

WASCO COUNTY LIBRARY SERVICE DISTRICT

AGENDA

WEDNESDAY, MAY 15, 2024

LOCATION: This meeting will be held at 401 E. Third St., The Dalles, OR and will also be available for virtual attendance. You can join the meeting at <https://wascocounty-org.zoom.us/j/3957734524> or call in to [1-253-215-8782](tel:1-253-215-8782) Meeting ID: 3957734524#

NOTE: This Agenda is subject to last minute changes. **Meetings are ADA accessible.** For special accommodations please contact the Commission Office in advance, (541) 506-2520. TDD 1-800-735-2900. Wasco County does not discriminate against individuals with disabilities.

9:15 a.m.

CALL TO ORDER

9:15 a.m. Library Services Audit

Consent Agenda:

- Library Services IGA
- 5.1.2024 Minutes Approval

NEW / OLD BUSINESS

ADJOURN



WASCO COUNTY LIBRARY SERVICE DISTRICT MEETING
MAY 15, 2024

PRESENT: Steven D. Kramer, Commission Chair
Scott C. Hege, Vice-Chair
Philip L. Brady, County Commissioner
STAFF: Kelly Walker, Executive Assistant
Tyler Stone, Wasco County Administrative Officer

At 9:24 a.m. Chair Kramer opened the meeting.

Library Service District Audit

Wasco County Finance Director Mike Middleton reviewed the audit included in the Board Packet.

Commissioner Brady expressed his appreciation and added that is very reassuring that the auditors indicated that this was done well.

Vice-Chair Hege brought up the statement on the Management's Discussion and Analysis under General Fund Budgetary Highlights, "The General Fund actual revenues exceeded estimated revenues by \$370,220. The majority of this is due to a large commercial property coming off of a 15-year abatement and resulting in a significant increase in taxes collected for the district." He pointed out that it's important for people to know that this is the first google facility in the area coming back onto the tax rolls and this revenue will continue.

Consent Agenda

Commissioner Brady stated that he had some comments and suggestions at the last meeting and he appreciates the changes that were made. He commented that the Library District saves money for both the City and the County.

{{{Commissioner Brady moved to approve the Consent Agenda. Vice-Chair Hege seconded the motion which passed unanimously.}}}

Chair Kramer adjourned the meeting at 9:32 a.m.

WASCO COUNTY LIBRARY SERVICE DISTRICT

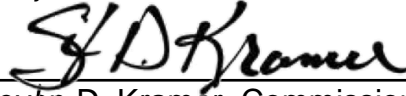
MAY 15, 2024

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WASCO COUNTY BOARD
OF COMMISSIONERS

Governing Body of the Wasco County

Library Service District



Steven D. Kramer, Commission Chair



Scott C. Hege, Vice-Chair



Philip L. Brady, County Commissioner



LIBRARY DISTRICT

Agenda

[AUDIT](#)



PAULY, ROGERS AND CO., P.C.
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April 30, 2024

To the Board of Commissioners
Wasco County Library Service District

We have audited the basic financial statements of the governmental activities and the major fund of Wasco County Library Service District for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Purpose of the Audit

Our audit was conducted using sampling, inquiries and analytical work to opine on the fair presentation of the basic financial statements and compliance with:

- generally accepted accounting principles and auditing standards
- the Oregon Municipal Audit Law and the related administrative rules

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the basic financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the basic financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

Our responsibility for the supplementary information accompanying the basic financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the basic financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; therefore, our audit involved judgment about the number of transactions examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the basic financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We also communicated any internal control related matters that are required to be communicated under professional standards.

Results of Audit

1. Audit opinion letter - an unmodified opinion on the basic financial statements has been issued. This means we have given a “clean” opinion with no reservations.
2. State minimum standards – We found no exceptions or issues requiring comment.
3. Management letter – No separate management letter was issued.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the basic financial statements in the proper period.

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the basic financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements or determined that their effects are immaterial. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, taken as a whole. There were immaterial uncorrected misstatements noted during the audit which were discussed with management. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even if, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the basic financial statements or the auditors’ report. We are pleased to report that no such disagreements arose during the course of our audit.

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Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the basic financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to our retention as the auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Required Supplementary Information

We applied certain limited procedures to the required supplementary information that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the required supplementary information and do not express an opinion or provide any assurance on it.

Other Information

We were not engaged to report on the other information, which accompanies the basic financial statements but is not required supplementary information. Such information 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.

Other Matters – Future Accounting and Auditing Issues

In order to keep you aware of new auditing standards issued by the American Institute of Certified Public Accountants and accounting statements issued by the Governmental Accounting Standards Board (GASB), we have prepared the following summary of the more significant upcoming issues:

GASB 99 – OMNIBUS 2022

The requirements of this Statement that are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

GASB 100 – ACCOUNTING CHANGES AND ERROR CORRECTIONS – an amendment of GASB 62

The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

GASB 101 – COMPENSATED ABSENCES

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered,

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(b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

A handwritten signature in black ink, appearing to read "Kenny Allen", is positioned above the printed name.

Kenny Allen, CPA
PAULY, ROGERS AND CO., P.C.

WASCO COUNTY LIBRARY SERVICE DISTRICT
(A COMPONENT UNIT OF WASCO COUNTY)
WASCO COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023



12700 SW 72nd Ave.
Tigard, OR 97223

**WASCO COUNTY LIBRARY SERVICE DISTRICT
(A COMPONENT UNIT OF WASCO COUNTY)
WASCO COUNTY, OREGON**

2022-2023

FINANCIAL REPORT

**BOARD OF DIRECTORS
WASCO COUNTY LIBRARY SERVICE DISTRICT
(A COMPONENT UNIT OF WASCO COUNTY)
JUNE 30, 2023**

Steve Kramer	Commission Chair
Scott Hege	Commissioner
Phil Brady	Commissioner
Kathy Clark	Executive Assistant

**WASCO COUNTY LIBRARY SERVICE DISTRICT
(A COMPONENT UNIT OF WASCO COUNTY)
WASCO COUNTY, OREGON**

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April 30, 2024

Governing Board
Wasco County Library Service District
Wasco County, Oregon

INDEPENDENT AUDITORS' REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Wasco County Library Service District, a component unit of the Wasco County, 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 financial position of the governmental activities and each major fund of Wasco County Library Service District, a component unit of the Wasco County, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Wasco County Library Service 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Wasco County Library Service District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 Wasco County Library Service 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 Wasco County Library Service 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the listing of board members, 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.

Reports on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated April 30, 2024, 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.

A handwritten signature in dark ink, appearing to read "Ken Allen", is positioned above the printed name and firm name.

Kenneth Allen, CPA
PAULY, ROGERS AND CO., P.C

WASCO COUNTY LIBRARY SERVICE DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2023

As management of the Wasco County Library Service District (the District), located in Wasco County, Oregon, we offer readers of the Wasco County Library Service District's financial statements this narrative overview and analysis of the financial activities of the Wasco County Library Service District for the fiscal year ended June 30, 2023.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at June 30, 2023 by \$1,737,580.
- Total net position increased \$45,406.
- As of June 30, 2023, the District's governmental fund reported an ending balance of \$1,676,985 or 84.3% of fiscal year 2023 expenditures.
- The District had no debt as of June 30, 2023.

Overview of Financial Statements

The discussion and analysis is intended to serve as an introduction to the Wasco County Library Service 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 the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

The *Statement of Activities* presents information showing how the District's net position changed during the fiscal year ended June 30, 2023. Changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash or other financial asset flows. Thus, revenues and expenses are reported in this statement for some items, for example, property taxes and accrued interest expense will result in cash flows in future fiscal periods.

Each of these government-wide financial statements – *Statement of Net Position* and *Statement of Activities* – show the functions of the District that are supported primarily by property taxes (*governmental activities*).

These reports are found following the Management's Discussion and Analysis.

Fund Financial Statements

A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local government entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District fund is classified as a governmental fund.

Governmental Funds

Governmental funds are used to account for 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 resource*, as well as *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. Reconciliation from the Government Funds Balance Sheet to the Government-wide Statement of Net Position and reconciliation from the Governmental Funds 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 a governmental fund during the fiscal year ended June 30, 2023. Information is presented in the governmental fund Balance Sheet and in the governmental fund Statement of Net Revenues, Expenditures and Changes in Fund Balance for the District's fund.

The District adopts an annual budget for its fund. The budgetary comparison statement has been provided to demonstrate compliance with the annual budget.

The Basic Governmental Fund Financial Statements are found in this report after the Government-Wide statements.

Notes to the Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the Basic Governmental Fund Financial Statements in this report.

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, the net position is \$1,722,174 at June 30, 2022.

