

HOOD RIVER COUNTY LIBRARY DISTRICT
HOOD RIVER COUNTY, OREGON

For the Year Ended June 30, 2023

FINANCIAL REPORT



12700 SW 72nd Ave.
Tigard, OR 97223

HOOD RIVER COUNTY LIBRARY DISTRICT
HOOD RIVER COUNTY, OREGON

2022-23

FINANCIAL REPORT

HOOD RIVER COUNTY LIBRARY DISTRICT
HOOD RIVER COUNTY, OREGON

2022-23

BOARD OF DIRECTORS

TERM EXPIRES

Karen Bureker, Vice President

June 30, 2025

Brian Hackett

June 30, 2023

Jean Sheppard, President

June 30, 2023

Sara Marsden

June 30, 2025

Megan Janik

June 30, 2025

All Board members receive mail at the District office address below:

REGISTERED OFFICE

Rachael Fox, Library Director
Hood River County Library District
502 State Street
Hood River, Oregon 97031

HOOD RIVER COUNTY LIBRARY DISTRICT
HOOD RIVER COUNTY, OREGON

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November 15, 2023

To the Board of Directors
Hood River County Library District
Hood River County, Oregon

INDEPENDENT AUDITORS' REPORT

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Hood River County Library District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the 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 Hood River County Library District, as of June 30, 2023, and the respective changes in modified cash basis financial position for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis for Opinions

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. 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 Hood River County Library 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 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.

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 as 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Hood River County Library 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 Hood River County Library 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the listing of board members containing their term expiration dates, located before the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 15, 2023, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.

MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023

As management of Hood River County Library District (the District), we offer the readers of the District’s financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2023. The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes, and variances from the budget. We encourage readers to consider the information presented here in conjunction with the District’s Financial Statements and Notes to Financial Statements, which follow this Management’s Discussion and Analysis.

FINANCIAL HIGHLIGHTS

During the year, the District's net position increased by \$45,127, from \$1,160,205 to \$1,205,332. At June 30, 2023, the District’s governmental funds reported combined ending fund balances of \$1,187,495.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management has determined that the modified cash basis of accounting is appropriate for the District due to its lack of complexity and the necessity to account for, and plan for, the cash needed to operate the District.

The District’s basic financial statements consist of three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the basic financial statements.

This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements.

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

The Statement of Net Position: The statement of net position presents information on all of the assets and liabilities of the District at year-end. Net position are what remain after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net position serve as a useful indicator of whether the financial position of the District is improving or deteriorating. It also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The Statement of Activities: The statement of activities presents information showing how the net position of the District changed over the year, tracking revenues, expenses and other transactions that increase or reduce net position. All changes in net position are reported at the timing of the cash flows.

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

Governmental activities: The District’s basic functions are shown here, such as personal services and materials & services. These activities are financed primarily through local, state, and federal grants, fees charged for services, intergovernmental agreements, and property taxes.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

Governmental Funds

The governmental funds are used to account for essentially the same functions reported as governmental activities, in the governmental-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. Both the governmental fund Balance Sheet & Statement of Revenues and Expenditures & Changes in Fund Balance are reconciled to the government-wide Statements of Net Position & Statement of Activities.

The District maintained four individual governmental funds: General Fund, Grants Fund, Capital Equipment Reserve Fund.

Notes to the Basic Financial Statements

The notes provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the District's financial condition.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A condensed statement of net position for 2022 and 2023 is listed below:

The revenues and expenses below explain the change in net position for the fiscal year ended June 30, 2023.

