 Experience Study, which reviewed experience for the four-year period ended on December 31, 2022.

The total OPEB liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- valuation date – December 31, 2022,
- measurement date – June 30, 2023,
- experience Study – 2022, published July 24, 2023,
- actuarial cost method - Entry Age Normal
- inflation - 2.40%
- long-term expected rate of return - 6.90%
- discount rate - 6.90%

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

Actuarial Assumptions – Continued

- salary increases - 3.40%
- retiree healthcare participation - Healthy retirees: 25%; Disabled retirees: 15%
- mortality rates: ***Healthy retirees and beneficiaries:*** Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. ***Active members:*** Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. ***Disabled retirees:*** Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. More information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means are included in the PERS' audited financial statements.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability/(asset) of the Plans as of June 30, 2024, calculated using the discount rate of 6.9%, as well as what the RHIC net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9%) or 1-percentage-point higher (7.9%) than the current rate:

	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
District's proportionate share of the net pension liability (asset)	$ (700)	$ (770)	$ (831)

NOTE 9 – DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, death, disability, resignation or retirement.

Monies accumulated by the District under the Plan have been deposited with AIG and have been invested in mutual funds. These deposits are not subject to the collateral requirements by Oregon law.

Plan assets are held in trust with AIG serving as trustee for the exclusive benefit of the plan participants and their beneficiaries. The assets will not be diverted for any other purpose. The District's beneficial ownership of plan assets will be for the exclusive benefits of participants and beneficiaries. The District has little administrative involvement and does not perform the investing functions for the Plan, nor does it contribute.

NOTE 10 – INTERFUND TRANSFERS

The District made the following transfers associated with future capital outlay by the building and improvement fund:

	Transfer Out	Transfer In
General fund	$	$ 44,341
Building and improvement fund	44,341	
	$ 44,341	$ 44,341

NOTE 11 – NOTES RECEIVABLE, CONTRACT LIABILITY AND DEFERRED INFLOWS OF RESOURCES

In the government-wide financial statements, a note receivable is reported as an asset in the statement of net position and a contract liability and deferred inflow of resources are reported as liabilities in the statement of net position. The balances in these accounts on June 30, 2024, are related to land that was sold during a prior year on contract. Each year as payments are made, the note receivable and the contract liability will decrease and the deferred inflow of resources will increase until until the contract is fulfilled. Upon completion of the contract in June 2027, the District will recognize $88,000 of deferred inflows and in exchange, will deed the land over to the purchaser, Shangrilla, LLC. On June 30, 2024, the note receivable had a balance of $60,914 the contract liability had a balance of $60,914 and the deferred inflow balance was $27,086.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

The District entered into multiple contracts and arrangements as part of the building expansion project. As of June 30, 2024, the total of all contracts was $1,297,533 of which $193,462 has been expended.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent to June 30, 2024, the District was notified by the County's Finance Director that there was a tax correction as a result of PGE having a misreporting issue. This resulted in the District receiving an overpayment of 2023-2024 tax and a decrease in the projected amount for 2024-2025. PGE agreed to pay the interest and penalties. The District's final amount is $29,291, which is the amount by which the 2024-2025 property taxes are reduced to correct the 2023-2024 error.

OTHER SUPPLEMENTARY INFORMATION

JEFFERSON COUNTY LIBRARY DISTRICT
MADRAS, OREGON

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MODIFIED CASH BASIS - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2024