Net Position		2022	2023
Current Assets			
Cash	\$	1,654,562	\$ 2,160,344
Taxes Receivable		67,612	74,454
Total assets		1,722,174	2,234,798
Liabilities		30,000	497,218
Net Position			
Unrestricted		1,692,174	1,737,580
Total net position & liability	\$	1,722,174	\$ 2,234,798

The District's net position increased by \$45,406 during the year ended June 30, 2023.

Changes in Net Position		2022	2023
Revenue			
Property Taxes	\$	1,646,197	\$ 1,915,048
Interest & Investment Earnings		9,538	62,202
Miscellaneous		23,383	56,029
Total Revenues		1,679,118	2,034,279
Expenditures			
Culture & Recreation		1,542,510	1,988,873
Total Expenditures		1,542,510	1,988,873
Change in Net Position		136,608	45,406
Beginning Net Position		1,555,566	1,692,174
Ending Net Position	\$	1,692,174	\$ 1,737,580

General Fund Budgetary Highlights

There were no differences between the District's General Fund budget as originally adopted and the final amended budget. The General Fund actual revenues exceeded estimated revenues by \$370,220. The majority of this is due to a large commercial property coming off of a 15 year abatement and resulting in a significant increase in taxes collected for the district. Interest earnings also significantly increased to increased interest rates in the market. The expenditure side is within budgeted amounts. The actual Materials and Services is \$18,500 less than budgeted. The budget was built to decrease the fund balance by \$671,570 but instead increased by \$42,150 – this is due to the increased property tax primarily.

Key economic Factors and Budgets Information for the Future

Wasco County's economic base is agriculture and the processing of agricultural products, particularly cherries, wheat and livestock. Other traditional industries have included forestry, manufacturing, electric power generation and transportation. Wasco County's economy has diversified from its traditional natural resource base to include a stronger focus on technology and manufacturing.

The rapid growth of renewable energy industries is driving additional employment through support industries and related manufacturing. The world's largest internet firm, Google, established a major operational center in The Dalles. The region is also home to a strong cluster of high tech companies supported through the efforts of the Gorge Technological Alliance.

Economic sectors related to tourism have also grown, supporting tourism throughout the County. Notably, Maupin's economy thrives in the summer with Deschutes River rafting and the communities of The Dalles and Mosier have recently benefited from an increase in cycling, food and beverage tourism through the efforts of local wineries, cafes, Gorge Grown Network and The Dalles Farmers Market.

As the largest community in the County, The Dalles serves as a retail and service hub for many surrounding counties. This results in strong employment in these industries as well as in government. Further expansion of the healthcare sector, with the expansion of Mid-Columbia Medical Center, has also positively impacted job growth in the County.

The current direction of the economy is uncertain as COVID has the potential to negatively impact businesses and the economy. A recent example is the issue businesses have in attracting and keeping employees. Accordingly, the rate of property tax collections could be adversely affected at some point in the future.

Comparative Analysis

The District's net position as of June 30, 2023 was \$2,234,798, an increase of \$45,406 from June 30, 2022. In the feasibility study upon which the District's plan is based, the District established the goal of budgeting \$50,000 per year in a reserve fund. The increase of Net Position is due to this planning and shows the District is following the study. The significant increase in the tax base is due to a significant commercial property coming on the tax rolls after a 15 year tax abatement. This is intended to be used in future years as a reserve fund to sustain service levels in the future. The reserve can be seen in the Contingency of \$325,000 in budget for the fiscal year ending June 30, 2023.

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 Jeff Wavrunek, District Librarian, The Dalles-Wasco County Library, 722 Court St., The Dalles, Oregon 97058.

**WASCO COUNTY LIBRARY SERVICE DISTRICT
(A COMPONENT UNIT OF WASCO COUNTY)
WASCO COUNTY, OREGON**

BASIC FINANCIAL STATEMENTS

Wasco County Library District
Statement of Net Position
June 30, 2023
(all amounts are in dollars)

	Primary Government Governmental Activities
<u>ASSETS:</u>	
Cash & Investments	2,160,344
Taxes Receivable	74,454
<u>TOTAL ASSETS</u>	<u>2,234,798</u>
 <u>LIABILITIES:</u>	
Accounts Payable	497,218
Due to Other Taxing Districts	-
<u>TOTAL LIABILITIES</u>	<u>497,218</u>
 <u>NET POSITION</u>	
Unrestricted	1,737,580
<u>TOTAL NET POSITION</u>	<u>1,737,580</u>

The Accompanying Notes are an integral part of this Financial Statement

Wasco County Library District
Statement of Activities
For the year ended June 30, 2023
(all amounts are in dollars)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	TOTAL GOVERNMENTAL ACTIVITIES
Culture and Recreation	1,988,873	-	-	-	(1,988,873)
Total Government Activities	1,988,873	-	-	-	(1,988,873)
General Revenues:					
					1,916,048
Property Taxes levied for General Purposes					62,202
Interest and Investment Earnings					56,029
Miscellaneous					2,034,279
Total General Revenues					
Change in Net Position					45,406
					1,692,174
					1,737,580

The Accompanying Notes are an integral part of this Financial Statement

Wasco County Library District
Balance Sheet
Governmental Funds
June 30, 2023
(all amounts are in dollars)

	<u>GENERAL</u>
<u>ASSETS:</u>	
Cash & Investments	2,160,344
Taxes Receivable	<u>74,454</u>
<u>TOTAL ASSETS</u>	<u><u>2,234,798</u></u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>	
<u>LIABILITIES:</u>	
Accounts Payable	497,218
Due to Other Taxing Districts	<u>-</u>
<u>TOTAL LIABILITIES</u>	<u>497,218</u>
 <u>DEFERRED INFLOWS OF RESOURCES:</u>	
Unavailable Revenue - Taxes	<u>60,594</u>
<u>TOTAL DEFERRED INFLOWS OF RESOURCES</u>	<u>60,594</u>
 <u>FUND BALANCES:</u>	
Unassigned	<u>1,676,986</u>
<u>TOTAL FUND BALANCES</u>	<u>1,676,986</u>
 <u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>	<u><u>2,234,798</u></u>

-

The Accompanying Notes are an integral part of this Financial Statement

Wasco County Library District
Reconciliation of Balance Sheet to Statement of Net Position
June 30, 2023
(all amounts are in dollars)

Fund Balance - Governmental Funds	1,676,985
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Unavailable revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the government funds.	<u>60,595</u>
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Net Position of Governmental Activities	<u><u>1,737,580</u></u>
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The Accompanying Notes are an integral part of this Financial Statement

Wasco County Library District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the year ended June 30, 2023
(all amounts are in dollars)

	<u>GENERAL</u>
<u>REVENUES:</u>	
Property Taxes	1,921,816
Investment Earnings	62,202
Miscellaneous	47,005
<u>TOTAL REVENUES</u>	<u>2,031,023</u>
 <u>EXPENDITURES:</u>	
Current:	
<i>Culture & Recreation</i>	1,988,873
<u>TOTAL EXPENDITURES</u>	<u>1,988,873</u>
 Net Changes in Fund Balance	42,150
 <u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>1,634,835</u>
 <u>FUND BALANCE - END OF YEAR</u>	<u>1,676,985</u>

The Accompanying Notes are an integral part of this Financial Statement

Wasco County Library District
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the year ended June 30, 2023
(all amounts are in dollars)

Net Change in Fund Balance	42,150
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Amounts reported for governmental activities in the Statement of Activities are different because:

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Change in deferred inflows of resources	<u>(5,768)</u>
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Change in Net Position of Governmental Activities	<u><u>36,382</u></u>
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The Accompanying Notes are an integral part of this Financial Statement

**WASCO COUNTY LIBRARY SERVICE DISTRICT
(A COMPONENT UNIT OF WASCO COUNTY)
NOTES TO THE BASIC FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the district's accounting policies are described below.

A. THE FINANCIAL REPORTING ENTITY

In December 2006, Wasco County voters approved the creation of a Library Service District for Wasco County under ORS Ch. 451 with a formation date of July 1, 2007. The County Board of Commissioner consisting of three Commissioners, one whom serves as the Chair of the Board, is the governing body of the District. The District is a component unit of Wasco County, Oregon. In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The criteria for including potential component units within the County's reporting entity (as set forth in GASB No. 61) is financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit to, or impose a financial burden on, the primary government.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the 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-type activities or fiduciary funds.

Generally accepted accounting principles require that these financial statements present Wasco County Library Service District (the primary government) and all component units, if any. Component units, as established by the Government Accounting Standards Board (GASB) Statement 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. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the basic financial statements. Wasco County Library Service District has no component units.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

All direct expenses are reported by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function.