Net Position

	2022	2023
ASSETS:		
Cash and cash equivalents	\$1,150,715	\$1,189,681
Employee draws	\$0	\$0
Property Taxes Receivable	\$29,832	\$33,299
Total Assets	<u>\$1,180,547</u>	<u>\$1,222,980</u>
LIABILITIES:		
Compensated absences	\$20,171	\$15,462
Payroll liabilities	\$171	\$2,186
	<u>\$20,342</u>	<u>\$17,648</u>
NET POSITION:	<u>\$1,160,205</u>	<u>\$1,205,332</u>

Changes in Net Position

	Activities 2021-22	% of total	Activities 2022-23	% of total
Operating Revenues:				
Charges for services	\$3,361	0.3%	\$3,573	0.26%
Operating Grants and Contributions	\$84,607	7.1%	\$99,835	7.20%
Total Operating Revenues	\$87,968	7.37%	\$103,408	7.45%
General Revenues:				
Property Taxes	\$1,090,118	91.3%	\$1,173,853	84.61%
Interest on Investments	\$6,810	0.6%	\$28,344	2.04%
Other Revenues	\$8,768	0.7%	\$81,786	5.89%
Total General Revenues	\$1,105,696	92.6%	\$1,283,983	92.5%
Total Revenues	\$1,193,664		\$1,387,391	
Operating Expenditures:				
General Operations	\$1,293,703	100.00%	\$1,342,264	100.00%
Total Operating Expenditures	\$1,293,703		\$1,342,264	
Changes in Net Position	(100,039)		45,127	
Net Position, Beginning	\$1,260,244		\$1,160,205	
Net Position, Ending	\$1,160,205		\$1,205,332	

Revenues

During the 2022-23 fiscal year, 7.2% of the cost of the District's operations were funded by operating grants and contributions, compared to 7.1% in 2021-22. The remaining 92.8% came from property taxes, user fees, intergovernmental agreements, and other sources.

Fund Financial Analysis

The focus of the governmental funds is to provide information on inflows, outflows, and balances of spendable resources. Unreserved fund balance measures the District's net resources available to spend in the next fiscal year. These amounts are available to use, in accordance with applicable restrictions on the nature of the expenditures.

As of June 30, 2023, the District's governmental funds reported combined unassigned ending fund balance of \$931,305 an increase of \$23,703 compared to 2022. It was \$264,753 more than the \$666,552 unappropriated ending fund balance budgeted for the 2022-23 fiscal year.

The General Fund had revenue and expenditures of \$1,199,628 and \$1,155,925 respectively. Revenues increased 6.4% and expenditures increased 11.1% over the 2021-22 fiscal year. Overall, the General Fund balance increased from \$907,602 to \$931,305.

In addition, a transfer of \$20,000 was made to the Capital Equipment Reserve Fund.

The Grant Fund had revenues and expenditures of \$181,435 and \$158,158 respectively, leaving a fund balance of \$134,034.

The Capital Equipment Reserve Fund received a transfer from the General Fund of \$20,000. In addition, there was \$2,861 in interest revenue and expenditures were \$32,890, leaving a fund balance of \$122,156.

Requests for Information

Our financial report is designed to provide our taxpayers, Hood River County residents, investors and creditors with an overview of the District's finances and to demonstrate District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Hood River County Library District, 502 State Street Hood River, OR 97031, 541-387-7062, info@hoodriverlibrary.org.



Rachael Fox, Library Director
Hood River County Library District

HOOD RIVER COUNTY LIBRARY DISTRICT
HOOD RIVER COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

HOOD RIVER COUNTY LIBRARY DISTRICT
HOOD RIVER COUNTY, OREGON

STATEMENT OF NET POSITION – MODIFIED CASH BASIS
June 30, 2023

ASSETS:

Cash and cash equivalents	\$ 1,189,681
Property taxes receivable	<u>33,299</u>
 Total Assets	 <u>1,222,980</u>

LIABILITIES:

Payroll liabilities	2,186
Compensated absences	<u>15,462</u>
 Total Liabilities	 <u>17,648</u>

NET POSITION:

Restricted	256,190
Unrestricted	<u>949,142</u>
 Total Net Position	 <u><u>\$ 1,205,332</u></u>

See accompanying notes to basic financial statements

HOOD RIVER COUNTY LIBRARY DISTRICT
HOOD RIVER COUNTY, OREGON

STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
For the Year Ended June 30, 2023