	Budget			Over (Under)
	Original	Final	Actual	Final Budget
Revenues received				
Property taxes	$ 763,500	$ 763,500	$ 840,979	$ 77,479
Program service revenue	2,000	2,000	2,440	440
Grants	237,400	237,400	97,051	(140,349)
Interest	18,000	18,000	32,479	14,479
Contributions - public support	4,000	4,000	630	(3,370)
Fees and miscellaneous	9,500	9,500	5,890	(3,610)
Contract income	9,000	9,000	9,340	340
Total revenues received	1,043,400	1,043,400	988,809	(54,591)
Expenditures paid				
Personnel services				
Payroll	470,729	488,729	479,796	(8,933)
Payroll taxes	45,013	48,013	47,996	(17)
Pension plan contribution	82,579	91,579	90,265	(1,314)
Employee benefits	64,075	64,075	60,863	(3,212)
	662,396	692,396	678,920	(13,476)
Materials and services				
Advertisements	9,000	9,000	8,721	(279)
Bank and Collection charges	1,000	1,000	2,259	1,259
Board expenses			378	378
Patron materials	73,200	73,200	80,272	7,072
Consultant fees	5,000	5,000	363	(4,637)
Copier expense	6,000	6,000	4,133	(1,867)
Elections			3,287	3,287
Fees and dues	3,600	3,600	4,309	709
Grants expense	200,000	200,000	58,740	(141,260)
Insurance	8,000	8,000	7,989	(11)
DPLS	16,350	16,350	15,703	(647)
Data line	4,000	4,000	4,200	200
Legal, accounting and audit	33,750	33,750	34,366	616
Maintenance and repairs	17,300	17,300	18,069	769
Office supplies	14,500	14,500	10,711	(3,789)
Occupancy blue office duplex	5,900	5,900	6,469	569
Occupancy Genealogy Center	4,000	4,000	3,918	(82)
Program expenses	18,500	18,500	7,364	(11,136)
	420,100	420,100	271,251	(148,849)

JEFFERSON COUNTY LIBRARY DISTRICT
MADRAS, OREGON

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MODIFIED CASH BASIS - BUDGET AND ACTUAL - CONTINUED
YEAR ENDED JUNE 30, 2024

	Budget			Over (Under)
	Original	Final	Actual	Final Budget
Expenditures paid - Continued				
Materials and services - Continued				
Staff database	10,000	10,000	8,202	(1,798)
Training			1,237	1,237
Travel, lodging and meals	9,000	9,000	4,541	(4,459)
Utilities and telephone	18,400	18,400	14,964	(3,436)
Film center expense			1,608	1,608
Website hosting	1,500	1,500	1,522	22
	459,000	459,000	303,325	(155,675)
Capital outlay				
Building and improvement	7,000	7,000	2,483	(4,517)
Office equipment and furniture	65,500	65,500	16,376	(49,124)
	72,500	72,500	18,859	(53,641)
Contingency	100,000	70,000		(70,000)
	100,000	70,000		(70,000)
Total expenditures paid	1,293,896	1,323,896	1,001,104	(322,792)
Excess of revenues over (under) expenditures	(250,496)	(280,496)	(12,295)	268,201
Other financing sources (uses)				
Transfer from Building and Improvement Fund	283,000	283,000	150,483	(132,517)
Transfer to the Building and Improvement Fund	(500,000)	(500,000)	(106,042)	393,958
Total	(217,000)	(217,000)	44,441	261,441
Net change in fund balance	(467,496)	(497,496)	32,146	529,642
Fund balance - Beginning of year	815,318	815,318	845,407	30,089
Fund balance	815,318	815,318	845,407	30,089
Fund balance - End of year	$ 347,822	$ 317,822	877,553	$ 559,731

JEFFERSON COUNTY LIBRARY DISTRICT
MADRAS, OREGON

BUILDING AND IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MODIFIED CASH BASIS - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2024

	Budget			Over (Under)
	Original	Final	Actual	Final Budget
Revenues received				
Interest	$ 500	$ 500	$ 14,971	$ 14,471
Rental income	8,000	8,000	11,385	3,385
Total Revenues	8,500	8,500	26,356	17,856
Expenditures paid				
Materials and services	8,000	8,000	3,213	(4,787)
Capital outlay	895,369	895,369	197,725	(697,644)
Contingency	15,000	15,000		(15,000)
	918,369	918,369	200,938	(717,431)
Excess of revenues over (under) expenditures	(909,869)	(909,869)	(174,582)	735,287
Other financing sources				
Transfer from General Fund	500,000	500,000	106,042	(393,958)
Transfer to General Fund	(283,000)	(283,000)	(150,483)	132,517
	217,000	217,000	(44,441)	(261,441)
Net change in fund balance	(692,869)	(692,869)	(219,023)	473,846
Fund balance - Beginning of year	692,869	692,869	883,825	190,956
Fund balance - End of year	$ -	$ -	$ 664,802	$ 664,802