**WASCO COUNTY LIBRARY SERVICE DISTRICT
(A COMPONENT UNIT OF WASCO COUNTY)
NOTES TO THE BASIC FINANCIAL STATEMENTS**

FUND FINANCIAL STATEMENTS

The accounts are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

GOVERNMENTAL FUND TYPES

Governmental funds are used to account for the general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Grant revenue is not considered available and, therefore, is not recognized until received. Expenditures are recorded when the liability is incurred.

Revenues susceptible to accrual are interest, state, county and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

This is the major governmental fund:

GENERAL FUND

This fund accounts for all financial resources and expenditures, except those required to be accounted for in another fund (there are no other funds). The principal revenue sources are property taxes.

C. BUDGET

A budget is prepared and legally adopted for each fund on the accrual basis of accounting in the main program categories required by the Oregon Local Budget Law. The budgets for all funds are adopted on a basis consistent with generally accepted accounting principles, except depreciation expense is not recorded in budgetary statements, capital outlay is expensed rather than capitalized, and debt principal is an expenditure. The District begins its budget process 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 expenses for each fund may not be increased by more than ten percent. The budget is adopted and appropriations are made no later than June 30th. The Appropriations Resolution contains amounts for personal services, materials and services, capital outlay, inter-fund transfers, debt service and contingency. This is the level of control for authorized expenditures. The level of expenditures is monitored throughout the year. Expenses cannot exceed the above 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. There were no supplemental appropriations during the year ended June 30, 2023. Budget amounts shown in the financial statements reflect the original budgeted amounts.

Expenses of the various funds were within authorized appropriations for the year ended June 30, 2023.

**WASCO COUNTY LIBRARY SERVICE DISTRICT
(A COMPONENT UNIT OF WASCO COUNTY)
NOTES TO THE BASIC FINANCIAL STATEMENTS**

D. INVESTMENTS

Investments are reported at fair value based on quoted market prices for securities purchased by the District and for cash reported by the investment pool in which the District participates. All investments held have readily available market prices. The change in fair value is reported in the statement of revenues, expenses and changes in net position as investment earnings. Realized gains or losses on the maturity or disposition of securities are not separately disclosed.

E. CAPITAL ASSETS

The District has no capital assets.

F. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net positions that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

G. NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets, 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.

H. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, cash and cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash, and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally only investments with original maturities of three months or less meet this definition.

I. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 expenses during the reporting period. Actual results could differ from those estimates.

**WASCO COUNTY LIBRARY SERVICE DISTRICT
(A COMPONENT UNIT OF WASCO COUNTY)
NOTES TO THE BASIC FINANCIAL STATEMENTS**

J. PROPERTY TAXES

Property taxes are assessed on a July 1 - June 30 fiscal year basis. The taxes are levied as of July 1 based on assessed values as of January 1. Property tax payments are due in three equal installments, on November 15, February 15 and May 15. A discount of 3% is available if taxes are paid in full by November 15 and a discount of 2% on the unpaid balance is available if taxes are paid in full by February 15. Property taxes attach as an enforceable lien July 1 and are considered delinquent if not paid by the following May 15. The Wasco County Treasurer is the tax collection agent for the District.

Tax revenue is considered available for expenditure upon receipt by the County, which serves as the intermediary collecting agency. Uncollected property taxes are shown on the General Fund balance sheet as receivables. Collections within 60 days subsequent to year-end have been accrued and the remaining taxes receivable are recorded as deferred inflows of resources on the modified accrual basis of accounting since they are not deemed available to finance operations of the current period.

K. FUND BALANCE REPORTING

The Governmental Accounting Standards Board (GAS B) 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,
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 do not meet the criteria to be classified as restricted or committed and
5. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

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.

**WASCO COUNTY LIBRARY SERVICE DISTRICT
(A COMPONENT UNIT OF WASCO COUNTY)
NOTES TO THE BASIC FINANCIAL STATEMENTS**

L. 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)

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.

M. Long Term Obligations

In the government-wide financial statements long-term debt and other long term obligations are reported as liabilities in the Statement of Net Position. The District has no long term obligations. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources. Principal and interest payments are reported as debt service expenditures when paid.

2. CASH AND INVESTMENTS

As of June 30, 2023, the District had a deposit of \$2,160,344 with the Wasco County Treasurer. All of the District's deposits were adequately secured during the year. See the County's financial report for more information on FDIC coverages and collateralized amounts.

Interest Rate Risk

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

**WASCO COUNTY LIBRARY SERVICE DISTRICT
(A COMPONENT UNIT OF WASCO COUNTY)
NOTES TO THE BASIC FINANCIAL STATEMENTS**

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. The District's deposit with the Wasco County Treasurer is not rated.

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 or collateral securities that are in the possession of an outside party. The deposit with the Wasco County Treasurer is not deemed to be a security, which is a transferable financial instrument that evidences ownership and is, therefore, not subject to custodial credit risk.

3. 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 others; and natural disasters for which the District participates in Wasco County's insurance program. There have been no settlements in excess of insurance coverage and reserves in the past four fiscal years.

4. TAX ABATEMENTS

Wasco County Library Service District in conjunction with Wasco County has authorized tax-exempt status for three qualified firms within the County: Powder Pure, Hix The Dalles, and Design LLC. All properties are required to meet State and Federal funding requirements which include annual physical inspections and an annual audit of financial activity and programmatic compliance. The property tax exemption may be removed if the property is being used for any purpose other than the provisions of low income housing, or if the property is no longer eligible under the stated provisions of ORS 307.540 to 307.548. Section E of the renewal application requires the applicant to acknowledge compliance with the requirements annually. For fiscal year ending June 30, 2023, the foregone property tax revenue is \$971,539.

WASCO COUNTY LIBRARY SERVICE DISTRICT
WASCO COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

Wasco County Library District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
General Fund
For the year ended June 30, 2023
(all amounts are in dollars)

	BUDGETED AMOUNTS			
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>REVENUES:</u>				
Property Taxes	1,646,688	1,646,688	1,921,816	275,128
Investment Earnings	14,115	14,115	62,202	48,087
Miscellaneous	-	-	47,005	47,005
<u>TOTAL REVENUES</u>	1,660,803	1,660,803	2,031,023	370,220
<u>EXPENDITURES:</u>				
Current:				
<i>Materials & Services</i>	2,007,373	2,007,373	1,988,873	18,500
Contingency	325,000	325,000	-	325,000
<u>TOTAL EXPENDITURES</u>	2,332,373	2,332,373	1,988,873	343,500
 Net Changes in Fund Balance	 (671,570)	 (671,570)	 42,150	 713,720
 <u>FUND BALANCE - BEGINNING OF YEAR</u>	 1,492,459	 1,492,459	 1,634,835	 142,376
 <u>FUND BALANCE - END OF YEAR</u>	 820,889	 820,889	 1,676,985	 856,096



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April 30, 2024

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Wasco County Library Service District as of and for the year ended June 30, 2022, and have issued our report thereon dated April 30, 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 Wasco County Library Service 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, our audit was not directed primarily toward obtaining knowledge of such noncompliance. As such, 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)**
- **Indebtedness limitations, restrictions and repayment.**
- **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 Wasco County Library Service 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 Wasco County Library Service 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 Wasco County Library Service District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Wasco County Library Service District's internal control over financial reporting.

This report is intended solely for the information and use of the Board of Commissioners and Management of Wasco County Library Service District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

A handwritten signature in black ink, appearing to read "Ken Allen", with a stylized, flowing script.

Kenneth Allen, CPA
PAULY, ROGERS AND CO., P.C.



LIBRARY DISTRICT

Consent Agenda

[LIBRARY/CITY OF THE DALLES IGA](#)

[5.1.2024 MINUTES](#)



MEMORANDUM

SUBJECT: LIBRARY SERVICE DISTRICT IGA REVISIONS

TO: BOARD OF COUNTY COMMISSIONERS

FROM: KELLY WALKER

DATE: 5/7/24

BACKGROUND INFORMATION

AFTER MEETING WITH THE LIBRARY SERVICE DISTRICT ON MAY 6, 2024, THE CITY HAS MADE THE FOLLOWING REVISIONS TO THE LIBRARY SERVICE DISTRICT IGA:

- THE WORD "GENERALLY" WAS REMOVED FROM SECTION A1.
- THE TERM IN SECTION D1 WAS CHANGED TO A 3-YEAR INITIAL TERM WITH 2 AUTOMATIC 3-YEAR RENEWALS. (PLEASE NOTE TERMINATION LANGUAGE IN SECTION D2 ALONG WITH SECTION 12 WHICH STATES THAT THE PARTIES MAY AMEND THIS AGREEMENT BY MUTUAL WRITTEN AGREEMENT AT ANY TIME, WHICH GIVES THE CITY TIME TO ADDRESS ANY CONCERNS).
- SECTION D9 HAS ADDED MEDIATION ARBRITRATION LANGUAGE, WHICH WAS TAKEN IN PART FROM QLIFE IGA.
- UPDATED NOTICE INFO IN SECTION 13 TO WASCO COUNTY LIBRARY SERVICE DISTRICT (SAME ADDRESS).
- CHANGED SIGNATURE LINES TO REFLECT WASCO COUNTY LIBRARY SERVICE DISTRICT.