FUNCTIONS	DISBURSEMENTS	PROGRAM RECEIPTS		NET (DISBURSEMENT) RECEIPT AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
General Operations	\$ 1,342,264	\$ 3,573	\$ 99,835	\$ (1,238,856)
Total Governmental Activities	\$ 1,342,264	\$ 3,573	\$ 99,835	(1,238,856)
General Receipts:				
				1,173,853
				28,344
				81,786
				1,283,983
				45,127
				1,160,205
				\$ 1,205,332

See accompanying notes to basic financial statements

HOOD RIVER COUNTY LIBRARY DISTRICT
HOOD RIVER COUNTY, OREGON

BALANCE SHEET – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS
 June 30, 2023

	GENERAL	GRANTS FUND	CAPITAL EQUIPMENT RESERVE FUND	TOTAL
ASSETS:				
Cash and investments	\$ 933,491	\$ 134,034	\$ 122,156	\$ 1,189,681
Property taxes receivable	33,299	-	-	33,299
Total Assets	\$ 966,790	\$ 134,034	\$ 122,156	\$ 1,222,980
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE:				
Liabilities:				
Payroll liabilities	\$ 2,186	\$ -	\$ -	\$ 2,186
Total Liabilities	2,186	-	-	2,186
Deferred Inflows:				
Unavailable revenue	33,299	-	-	33,299
Total Deferred Inflows	33,299	-	-	33,299
Fund Balance:				
Restricted	-	134,034	122,156	256,190
Unassigned	931,305	-	-	931,305
Total Fund Balance	931,305	134,034	122,156	1,187,495
Total Liabilities, Deferred Inflows, and Fund Balance	\$ 966,790	\$ 134,034	\$ 122,156	\$ 1,222,980

See accompanying notes to basic financial statements

HOOD RIVER COUNTY LIBRARY DISTRICT
HOOD RIVER COUNTY, OREGON

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2023

Total Fund Balances - Governmental Funds	\$	1,187,495
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's disbursements, and therefore are unavailable in the funds.		33,299
Accrued compensated absences are not due and payable in the current period and accordingly are not reported as a fund liability.		<u>(15,462)</u>
Net Position	\$	<u><u>1,205,332</u></u>

See accompanying notes to basic financial statements

HOOD RIVER COUNTY LIBRARY DISTRICT
HOOD RIVER COUNTY, OREGON

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES – MODIFIED CASH BASIS –
 GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2023

	GENERAL	GRANTS FUND	CAPITAL EQUIPMENT RESERVE FUND	TOTAL
RECEIPTS:				
From Local Sources:				
Taxes	\$ 1,170,386	\$ -	\$ -	\$ 1,170,386
Earnings On Investments	25,483	-	2,861	28,344
Donations and Grants	-	99,835	-	99,835
Other Local Sources	3,759	81,600	-	85,359
Total Receipts	<u>1,199,628</u>	<u>181,435</u>	<u>2,861</u>	<u>1,383,924</u>
DISBURSEMENTS:				
Personal Services	733,410	1,125	-	734,535
Materials and Services	422,515	153,043	-	575,558
Capital Outlay	-	3,990	32,890	36,880
Total Disbursements	<u>1,155,925</u>	<u>158,158</u>	<u>32,890</u>	<u>1,346,973</u>
Excess of Receipts Over, (Under) Disbursements	43,703	23,277	(30,029)	36,951
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	20,000	20,000
Transfers Out	(20,000)	-	-	(20,000)
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>-</u>	<u>20,000</u>	<u>-</u>
Net Change in Fund Balance	23,703	23,277	(10,029)	36,951
Fund Balance, Beginning	<u>907,602</u>	<u>110,757</u>	<u>132,185</u>	<u>1,150,544</u>
Fund Balance, Ending	<u>\$ 931,305</u>	<u>\$ 134,034</u>	<u>\$ 122,156</u>	<u>\$ 1,187,495</u>