JEFFERSON COUNTY LIBRARY DISTRICT
MADRAS, OREGON

SCHEDULE OF EXPENDITURES AND APPROPRIATIONS
YEAR ENDED JUNE 30, 2024

	Actual	Appropriation	Amount Under (Over) Appropriation
General Fund			
Personnel services	$ 678,920	$ 722,396	$ 43,476
Materials and services	303,325	459,000	155,675
Capital outlay	18,859	72,500	53,641
Transfers	106,042	500,000	393,958
General operating contingency		70,000	70,000
	$ 1,107,146	$ 1,823,896	$ 716,750
Building and Improvement Fund			
Materials and services	$ 3,213	$ 8,000	$ 4,787
Capital outlay	197,725	895,369	697,644
Transfers	150,483	283,000	132,517
Contingency		15,000	15,000
	$ 351,421	$ 1,201,369	$ 849,948

JEFFERSON COUNTY LIBRARY DISTRICT
MADRAS, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2024

Tax Year	Beginning Balance and 2023-24 Levy	Net Adjustments	Interest (Discount)	Collections	Uncollected June 30, 2024
Jefferson County					
2023-24	$ 846,011	$ 321	$ (22,659)	$ 805,133	$ 18,540
2022-23	19,884	1,960	1	11,236	10,609
2021-22	8,241	439		4,173	4,507
2020-21	4,833	667		4,194	1,306
2019-20	2,267	445		2,429	283
2018-19	207	36		153	90
2017-18	109	18		60	67
Prior	435	9		22	422
	$ 881,987	$ 3,895	$ (22,658)	$ 827,400	$ 35,824
Wasco County					
2023-24	$ 13,759	$ (12)	$ (363)	$ 13,100	$ 284
2022-23	372	(2)		232	138
2021-22	180	(3)		105	72
2020-21	102	(3)		79	20
2019-20	63	(3)		55	5
2018-19	12	(3)		5	4
2017-18	6			2	4
Prior	8			1	7
	14,502	(26)	(363)	13,579	534
Total Tax Revenue	$ 896,489	$ 3,869	$ (23,021)	$ 840,979	$ 36,358

OTHER INFORMATION

JEFFERSON COUNTY LIBRARY DISTRICT

MADRAS, OREGON

SCHEDULE OF TOP PROPERTY TAXPAYERS

YEAR ENDED JUNE 30, 2024

	Organization Name	Tax Amount
1	Portland General Electric Company	$ 5,278,559.40
2	Bright Wood Corporation	943,423.30
3	Pacificorp	889,292.90
4	Gas Transmission Northwest, LLC	554,797.55
5	Keith Investments, LLC/Keith Manufacturing Co.	513,434.73
6	Warm Springs Power Enterprises	398,644.09
7	Daimler Trucks North America, LLC	267,295.00
8	Oregon Telephone Corporation	236,005.76
9	BNSF Railway Co	232,748.57
10	LOVE'S Travel Stops & Country Stores	201,027.84
11	Union Pacific Railroad Co	161,969.86
12	Pratum Co-op	145,275.34
13	Safeway Realty, LLC	140,132.60
14	Apple, Inc	123,550.56
15	Ponderosa Land & Cattle Co., LLC	120,261.39
16	Lumen Technologies, Inc	108,709.73
17	Cross Keys, LLC	107,290.16
18	Cascade Natural Gas Corporation	105,045.33
19	East Cascade Retirement Community, LLC	104,348.40
20	Knight Joint Trust	102,532.31

AUDIT COMMENTS AND DISCLOSURES

REQUIRED BY STATE REGULATIONS

PRICE &Co FRONK

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INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Jefferson County Library District
Madras, OR

We have audited the basic financial statements of the governmental activities and each major fund of Jefferson County Library District (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 12, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded by outside sources.**
- **Highway revenues used for public highways, roads and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

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We reviewed the District's procedures for preparation, adoption and execution of its budget for the year ended June 30, 2024, and found them to be in compliance with statutory requirements, with the following exception:

- The LB-1 budget summary was not properly published prior to budget hearing

In connection with our testing nothing came to our attention other than the above budget exception, that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the 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.

This report is intended solely for the information and use of the board of directors and management of Jefferson 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.

Price Fronk & Co. + KDP Certified Public Accountants, LLP

By: _____
Heather A. McMeekin – a partner

December 12, 2024