THESE REVISIONS HAVE BEEN APPROVED BY THE LIBRARY SERVICE DISTRICT BOARD.

FOURTH INTERGOVERNMENTAL AGREEMENT FOR LIBRARY SERVICES

This FOURTH INTERGOVERNMENTAL AGREEMENT FOR LIBRARY SERVICES (**Agreement**) is entered by the City of The Dalles, an Oregon municipal corporation (**City**), and Wasco County Library Service District, a library services district duly formed and organized under the provisions of ORS Chapters 198 and 451 (**District**), for the City's provision of library services to the District.

WHEREAS, ORS 190.010 provides units of local government may enter written agreements with any other unit of local government for the performance of any or all functions and activities a party to the agreement has authority to perform;

WHEREAS, on July 1, 2007, the Parties entered that certain *Intergovernmental Agreement between the Wasco County Library and the City of The Dalles for Library Services*;

WHEREAS, on July 1, 2008, the Parties entered that certain *Second Intergovernmental Agreement between Wasco County Library and City of The Dalles for Library Services*;

WHEREAS, on July 1, 2010, the Parties entered that certain *Third Intergovernmental Agreement between Wasco County Library and City of The Dalles for Library Services*; and

WHEREAS, the Parties' course of performance since July 1, 2007, informed them of best practices convenient to the furtherance of City's provision of library services to the District and intend this Agreement to establish the continuing terms and conditions of such library services.

NOW, THEREFORE, in consideration of the mutual promises contained herein, the Parties agree:

A. CITY RESPONSIBILITIES.

1. General. The City ~~generally~~ agrees to make library facilities and services available to the public and work in coordination with other branches of the District, all as provided in this Agreement.
2. The Dalles Library. The Parties' primary library facility is currently located at 722 Court Street in The Dalles, Oregon (**The Dalles Library**), and the Parties agree they may change its location by mutual written agreement.
3. Capital Improvements and Maintenance.

(a) Capital Improvements.

- (1) **Defined**. The Parties agree *capital improvements* are durable upgrades, adaptations, or enhancements of The Dalles Library that create a new asset and/or have a lifespan that is 15 years or longer, increasing its value and often including structural changes and major replacements; the Parties further agree examples of *capital improvements* include additions (e.g., constructing new deck or wing), whole-room renovations, major installations (e.g., installing central air

conditioning or new plumbing system), and replacing 30% or more of a building component (e.g., roof, windows, floors, electrical system, HVAC).

- (2) **Responsibility.** The City agrees to procure or perform The Dalles Library's capital improvements; provided, however, the City agrees to be responsible for only 50% of The Dalles Library's capital improvement costs, which it will pay from City funds appropriated through the City's annual budget process. The Parties agree to develop and maintain a 5-10 year *Capital Improvement Plan (CIP)* within six (6) months from this Agreement's effective date and informing them of the necessary resources each Party must budget to meet the CIP's expectations.

(b) Maintenance.

- (1) **Defined.** The Parties agree *maintenance* is generally an annual expense, that does not create a new asset and is incurred to keep The Dalles Library habitable and in proper working condition; the Parties further agree examples of *maintenance* include routine costs associated with painting, repairing existing HVAC units or toilets, maintaining parking lots, sidewalks, and landscaping and outdoor structural items, replacing shingles on a roof, floor covering installations, broken pipes, or broken or worn-out parts, and the costs associated with the inspection of such expenses.

- (2) **Responsibility.** The City agrees to procure or perform The Dalles Library's maintenance by utilizing the District's annually budgeted financial resources marked for disbursement to the City for the express and limited purpose of this Agreement's performance (**Awarded Funds**).

4. Personnel.

- (a) County Librarian. The City agrees to employ the County Librarian, a person agreed upon between the City and the District and responsible for the administration of the Wasco County Library system and designated as the District's Budget Officer. Since the County Librarian is a City employee, the City reserves the unilateral right to terminate their at-will employment like all other City employees. The City will conduct an annual performance evaluation of the County Librarian and shall solicit input from the Library Board.

- (b) Support Personnel. With respect to The Dalles Library, the City agrees to employ others as it deems necessary, including support staff to provide general patron services, maintenance services, library collection services, information services, and youth and adult services expressly as City employees. Since support staff are City employees, the City reserves the unilateral right to terminate their at-will employment like all other City employees.

- (c) Workers' Compensation. The City agrees to provide all required workers' compensation coverages for all City employees and volunteers contemplated by this Agreement.

5. Indirect Administrative and Overhead Costs. Since The Dalles Library is a City facility and its personnel are City employees, as part of the City budget process the City agrees

Fourth IGA for Library Services

Wasco County Library Service District – City of The Dalles

to provide District a copy of the City's General Fund Transfers report detailing the City's methodology for calculating its costs for indirect administrative services and The Dalles Library operational overhead, including its costs for Finance Department staff time, Legal Department staff time, and all other administrative or personnel costs. This methodology is based on the total administrative costs of City departments that provide services to the Library broken out by use. Calculations take into account usages such as invoices, number of employees, agenda items, hours for legal services, facility services, or IT time. For each fiscal year during this Agreement's term, the City (through its City Manager and Finance Director) agrees to meet and provide the District Board with a yearly forecast and breakdown of its costs annually by April 1st to discuss that methodology as applied to the given fiscal year. The Parties agree the City's expenses for its indirect administrative and overhead costs contemplated by this Agreement are true and actual costs to the City and do not reflect a profit. The Parties agree the City reserves the discretion to reduce the amount it transfers to the District's pecuniary benefit.

6. Use of Awarded Funds. The City agrees to use Awarded Funds exclusively for its provision of library services to the District, including the costs detailed in Section B(1)(a) and the costs for maintenance, personnel, and indirect administration and overhead described by Sections A(3)(b) – A(5) of this Agreement.
7. Hours of Operation. The City agrees to maintain reasonable hours of operation for the public's use of The Dalles Library based on the City's operational needs. The Parties agree the District's Library Board may recommend changes to the hours of operation to the City, which the City agrees to reasonably consider.
8. Annual Reporting. The City agrees to provide the District an annual audit report and (upon District's written request) make and deliver a presentation at a Wasco County Board of County Commissioners regular meeting on its activities under this Agreement for the year at the time the audit report is presented to the District's governing body.
9. Public Contracting. The City agrees to comply with all applicable Oregon Public Contracting Code requirements and its Local Contract Review Board Rules for all procurements or contracting relating to this Agreement's performance.
10. Insurance and Indemnity.
 - (a) Required Policies. The City agrees to carry and maintain in effect throughout this Agreement's term statutory **Workers' Compensation** coverage, **Comprehensive General Liability** insurance in the amount of \$1,000,000 (*per occurrence*) and \$2,000,000 (*in aggregate*), and **Commercial Automobile Liability** insurance (including coverage for all owned, hired, and non-owned vehicles) with a *combined single limit per occurrence* of \$1,000,000.
 - (b) Certificates. The City agrees to provide the District with certificates of insurance naming the *Wasco County Library Service District* as an additional insured prior to its performance of this Agreement and to further provide the District thirty (30) days' notice before cancelling or reducing any insurance policy contemplated by this Agreement.

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- (c) Indemnity. In accordance with the Oregon Tort Claims Act and the Oregon Constitution, the City agrees to indemnify, defend, and hold harmless the District (including its officers, agents, and employees) against all liability, loss, and costs arising from actions, suits, claims, or demands for the City's acts or omissions in its performance of this Agreement.

B. DISTRICT RESPONSIBILITIES.

1. Authorize Funds. For each year of this Agreement's term, the District agrees to authorize funding in accordance with its adopted budget and Oregon Local Budget Law to provide library services in Wasco County. The District further agrees to allocate, at least, a portion of those authorized funds as Awarded Funds sufficient to cover both:
 - (a) 50% of The Dalles Library's capital improvement costs scheduled for that fiscal year (pursuant to the CIP); and
 - (b) the City's indirect administrative and overhead costs for that fiscal year.
2. Indemnity. In accordance with the Oregon Tort Claims Act and the Oregon Constitution, the District agrees to indemnify, defend, and hold harmless the City (including its officers, agents, and employees) against all liability, loss, and costs arising from actions, suits, claims, or demands for the District's acts or omissions in its performance of this Agreement.