See accompanying notes to basic financial statements

HOOD RIVER COUNTY LIBRARY DISTRICT
HOOD RIVER COUNTY, OREGON

Reconciliation of the Governmental Funds
Statement of Receipts, Disbursements and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2023

Total Net Changes in Fund Balances - Governmental Funds	\$ 36,951
 Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's disbursements, and therefore are unavailable in the funds.	 3,467
 Compensated absences are recognized as disbursements in the governmental funds when they are paid. In the Statement of Activities, these liabilities are recognized as disbursements when earned.	 <u>4,709</u>
 Change in Net Position of Governmental Activities	 <u><u>\$ 45,127</u></u>

See accompanying notes to basic financial statements

HOOD RIVER COUNTY LIBRARY DISTRICT
HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Hood River County Library District (the District) have been prepared on the modified cash basis which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

A. THE FINANCIAL REPORTING ENTITY

The District is a municipal corporation established under ORS 357 and 198, and is governed by an elected five member board. Generally accepted accounting principles in the United States of America require that these basic financial statements present the District (the primary government) and all component units, if any. Component units, as established by the Government Accounting Standards Board (GASB) Statement No. 61, are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District and a financial benefit/burden. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the basic financial statements. There are no component units.

B. BASIS OF PRESENTATION - FUND ACCOUNTING

Financial operations are accounted for in the following funds:

GENERAL FUND

This fund accounts for all financial revenues and expenditures, except those required to be accounted for in another fund. The principal revenue source is property taxes.

GRANTS FUND

This fund accounts for revenue and expenditures for specific educational projects or programs. Principal revenue sources are donations and grants.

CAPITAL EQUIPMENT RESERVE FUND

The capital projects fund accounts for all resources to be used for the construction or acquisitions of designated capital assets.

C. BASIS OF ACCOUNTING

The modified cash basis of accounting is followed. Under the modified cash basis of accounting, revenue are recorded when received and expenditures are recorded as paid in cash or by check. Modifications to the cash basis include: (1) Property taxes uncollected at year-end are shown as a receivable but are not included in revenues, and are offset by a liability entitled unavailable property taxes receivable, and (2) payroll-related items are considered to be a liability when incurred. This basis of accounting is applied to both the government-wide financial statements and the fund financial statements uniformly.

This basis of accounting is not equivalent to the generally accepted accounting principles (GAAP) basis of accounting. Under GAAP the fund financial statements require that revenues be recorded as they become susceptible to accrual (i.e. when they become measurable and available) and expenditures recorded as goods

HOOD RIVER COUNTY LIBRARY DISTRICT
HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF ACCOUNTING (CONTINUED)

and services received. For the government-wide statements GAAP requires that the accrual basis of accounting be applied. Under the accrual basis of accounting the cost of capital assets are capitalized and depreciated over their estimated useful lives, debt is recorded as incurred, revenues are recorded when earned irrespective of the collection of cash, and expenses, including depreciation, are recorded when incurred. Management believes the modified cash basis of accounting is preferable due to the District's small size and the necessity of assessing available cash resources. The modified cash basis of accounting is allowed under Oregon Local Budget Law (ORS 294.445).

D. GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS

The government-wide statements report information irrespective of fund activity.

The statement of activities demonstrates the degree to which the direct expenditure of a given function or segments is offset by program revenues. Direct expenditures 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.

E. CASH AND CASH EQUIVALENTS

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Fair Value Inputs and Methodologies and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based up on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments)

HOOD RIVER COUNTY LIBRARY DISTRICT
HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. CASH AND CASH EQUIVALENTS (CONTINUED)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

F. BUDGET

A budget is prepared and legally adopted for each fund on the modified cash basis of accounting in the main program categories required by the Oregon Local Budget Law. The budget process begins early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are published generally in early spring with a public hearing being held approximately three weeks later. The Board may amend the budget prior to adoption; however, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is adopted and appropriations are made no later than June 30.