C. FINANCIAL OBLIGATIONS AND BUDGETARY CONSIDERATIONS.

1. Fees. The Parties agree all library fees, fines, or interest collected by the City are solely for the District's benefit and the City agrees to utilize them only for The Dalles Library operation. The City agrees to report all such amounts in its annual audit and report.
2. Annual Operating and CIP Budget. The Parties agree the County Librarian will draft the annual operating and CIP budget of The Dalles Library for review by the City and District. The City agrees to consider for approval the proposed annual operating and CIP budget for The Dalles Library (including the County Librarian's compensation) through the City's annual budget process for each year of this Agreement's term.
3. Unappropriated Ending Fund Balance. The Parties agree The Dalles Library will follow best practices budgetary and financial rules of the City, including but not limited to maintaining an unappropriated ending fund balance equal to four months' net operating expenses.
4. Revenue Discrepancies. The City agrees to carry-over any non-budgeted surplus revenue (resulting from The Dalles Library operating costs being less than projected) to be used for The Dalles Library services and operations under this agreement. The District agrees any revenue shortage resulting from its lack of tax collection provides the City with a discretionary, partial, and proportional excuse for the City's non-performance of this Agreement.
5. Assets. The Parties agree any City-owned assets currently in the The Dalles Library are the City's property for those assets' remaining life. The Parties further agree, as the City

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Wasco County Library Service District – City of The Dalles

expends Awarded Funds to replace those assets or purchases new materials (including circulation materials), those items are considered City property for use at The Dalles Library. The Parties agree the District has sole oversight over assets procured by the District.

6. Fund Availability. The Parties agree the District is expected to receive sufficient funds to cover its annual costs under this Agreement from each year's tax receipts. The Parties further agree the District's ability to make payments to the City under this Agreement are contingent on the District's actual tax receipts, budgetary limitations, and other expenditure authority sufficient to allow the District (in the exercise of its reasonable administrative discretion) to actually make those payments. If the District determines there are insufficient funds available to make payments under this Agreement, the Parties agree either Party may terminate this Agreement by providing thirty (30) days' notice of termination to the non-terminating Party; provided, however, the District agrees any shortage in its payments to the City under this Agreement provides the City with a discretionary, partial, and proportional excuse for the City's non-performance of this Agreement.
7. Audit. The Parties agree the District may review and audit the City's financial records relating to this Agreement and the City agrees to reasonably make such records available for the District's inspection.

D. GENERAL PROVISIONS.

1. Term. The Parties agree this Agreement ~~commences July 1, 2024, for an initial three (3) year term and automatically extends by two successive three (3) year terms (all under the same provisions as herein contained). shall be for an initial five (5) year (the "Initial Term") commencing on [DATE], 2024 and shall automatically extend for up to five (5) additional years upon a continuation of all the same provisions hereof, unless either party gives written notice of intention to terminate this Agreement at least one hundred and eighty days (180) before the expiration of the Initial Term.~~
2. Termination. The Parties agree either Party may terminate this Agreement at any time by providing written notice of intent to terminate by January 1 of any given fiscal year during this Agreement's term, in which case the Parties agree this Agreement terminates at the end of that fiscal year. The Parties further agree this Agreement may be terminated at any time by mutual written agreement.
3. General Role of the Parties. The Parties agree the District is primarily a funding mechanism of Wasco County established to support and operate library services within county limits and relies on the City and other entities to provide those services to the public.
4. No Employer-Employee Relationship. The Parties expressly agree they do not intend this Agreement or the course of its performance to implicate an employer-employee relationship between them. The City expressly warrants its exclusive agency free from the District's direction and control over the means and day-to-day manner of performing its obligations under this Agreement. To the maximum extent allowed by law, the Parties agree the City is an independent contractor as defined by ORS 670.600(2) and as interpreted by regulations promulgated by the Oregon Bureau of Labor and Industries.

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5. Nondiscrimination. The Parties agree neither Party will discriminate on the basis of race, color, religion, sex, national origin, age, marital status, sexual orientation, disability, or veteran's status in any activity or operation carried out in the performance of this Agreement.
6. Delegation and Assignment. The Parties agree neither Party will delegate, assign, or otherwise transfer any of their interests in this Agreement without the other Party's prior written consent, which consent will not be unreasonably withheld. The Parties agree all provisions of this Agreement are binding upon and inure to the benefit of the Parties and their respective and permitted successors and assigns, if any.
7. Third-Party Beneficiaries. The Parties agree they are the only parties to this Agreement and are the only parties entitled to enforce its terms. Nothing in this Agreement gives, is intended to give, or will be construed to give or provide any benefit or right, whether directly or otherwise, to any third-party.
8. Representations and Warranties. The Parties each represent and warrant they each have the power and authority necessary to enter and perform this Agreement and this Agreement (when duly executed) is a valid and binding obligation of each Party.
9. Dispute Resolution. The Parties agree any dispute, claim, action, suit, or proceeding (**Claim**) between them and arising from or relating to this Agreement will first be attempted to be resolved informally commencing with one Party noticing the Claim in writing to the other Party, in which case the Parties agree to negotiate to resolve the Claim for at least forty-five (45) days from the date of notice. If the Claim is reasonably unresolved after those forty-five (45) days, the Parties agree to submit themselves and the matter to mediation or agree to extend the time for informal resolution in successive fifteen (15) day increments.~~be submitted to-~~ If the Claim remains reasonably unresolved after at least sixteen (16) hours of mediation, the Parties agree to submit themselves and the matter to binding arbitration or agree to extend the time for mediation in successive eight (8) hour increments of mediation. In all instances, the Parties agree to negotiate in good faith towards resolving the Claim. The Parties agree to split the costs of mediation and binding arbitration equally. The Parties expressly agree to waive their respective rights to~~and not to litigating Claims connected with this Agreement or its performance~~on. The Parties further agree the arbitrator's decision will be final and binding and a judgement may be entered thereon. The Party submitting any Claim to mediation or binding arbitration agrees to notify the other Party and the Parties agree to select a mediator or binding arbitrator within thirty (30) days of such notice. If the Parties are unable to agree on a mediator or arbitrator within those thirty (30) days, the Parties agree to submit the matter of determining a mediator or arbitrator to the Presiding Judge of the Wasco County Circuit Court and agree to abide the Presiding Judge's recommendation or order.
10. Severability. If any provision of this Agreement is declared unenforceable or in conflict with any law, the Parties agree the validity of the remaining provisions will not be impacted and their rights will be construed and enforced as if this Agreement did not contain that particular invalid provision.

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11. Waiver. The Parties agree any Party's failure to enforce any provision of this Agreement does not constitute that Party's waiver of that or any other provision.
12. Integration and Amendment. The Parties agree this Agreement represents their full and final agreement and supersedes all prior or contemporaneous negotiations and arrangements regarding this matter between them, including the provisions of the July 1, 2010, *Third Intergovernmental Agreement between Wasco County Library and City of The Dalles for Library Services*. The Parties Agree this Agreement may be amended by mutual written agreement at any time.
13. Notices. The Parties agree all notices required or permitted to be given under this Agreement shall be deemed given and received two (2) days after deposit in the United States Mail, certified or registered form, postage prepaid, return receipt requested, and addressed:

To the City:

City Manager
City of The Dalles
313 Court Street
The Dalles, OR 97058

To the District:

Wasco County Board of County Commissioners
County Library Service District

Chair
~~Wasco County Board of County Commissioners~~Wasco

511 Washington Street, Suite 302
The Dalles, OR 97058

Continues on next.

IN WITNESS WHEREOF, the Parties duly execute this **FOURTH INTERGOVERNMENTAL AGREEMENT FOR LIBRARY SERVICES** this _____ day of _____, ~~2023~~2024.

CITY OF THE DALLES,
COUNTY LIBRARY SERVICE DISTRICT,
an Oregon municipal corporation
~~subdivision~~library services district

BOARD OF COUNTY COMMISSIONERS**WASCO**
~~Wasco County,~~ an Oregon ~~political~~

Matthew B. Klebes, City Manager

Steve Kramer, Chair

Scott Hege, Vice-Chair

Phil Brady, County Commissioner

Date

Date

ATTEST:

ATTEST:

Amie Ell, City Clerk

Kathy Clark, Executive Assistant

Approved as to form:

Approved as to form:

Jonathan Kara, City Attorney

Kristen Campbell, County Counsel

FOURTH INTERGOVERNMENTAL AGREEMENT FOR LIBRARY SERVICES

This FOURTH INTERGOVERNMENTAL AGREEMENT FOR LIBRARY SERVICES (**Agreement**) is entered by the City of The Dalles, an Oregon municipal corporation (**City**), and Wasco County Library Service District, a library services district duly formed and organized under the provisions of ORS Chapters 198 and 451 (**District**), for the City's provision of library services to the District.