Expenditure budgets are appropriated at the following levels for each fund:

LEVEL OF CONTROL

Personal Services
Materials and Services
Capital Outlay
Operating Contingency
Transfers

Expenditures cannot legally exceed the appropriation levels. Appropriations lapse at fiscal year end. Supplemental appropriations may occur if the board approves them due to a need which was not determined at the time the budget was adopted.

Budget amounts shown in the financial statements reflect the original and final budgeted amounts. Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2023.

G. PROPERTY TAXES RECEIVABLE

Ad valorem property taxes are a lien on all taxable property as of July 1. Property taxes are payable on November 15. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent by management.

Uncollected property taxes are shown in the combined balance sheet. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. The remaining balance of taxes receivable is recorded as unavailable revenue because it is not deemed available to finance operations of the current period.

HOOD RIVER COUNTY LIBRARY DISTRICT
HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. ACCRUED COMPENSATED ABSENCES

It is Hood River County Library District's policy to permit employees to accumulate earned but unused vacation time. Liabilities for unused vacation pay are recorded in the Statement of Net Position when vested or earned by employees. A liability for these amounts is reported in governmental funds only if it has matured, for example, because of employee resignations or retirements.

I. UNAVAILABLE REVENUES

Property taxes receivable are recorded as assets, but are offset by a corresponding unavailable revenues liability and, accordingly, have not been recognized as revenue in the governmental funds.

J. RETIREMENT PLANS

All of the full time employees are participants in the District's 403(b) plan. Contributions to the 403(b) plan are made on a current basis as required by the plan and are charged to expenditures as funded.

K. FUND BALANCE

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. Authority has not been assigned.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

There were no nonspendable, restricted and committed fund balances at year end.

HOOD RIVER COUNTY LIBRARY DISTRICT
HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. FUND BALANCE (CONTINUED)

The following order of spending is used regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

L. INTERFUND TRANSACTIONS

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Operating interfund transactions are reported as transfers.

M. ESTIMATES

The preparation of financial statements in conformity with modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

N. DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the governmental balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises under modified cash basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

2. CASH AND INVESTMENTS

DEPOSITS

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

CREDIT RISK – DEPOSITS

In the case of deposits, this is the risk that in the event of a bank failure, deposits may not be returned. As of June 30, 2023, the District had deposits of \$200,744, all of which is insured by FDIC.

HOOD RIVER COUNTY LIBRARY DISTRICT
HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS

State statutes governing cash management are followed. Statutes authorize investing in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Hood River County's Investment Pool.

Cash and Investments at June 30, 2023, (recorded at fair value) consisted of:

		2023	
Bank Demand Deposits - Checking	\$	153,357	
Investments		1,035,908	
Petty Cash		416	
		1,189,681	
Total	\$	1,189,681	

<u>Investment Type</u>	Investment Maturities (in months)		
	Fair Value	Less than 3	More than 3
Hood River County's Investment Pool	\$ 1,035,908	\$ 1,035,908	\$ -
Total	\$ 1,035,908	\$ 1,035,908	\$ -
	\$ 1,035,908	\$ 1,035,908	\$ -

INTEREST RATE RISK

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There were no investments that have a maturity date beyond three months.

CREDIT RISK

Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE.

CUSTODIAL CREDIT RISK

In the case of deposits, this is the risk that in the event of bank failure, the deposits may not be returned. There is no deposit policy for custodial risk. As of June 30, 2023, none of the bank balance was exposed to custodial credit risk because it was either insured or collateralized.

INVESTMENTS

Investments in the Hood River County pooled cash and investments include the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange

HOOD RIVER COUNTY LIBRARY DISTRICT
HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund's compliance with all portfolio guidelines can be found in their annual report when issued. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx)

If the link has expired please contact the Oregon Short Term Fund directly. Other investments held by the County include municipal bonds, high level corporate bonds and US Agency securities in line with the State and County's investment policies. These investments are reported at level one fair value.

CONCENTRATION OF CREDIT RISK

At June 30, 2023, 100% of total investments were in the Hood River County's Investment Pool. State statutes do not limit the percentage of investments in this instrument. Oregon Revised Statutes require no more than 25 percent of the moneys of local government to be invested in bankers' acceptances of any qualified financial institution. At June 30, 2023, there was compliance with all percentage restrictions.

3. DEFERRED COMPENSATION PLAN

Employees are offered a deferred compensation plan created in accordance with Internal Revenue Code Section 403. An employee may enter into an agreement to defer a portion of their compensation, subject to certain limitations provided by law, by means of payroll deduction. Contributions to the plan and earnings thereon are deferred until the employee is separated from service. The District has no liability for losses under the plan. A third party holds the assets for the exclusive benefit of plan participants and their beneficiaries.

4. RISK MANAGEMENT

There is exposure 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. Commercial insurance is purchased to minimize exposure to these risks. Settled claims have not exceeded this commercial coverage for any of the past three years.

HOOD RIVER COUNTY LIBRARY DISTRICT
HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. PROPERTY TAX LIMITATIONS

The State of Oregon imposes a constitutional limit on property taxes for schools and non-school government operations. The limitation provides that property taxes for non-school operations are limited to \$10.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt.

The State further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction was accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues.

6. POSTEMPLOYMENT LIABILITY

Management has determined that no material implicit rate subsidy exists and therefore is no OPEB obligation for implicit post-employment benefits.

7. OPERATING LEASES

The District has three operating leases – the first operating lease is with Parkdale Community Center for the space currently used for the Parkdale Branch Library. The lease term ends in 2024 and has a yearly payment of \$2,000.

The second lease the District entered into is a lease with the Hood River County School District Library Branch of the Hood River County Library District. The lease began July,1 2021 and ends June 30, 2023 and the monthly payment is \$1,115.

The third lease the District entered into a printer lease with the Solutions Yes, LLC. The lease began August 2019 and ends August 2024, and the monthly payment is \$160.

The total lease expense as of June 30, 2023 is \$18,303.

Future lease payments are as follows:

<u>FYE</u>	<u>Minimum Payment</u>
2023-2024	\$ 5,128
2024-2025	1,368
2025-2026	1,209
2026-2027	1,209
2027-2028	1,061
Total	<u>\$ 9,975</u>

HOOD RIVER COUNTY LIBRARY DISTRICT
HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. INTERFUND TRANSFERS

Operating transfers between funds were made to fund various programs and activities as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ (20,000)
Capital Equipment Reserve Fund	<u>20,000</u>	<u>-</u>
	<u>\$ 20,000</u>	<u>\$ (20,000)</u>

HOOD RIVER COUNTY LIBRARY DISTRICT
HOOD RIVER COUNTY, OREGON

SUPPLEMENTARY INFORMATION

HOOD RIVER COUNTY LIBRARY DISTRICT
HOOD RIVER COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE –
 MODIFIED CASH BASIS - ACTUAL AND BUDGET
 For the Year Ended June 30, 2023

	<u>GENERAL FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
RECEIPTS:				
Property Taxes	\$ 1,123,210	\$ 1,123,210	\$ 1,170,386	\$ 47,176
Interest	7,000	7,000	25,483	18,483
Intergovernmental	-	-	186	186
Fees & Fines	3,000	3,000	3,573	573
	<u>3,000</u>	<u>3,000</u>	<u>3,573</u>	<u>573</u>
Total Receipts	<u>\$ 1,133,210</u>	<u>\$ 1,133,210</u>	<u>\$ 1,199,628</u>	<u>\$ 66,418</u>

HOOD RIVER COUNTY LIBRARY DISTRICT
HOOD RIVER COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE –
 MODIFIED CASH BASIS - ACTUAL AND BUDGET
 For the Year Ended June 30, 2023