WHEREAS, ORS 190.010 provides units of local government may enter written agreements with any other unit of local government for the performance of any or all functions and activities a party to the agreement has authority to perform;

WHEREAS, on July 1, 2007, the Parties entered that certain *Intergovernmental Agreement between the Wasco County Library and the City of The Dalles for Library Services*;

WHEREAS, on July 1, 2008, the Parties entered that certain *Second Intergovernmental Agreement between Wasco County Library and City of The Dalles for Library Services*;

WHEREAS, on July 1, 2010, the Parties entered that certain *Third Intergovernmental Agreement between Wasco County Library and City of The Dalles for Library Services*; and

WHEREAS, the Parties' course of performance since July 1, 2007, informed them of best practices convenient to the furtherance of City's provision of library services to the District and intend this Agreement to establish the continuing terms and conditions of such library services.

NOW, THEREFORE, in consideration of the mutual promises contained herein, the Parties agree:

A. CITY RESPONSIBILITIES.

1. General. The City agrees to make library facilities and services available to the public and work in coordination with other branches of the District, all as provided in this Agreement.
2. The Dalles Library. The Parties' primary library facility is currently located at 722 Court Street in The Dalles, Oregon (**The Dalles Library**), and the Parties agree they may change its location by mutual written agreement.
3. Capital Improvements and Maintenance.

(a) Capital Improvements.

- (1) **Defined**. The Parties agree *capital improvements* are durable upgrades, adaptations, or enhancements of The Dalles Library that create a new asset and/or have a lifespan that is 15 years or longer, increasing its value and often including structural changes and major replacements; the Parties further agree examples of *capital improvements* include additions (e.g., constructing new deck or wing), whole-room renovations, major installations (e.g., installing central air

conditioning or new plumbing system), and replacing 30% or more of a building component (e.g., roof, windows, floors, electrical system, HVAC).

- (2) **Responsibility.** The City agrees to procure or perform The Dalles Library's capital improvements; provided, however, the City agrees to be responsible for only 50% of The Dalles Library's capital improvement costs, which it will pay from City funds appropriated through the City's annual budget process. The Parties agree to develop and maintain a 5-10 year *Capital Improvement Plan (CIP)* within six (6) months from this Agreement's effective date and informing them of the necessary resources each Party must budget to meet the CIP's expectations.

(b) Maintenance.

- (1) **Defined.** The Parties agree *maintenance* is generally an annual expense, that does not create a new asset and is incurred to keep The Dalles Library habitable and in proper working condition; the Parties further agree examples of *maintenance* include routine costs associated with painting, repairing existing HVAC units or toilets, maintaining parking lots, sidewalks, and landscaping and outdoor structural items, replacing shingles on a roof, floor covering installations, broken pipes, or broken or worn-out parts, and the costs associated with the inspection of such expenses.

- (2) **Responsibility.** The City agrees to procure or perform The Dalles Library's maintenance by utilizing the District's annually budgeted financial resources marked for disbursement to the City for the express and limited purpose of this Agreement's performance (**Awarded Funds**).

4. Personnel.

- (a) County Librarian. The City agrees to employ the County Librarian, a person agreed upon between the City and the District and responsible for the administration of the Wasco County Library system and designated as the District's Budget Officer. Since the County Librarian is a City employee, the City reserves the unilateral right to terminate their at-will employment like all other City employees. The City will conduct an annual performance evaluation of the County Librarian and shall solicit input from the Library Board.

- (b) Support Personnel. With respect to The Dalles Library, the City agrees to employ others as it deems necessary, including support staff to provide general patron services, maintenance services, library collection services, information services, and youth and adult services expressly as City employees. Since support staff are City employees, the City reserves the unilateral right to terminate their at-will employment like all other City employees.

- (c) Workers' Compensation. The City agrees to provide all required workers' compensation coverages for all City employees and volunteers contemplated by this Agreement.

5. Indirect Administrative and Overhead Costs. Since The Dalles Library is a City facility and its personnel are City employees, as part of the City budget process the City agrees

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Wasco County Library Service District – City of The Dalles

to provide District a copy of the City's General Fund Transfers report detailing the City's methodology for calculating its costs for indirect administrative services and The Dalles Library operational overhead, including its costs for Finance Department staff time, Legal Department staff time, and all other administrative or personnel costs. This methodology is based on the total administrative costs of City departments that provide services to the Library broken out by use. Calculations take into account usages such as invoices, number of employees, agenda items, hours for legal services, facility services, or IT time. For each fiscal year during this Agreement's term, the City (through its City Manager and Finance Director) agrees to meet and provide the District Board with a yearly forecast and breakdown of its costs annually by April 1st to discuss that methodology as applied to the given fiscal year. The Parties agree the City's expenses for its indirect administrative and overhead costs contemplated by this Agreement are true and actual costs to the City and do not reflect a profit. The Parties agree the City reserves the discretion to reduce the amount it transfers to the District's pecuniary benefit.

6. Use of Awarded Funds. The City agrees to use Awarded Funds exclusively for its provision of library services to the District, including the costs detailed in Section B(1)(a) and the costs for maintenance, personnel, and indirect administration and overhead described by Sections A(3)(b) – A(5) of this Agreement.
7. Hours of Operation. The City agrees to maintain reasonable hours of operation for the public's use of The Dalles Library based on the City's operational needs. The Parties agree the District's Library Board may recommend changes to the hours of operation to the City, which the City agrees to reasonably consider.
8. Annual Reporting. The City agrees to provide the District an annual audit report and (upon District's written request) make and deliver a presentation at a Wasco County Board of County Commissioners regular meeting on its activities under this Agreement for the year at the time the audit report is presented to the District's governing body.
9. Public Contracting. The City agrees to comply with all applicable Oregon Public Contracting Code requirements and its Local Contract Review Board Rules for all procurements or contracting relating to this Agreement's performance.
10. Insurance and Indemnity.
 - (a) Required Policies. The City agrees to carry and maintain in effect throughout this Agreement's term statutory **Workers' Compensation** coverage, **Comprehensive General Liability** insurance in the amount of \$1,000,000 (*per occurrence*) and \$2,000,000 (*in aggregate*), and **Commercial Automobile Liability** insurance (including coverage for all owned, hired, and non-owned vehicles) with a *combined single limit per occurrence* of \$1,000,000.
 - (b) Certificates. The City agrees to provide the District with certificates of insurance naming the *Wasco County Library Service District* as an additional insured prior to its performance of this Agreement and to further provide the District thirty (30) days' notice before cancelling or reducing any insurance policy contemplated by this Agreement.

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- (c) Indemnity. In accordance with the Oregon Tort Claims Act and the Oregon Constitution, the City agrees to indemnify, defend, and hold harmless the District (including its officers, agents, and employees) against all liability, loss, and costs arising from actions, suits, claims, or demands for the City's acts or omissions in its performance of this Agreement.

B. DISTRICT RESPONSIBILITIES.

1. Authorize Funds. For each year of this Agreement's term, the District agrees to authorize funding in accordance with its adopted budget and Oregon Local Budget Law to provide library services in Wasco County. The District further agrees to allocate, at least, a portion of those authorized funds as Awarded Funds sufficient to cover both:
 - (a) 50% of The Dalles Library's capital improvement costs scheduled for that fiscal year (pursuant to the CIP); and
 - (b) the City's indirect administrative and overhead costs for that fiscal year.
2. Indemnity. In accordance with the Oregon Tort Claims Act and the Oregon Constitution, the District agrees to indemnify, defend, and hold harmless the City (including its officers, agents, and employees) against all liability, loss, and costs arising from actions, suits, claims, or demands for the District's acts or omissions in its performance of this Agreement.

C. FINANCIAL OBLIGATIONS AND BUDGETARY CONSIDERATIONS.

1. Fees. The Parties agree all library fees, fines, or interest collected by the City are solely for the District's benefit and the City agrees to utilize them only for The Dalles Library operation. The City agrees to report all such amounts in its annual audit and report.
2. Annual Operating and CIP Budget. The Parties agree the County Librarian will draft the annual operating and CIP budget of The Dalles Library for review by the City and District. The City agrees to consider for approval the proposed annual operating and CIP budget for The Dalles Library (including the County Librarian's compensation) through the City's annual budget process for each year of this Agreement's term.
3. Unappropriated Ending Fund Balance. The Parties agree The Dalles Library will follow best practices budgetary and financial rules of the City, including but not limited to maintaining an unappropriated ending fund balance equal to four months' net operating expenses.
4. Revenue Discrepancies. The City agrees to carry-over any non-budgeted surplus revenue (resulting from The Dalles Library operating costs being less than projected) to be used for The Dalles Library services and operations under this agreement. The District agrees any revenue shortage resulting from its lack of tax collection provides the City with a discretionary, partial, and proportional excuse for the City's non-performance of this Agreement.
5. Assets. The Parties agree any City-owned assets currently in the The Dalles Library are the City's property for those assets' remaining life. The Parties further agree, as the City

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expends Awarded Funds to replace those assets or purchases new materials (including circulation materials), those items are considered City property for use at The Dalles Library. The Parties agree the District has sole oversight over assets procured by the District.

6. Fund Availability. The Parties agree the District is expected to receive sufficient funds to cover its annual costs under this Agreement from each year's tax receipts. The Parties further agree the District's ability to make payments to the City under this Agreement are contingent on the District's actual tax receipts, budgetary limitations, and other expenditure authority sufficient to allow the District (in the exercise of its reasonable administrative discretion) to actually make those payments. If the District determines there are insufficient funds available to make payments under this Agreement, the Parties agree either Party may terminate this Agreement by providing thirty (30) days' notice of termination to the non-terminating Party; provided, however, the District agrees any shortage in its payments to the City under this Agreement provides the City with a discretionary, partial, and proportional excuse for the City's non-performance of this Agreement.
7. Audit. The Parties agree the District may review and audit the City's financial records relating to this Agreement and the City agrees to reasonably make such records available for the District's inspection.

D. GENERAL PROVISIONS.

1. Term. The Parties agree this Agreement commences July 1, 2024, for an initial three (3) year term and automatically extends by two successive three (3) year terms (all under the same provisions as herein contained).
2. Termination. The Parties agree either Party may terminate this Agreement at any time by providing written notice of intent to terminate by January 1 of any given fiscal year during this Agreement's term, in which case the Parties agree this Agreement terminates at the end of that fiscal year. The Parties further agree this Agreement may be terminated at any time by mutual written agreement.
3. General Role of the Parties. The Parties agree the District is primarily a funding mechanism of Wasco County established to support and operate library services within county limits and relies on the City and other entities to provide those services to the public.
4. No Employer-Employee Relationship. The Parties expressly agree they do not intend this Agreement or the course of its performance to implicate an employer-employee relationship between them. The City expressly warrants its exclusive agency free from the District's direction and control over the means and day-to-day manner of performing its obligations under this Agreement. To the maximum extent allowed by law, the Parties agree the City is an independent contractor as defined by ORS 670.600(2) and as interpreted by regulations promulgated by the Oregon Bureau of Labor and Industries.
5. Nondiscrimination. The Parties agree neither Party will discriminate on the basis of race, color, religion, sex, national origin, age, marital status, sexual orientation, disability, or

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veteran's status in any activity or operation carried out in the performance of this Agreement.

6. Delegation and Assignment. The Parties agree neither Party will delegate, assign, or otherwise transfer any of their interests in this Agreement without the other Party's prior written consent, which consent will not be unreasonably withheld. The Parties agree all provisions of this Agreement are binding upon and inure to the benefit of the Parties and their respective and permitted successors and assigns, if any.
7. Third-Party Beneficiaries. The Parties agree they are the only parties to this Agreement and are the only parties entitled to enforce its terms. Nothing in this Agreement gives, is intended to give, or will be construed to give or provide any benefit or right, whether directly or otherwise, to any third-party.
8. Representations and Warranties. The Parties each represent and warrant they each have the power and authority necessary to enter and perform this Agreement and this Agreement (when duly executed) is a valid and binding obligation of each Party.
9. Dispute Resolution. The Parties agree any dispute, claim, action, suit, or proceeding (**Claim**) between them and arising from or relating to this Agreement will first be attempted to be resolved informally commencing with one Party noticing the Claim in writing to the other Party, in which case the Parties agree to negotiate to resolve the Claim for at least forty-five (45) days from the date of notice. If the Claim is reasonably unresolved after those forty-five (45) days, the Parties agree to submit themselves and the matter to mediation or agree to extend the time for informal resolution in successive fifteen (15) day increments. If the Claim remains reasonably unresolved after at least sixteen (16) hours of mediation, the Parties agree to submit themselves and the matter to binding arbitration or agree to extend the time for mediation in successive eight (8) hour increments of mediation. In all instances, the Parties agree to negotiate in good faith towards resolving the Claim. The Parties agree to split the costs of mediation and binding arbitration equally. The Parties expressly agree to waive their respective rights to litigating Claims connected with this Agreement or its performance. The Parties further agree the arbitrator's decision will be final and binding and a judgement may be entered thereon. The Party submitting any Claim to mediation or binding arbitration agrees to notify the other Party and the Parties agree to select a mediator or binding arbitrator within thirty (30) days of such notice. If the Parties are unable to agree on a mediator or arbitrator within those thirty (30) days, the Parties agree to submit the matter of determining a mediator or arbitrator to the Presiding Judge of the Wasco County Circuit Court and agree to abide the Presiding Judge's recommendation or order.
10. Severability. If any provision of this Agreement is declared unenforceable or in conflict with any law, the Parties agree the validity of the remaining provisions will not be impacted and their rights will be construed and enforced as if this Agreement did not contain that particular invalid provision.
11. Waiver. The Parties agree any Party's failure to enforce any provision of this Agreement does not constitute that Party's waiver of that or any other provision.
12. Integration and Amendment. The Parties agree this Agreement represents their full and final agreement and supersedes all prior or contemporaneous negotiations and

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arrangements regarding this matter between them, including the provisions of the July 1, 2010, *Third Intergovernmental Agreement between Wasco County Library and City of The Dalles for Library Services*. The Parties Agree this Agreement may be amended by mutual written agreement at any time.

- 13. Notices.** The Parties agree all notices required or permitted to be given under this Agreement shall be deemed given and received two (2) days after deposit in the United States Mail, certified or registered form, postage prepaid, return receipt requested, and addressed:

To the City: City Manager
 City of The Dalles
 313 Court Street
 The Dalles, OR 97058

To the District: Chair
 Wasco County Library Service District
 511 Washington Street, Suite 302
 The Dalles, OR 97058

Continues on next.

IN WITNESS WHEREOF, the Parties duly execute this **FOURTH INTERGOVERNMENTAL AGREEMENT FOR LIBRARY SERVICES** this ____ day of _____, 2024.

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Wasco County Library Service District – City of The Dalles

CITY OF THE DALLES,
an Oregon municipal corporation

Matthew B. Klebes, City Manager

Date

ATTEST:

Amie Ell, City Clerk

Approved as to form:

Jonathan Kara, City Attorney

WASCO COUNTY LIBRARY SERVICE DISTRICT,
an Oregon library services district

Steve Kramer, Chair

Scott Hege, Vice-Chair

Phil Brady, County Commissioner

Date

ATTEST:

Kathy Clark, Executive Assistant

Approved as to form:

Kristen Campbell, County Counsel



WASCO COUNTY LIBRARY SERVICE DISTRICT MEETING

MAY 1, 2024

PRESENT: Steven D. Kramer, Commission Chair (virtual)
Scott C. Hege, Vice-Chair
Philip L. Brady, County Commissioner

STAFF: Kathy Clark, Executive Assistant
Kelly Walker, Executive Assistant
Tyler Stone, Wasco County Administrative Officer

At 9:30 a.m. Chair Kramer opened the meeting.

City of The Dalles Intergovernmental Agreement (IGA)

Library District Board Chair Tina Coleman said that the District Board and the City of The Dalles have worked for a year and made a lot of progress on the terms of the IGA. However, the District Board still has some concerns (see comments included in the Board Packet). She pointed out that the IGA distributes the responsibility for capital improvements at 50% for each entity even though the building is owned by the City. In addition, the administrative fees are calculated through the City's budget process. She stated that overall, it is a great agreement but the District Board has some concerns.

District Board Vice-Chair Mary Beechler added that she does not think it is fiscally prudent to approve the agreement with no fiscal boundaries.

Vice-Chair Hege referenced the District comments, saying that the last comment did not make sense to me. Ms. Coleman said that in the previous IGA the responsibilities of the Board were more clearly defined. Vice-Chair Hege asked if those responsibilities are outlined somewhere else. Ms. Coleman replied that she is not aware of any other document with that information. Vice-Chair Hege commented that he is not sure why the City would not want that.

Vice-Chair Hege asked about comment A.7 which states that the City is only willing to reasonably consider suggestions from the County regarding Library hours. Ms. Coleman explained that there has been concern about having Monday's off after a holiday, but library staff are City employees which creates a conflict.