<u>GENERAL FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
DISBURSEMENTS:				
Personal Services	\$ 822,003	\$ 822,003 (1)	\$ 733,410	\$ 88,593
Materials and Services	422,655	422,655 (1)	422,515	140
Contingency	112,000	112,000 (1)	-	112,000
	<u>1,356,658</u>	<u>1,356,658</u>	<u>1,155,925</u>	<u>200,733</u>
Total Disbursements				
Excess of Receipts Over, (Under) Disbursements	(223,448)	(223,448)	43,703	267,151
OTHER FINANCING SOURCES (USES)				
Transfers Out	(20,000)	(20,000) (1)	(20,000)	-
	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Total Other Financing Sources, (Uses)				
Net Change in Fund Balance	(243,448)	(243,448)	23,703	267,151
Fund Balance - Beginning	910,000	910,000	907,602	(2,398)
Fund Balance - Ending	<u>\$ 666,552</u>	<u>\$ 666,552</u>	<u>\$ 931,305</u>	<u>\$ 264,753</u>
(1) Appropriation Level				

HOOD RIVER COUNTY LIBRARY DISTRICT
HOOD RIVER COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE –
 MODIFIED CASH BASIS - ACTUAL AND BUDGET
 For the Year Ended June 30, 2023

	<u>GRANTS FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
RECEIPTS:				
Donations and Grants	\$ 170,000	\$ 170,000	\$ 99,835	\$ (70,165)
Intergovernmental	150,000	150,000	81,600	(68,400)
Total Receipts	320,000	320,000	181,435	(138,565)
DISBURSEMENTS:				
Personal Services:	11,600	11,600 (1)	1,125	10,475
Materials and Services	278,400	278,400 (1)	153,043	125,357
Capital Outlay	100,000	100,000 (1)	3,990	96,010
Total Disbursements	390,000	390,000	158,158	231,842
Net Change in Fund Balance	(70,000)	(70,000)	23,277	93,277
Fund Balance - Beginning	70,000	70,000	110,757	40,757
Fund Balance - Ending	\$ -	\$ -	\$ 134,034	\$ 134,034

(1) Appropriation Level

HOOD RIVER COUNTY LIBRARY DISTRICT
HOOD RIVER COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE –
 MODIFIED CASH BASIS - ACTUAL AND BUDGET
 For the Year Ended June 30, 2023

CAPITAL EQUIPMENT RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
RECEIPTS:				
Interest Earnings	\$ 1,000	\$ 1,000	\$ 2,861	\$ 1,861
Total Receipts	<u>1,000</u>	<u>1,000</u>	<u>2,861</u>	<u>1,861</u>
DISBURSEMENTS:				
Capital Outlay	125,000	125,000 (1)	32,890	92,110
Total Disbursements	<u>125,000</u>	<u>125,000</u>	<u>32,890</u>	<u>92,110</u>
Excess of Receipts Over, (Under) Disbursements	(124,000)	(124,000)	(30,029)	93,971
OTHER FINANCING SOURCES (USES)				
Transfers In	20,000	20,000	20,000	-
Total Other Financing Sources, (Uses)	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net Change in Fund Balance	(104,000)	(104,000)	(10,029)	93,971
Fund Balance - Beginning	<u>141,000</u>	<u>141,000</u>	<u>132,185</u>	<u>(8,815)</u>
Fund Balance - Ending	<u>\$ 37,000</u>	<u>\$ 37,000</u>	<u>\$ 122,156</u>	<u>\$ 85,156</u>

(1) Appropriation Level

HOOD RIVER COUNTY LIBRARY DISTRICT
HOOD RIVER COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS



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November 15, 2023

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Hood River County Library District as of and for the year ended June 30, 2023, and have issued our report thereon dated November 15, 2023. 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 financial statements are free of material misstatement, we performed tests of 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.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

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

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal controls over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting. This report is intended solely for the information and use of the Board of Directors and management and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Tara M. Kamp, CPA

Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.