Vice-Chair Hege noted that the City has included the total operating budget as part of their calculations. Ms. Coleman stated that it is the District Board's understanding that the City charges fees based on a percentage formula rather

than actual use.

Commissioner Brady asked if the 50/50 cost sharing is something new. Ms. Coleman stated that previous agreements broke costs out differently; anything under \$10,000 was the District's responsibility and anything over \$10,000 was the City's responsibility.

City Manager Matthew Klebes stated that the Library is a great asset and there has been a lot of great dialogue. There have been compromises, which means everyone is a little unhappy with the outcome.

Commissioner Brady said that he appreciates the efforts toward a complex arrangement. He asked how the 50/50 arrangement came to be. Mr. Klebes replied that the library building is the property of the City. There is a business element to this almost like a landlord/tenant relationship, but not. The City felt it was fair to have the 50/50 split; the HVAC system is on the list. He went on to say that the City has changed how they manage facilities by taking a more proactive stance.

Commissioner Brady acknowledged that the position of the City is to protect the City from extreme costs. He asked if the City is going further to save money and spread costs. Mr. Klebes answered that the administrative fee method is based on their actual costs to a specific fund. Public Works and the Library historically receive services from legal, finance, HR, etc. Those are documented through the City's budget process. He said they recently applied the same method to the regional airport.

Commissioner Brady said that he understands the District's perspective where it is a cost savings if they do not have to provide services independently. He pointed out that Mr. Klebes' report to City Council outlines the services. Mr. Klebes stated that those services can include his time in working through the IGA. He said that the City breaks out actual costs.

Commissioner Brady observed that one of the calculations is for agenda time. Mr. Klebes stated that it is not for the amount of time on the agenda but rather the number of times they appear on the agenda just as it is the number of checks cut. He noted that they do not charge outside entities.

Commissioner Brady said that it could be argued that the Library is an outside entity. Mr. Klebes stated that the District is an outside entity, but the library provides services. He noted that the District also has branches in other locations

and will be working on agreements with those municipalities.

Commissioner Brady commented that the term “facilities services” is extremely broad. Mr. Klebes responded that he wanted to improve the City’s facilities services; that department provides services to The Dalles Library. However, when we talk about capital improvements, it would be the Facilities Manager who would manage that process.

Commissioner Brady pointed out that in the IGA there is an agreement that costs applied will be true and can go to binding arbitration. He said he would prefer to see another step, such as mediation, before going to arbitration. Mr. Klebes said that he would not necessarily be opposed to that. He said that he thinks the communications they have established and the April 1st renewal cycle will serve that purpose. This process also provides an opportunity for dialogue; however, that is a change that is likely not substantive enough to require taking it back through City Council.

Commissioner Brady said that Section C Paragraph 5 states that the City owns the assets but that the District has oversight of an asset procured by the District; this seems conflicting. Mr. Klebes stated that he wanted to bring some clarity between District funds and City funds; whichever entity is the purchaser of an item, is the owner of the item.

Commissioner Brady stated that he has had experience in which an agreement favored one side over the other side with little recourse. He said that it turned out badly and could have been worse. He stated that as the Governing Body of the Library Service District, the Board of County Commissioners has a responsibility for this to be a good agreement. He said that he does not think the 50/50 split makes total sense; while it is basically in lieu of rent, it is a bit of a chunky way to do that. It will be made clear through the audit process if there is a difference between expectation and experience; that process happens at a County Commission meeting. He said he is looking at this through a legal lens and the lens of public opinion. He pointed out that while the City has a lot of goodwill with the citizens, the Library has more. This agreement needs to be one that can pass the court of public opinion. He added that he would like this reviewed more thoroughly by County Counsel.

Vice-Chair Hege asked if there are funds set aside in the City’s budget for capital improvements. Mr. Klebes responded affirmatively, saying that last year the City transferred substantial funds for capital improvements throughout the City. As

they work through their Capital Improvement Plan, more funds may need to be transferred to that fund. Vice-Chair Hege said, regardless of who is paying, it is a good plan to have funds set aside.

Vice-Chair Hege said that the last big capital improvement to the library was the children's wing and makers' space. He asked how that was paid for and how would it have happened under this IGA. Mr. Klebes said that he was not here for that expansion. Vice-Chair Hege said there was a lot of effort put into finding grants.

Ms. Coleman stated that the District has been setting aside \$10,000 per year as has the City. There will be funds transferred due to the HVAC work. The issue is that, at this point, the District would have to significantly increase the set-aside amount based on the Capital Improvement Plan. Mr. Klebes said that for 3 years, each entity has contributed \$10,000 per year; however the HVAC system replacement will be very costly. Ms. Coleman said that it will be in the neighborhood of \$500,000.

Vice-Chair Hege said that he hopes that some grant funding can be identified. Mr. Klebes said that the City is looking into funding based on the library being a cooling/warming center. He said that the City and the District can work together on that.

Vice-Chair Hege observed that the administrative fee is a complete unknown which makes it difficult for the Library to budget. He said it went up a lot recently and asked if it is easy to track in order to get an idea of where it is headed.

City of The Dalles Finance Director Angie Wilson said that they take the invoices for all and look at it from the previous year to forecast the coming year. She stated that it did go up last year due to rising costs. Mr. Klebes said that it is a look back rather than a look forward. The City looks at salaries and additional proposed positions. The fee had been flat, but added costs caused the increase. Vice-Chair Hege observed that increases that are made infrequently can be hard to take.

Ms. Coleman said that the District understands the process; their concern is that they feel as though they need to have their formulas for whatever services the library will be charged so they can budget accordingly. She said there have been misunderstandings; for instance, they thought they would not be charged for legal as they are not using legal. The District needs clarity.

Mr. Klebes said that his intent in the IGA is to have an April 1st meeting to address those questions. There is a page in the City's budget that breaks the costs out each year.

Vice-Chair Hege commented that it is more clear than it was. Ms. Coleman stated that this was an issue where we hit a wall as this is something the District wants explicitly defined in the IGA. What is being said here needs to be captured in the IGA.

Vice-Chair Hege said he is not sure where to go from here; the IGA will need to be approved at some point. Mr. Klebes stated that the City has made some assumptions in their budget based on this IGA. The City Council has already approved it. He said he is committed to keeping the lines of communication open; he wants to do the best job they can.

Commissioner Brady stated that he would like to see a compromise on specifying what services are being charged and a modification to the path to arbitration. He said that the 50/50 issue may not be resolved before this budget cycle; but there are mechanisms for funding. He stated that he has spoken to County Counsel who also has some questions.

Ms. Beechler noted that there is already an IGA in place so that alleviates the pressure.

Chair Kramer observed that we will need more time for this to conclude. The City generally agrees to make services available but it is unclear what the term "generally" means. He suggested that the word "generally" be removed. This has been a good conversation but the City and District need to go back to the workroom.

Mr. Klebes asked for clarity on what issues they are to address. Commissioner Brady said they should look at boundaries on the methodology – which services will be charged back; ownership of assets; mediation; and the 50/50 split for capital improvements. He said he believes the public will appreciate the City's generosity to the library. Mr. Klebes asked what detail is being requested for the administrative fee; this is detailed in a chart in the budget. Commissioner Brady asked Mr. Klebes to look at it from the District's perspective – they are asking what services will be charged and how much will be charged. Will it be payroll, maintenance, invoicing? He commented that the agenda item charge is a problem. Mr. Klebes stated that the agenda item is part of the methodology and is a very small portion of the internal services. Commissioner Brady commented

that given that it is a small service, the City could generously provide that to the library. Mr. Klebes stated that he believes they have achieved that public balance; for instance, they do not charge the legal costs unless they are used.

Ms. Coleman said that they have a verbal agreement that this year the District will not be charged; but what if they decide to do that next year. The District just wants the verbal agreement to be included in the IGA. She said that one time they went to City Council and were charged \$3,500.

Mr. Klebes said that is where the methodology comes in. There is some public benefit and back and forth. We could make it very clear and make it very strict. Ms. Coleman stated that that sounds like a threat.

Chair Kramer stopped the conversation saying that this needs to go back to the workroom to be settled. If we need mediation, we can work that out. He said he appreciates the information.

Minutes

{{{Commissioner Brady moved to approve the August 2, 2023 Minutes. Vice-Chair Hege seconded the motion which passed unanimously.}}}

Chair Kramer adjourned the meeting at 10:27 a.m.

WASCO COUNTY BOARD
OF COMMISSIONERS
*Governing Body of the Wasco County
Library Service District*

Steven D. Kramer, Commission Chair

Scott C. Hege, Vice-Chair

Philip L. Brady, County Commissioner