

CLATSKANIE LIBRARY DISTRICT

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2019

CLATSKANIE LIBRARY DISTRICT
June 30, 2019

ELECTED BOARD OF DIRECTORS

<u>Name and Address</u>	<u>Position</u>	<u>Term Expires</u>
James W. Gibson PO Box 1540 Clatskanie, Oregon 97016	Chairman	June 30, 2019
Zack B. Gibson PO Box 1327 Clatskanie, Oregon 97016	Vice-Chairman	June 30, 2021
Nancy Muller PO Box 273 Clatskanie, Oregon 97016	Director	June 30, 2019
Vaughn Martin PO Box 1279 Clatskanie, Oregon 97016	Director	June 30, 2021
Alex Stone PO Box 811 Clatskanie, Oregon 97016	Director	Resigned - January 31, 2019

APPOINTED OFFICIALS

Elizabeth Kruse, Library Director

19245 Kallio Road
Clatskanie, Oregon 97016

CLATSKANIE LIBRARY DISTRICT
Financial Statements
For the Year Ended June 30, 2019

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Certified Public Accountant
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Gearhart, Oregon 97138

Board of Directors
Clatskanie Library District
PO Box 577
Clatskanie, Oregon 97016

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

I have reviewed the accompanying modified cash basis financial statements of the governmental activities and each major fund of Clatskanie Library District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the District's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the modified cash basis of accounting.

Basis of Accounting

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

Other Matter

The accompanying supplementary information on page 24 and 25 (the budgetary comparison schedules) is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. This supplementary information has been subjected to the review procedures applied in my review of the basic financial statements. I am not aware of any material modifications that should be made to this supplementary information. I have not audited the budgetary comparison schedule and, accordingly do not express an opinion on such information.

The accompanying supplementary information on page 26 (management's representation of fiscal affairs) is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. I have not audited or reviewed the *Management Representation of Fiscal Affairs*, and I do not express an opinion, a conclusion, nor provide any assurance on it.



William D. Cote, CPA

August 20, 2019

BASIC FINANCIAL STATEMENTS

CLATSKANIE LIBRARY DISTRICT
Statement of Net Position - Modified Cash Basis
Governmental Activities
June 30, 2019

ASSETS

Cash and investments	\$136,914
Land	22,000
Depreciable capital assets, net of depreciation	68,802

Total Assets	\$227,716
	=====

LIABILITIES

Payroll withholdings	\$2,544
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NET POSITION

Net investment in capital assets	\$90,802
Restricted for building expansion	4,615
Unrestricted	129,755

Total Net Position	225,172

Total Liabilities and Net Position	227,716
	=====

CLATSKANIE LIBRARY DISTRICT
Statement of Activities - Modified Cash Basis
For the Year Ended June 30, 2019

General Government Disbursements:	
Personal services	(\$136,082)
Materials and services	(53,660)
Capital outlay (non-capitalized)	(5,385)
Depreciation	(17,031)

Total Governmental Disbursements	(212,158)
Program Receipts:	
Charges for services	4,086
Grants and contributions	1,743

Total Program Receipts	5,829

Disbursements, Net of Program Receipts	(206,329)
General Receipts:	
Current year taxes	171,494
Prior year taxes	9,403
Strategic investment program	26,690
Interest income	3,482
Other income	847

Total General Receipts	211,916

Increase in Net Position	5,587
Net Position - June 30, 2018	219,585

Net Position - June 30, 2019	\$225,172
	=====

CLATSKANIE LIBRARY DISTRICT
Balance Sheet - Modified Cash Basis
Governmental Funds
June 30, 2019

	General Fund	Building Expansion Fund	Total Governmental Funds
	-----	-----	-----
ASSETS			
Cash and investments	\$83,696	\$53,218	\$136,914
	-----	-----	-----
Total Assets	\$83,696	\$53,218	\$136,914
	=====	=====	=====
LIABILITIES			
Payroll withholdings	\$2,544	\$ --	\$2,544
FUND BALANCE			
Restricted for building expansion	\$ --	\$4,615	\$4,615
Unrestricted Fund balance			
Committed	--	48,603	48,603
Assigned	64,329	--	64,329
Unassigned	16,823	--	16,823
	-----	-----	-----
Total Unrestricted Fund Balance	81,152	48,603	129,755
	-----	-----	-----
Total Fund Balance	81,152	53,218	134,370
	-----	-----	-----
Total Liabilities and Fund Balance	\$83,696	\$53,218	\$136,914
	=====	=====	=====

Reconciliation of Fund Balances to Net Position:

Total Fund Balance as shown above	\$134,370
Amounts reported in the Statement of Net Position are different because:	
Capital assets of \$629,648, net of accumulated depreciation of \$538,846 are not financial resources and, therefore not reported in the funds.	90,802

Net Position reported in the Statement of Net Position	\$225,172
	=====

CLATSKANIE LIBRARY DISTRICT
Statement of Receipts, Disbursements and
Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended June 30, 2019

	General Fund	Building Expansion Fund	Total Governmental Funds
RECEIPTS:			
Current year taxes	\$171,494	\$ --	\$171,494
Prior years taxes	9,403	--	9,403
Interest income	2,045	1,437	3,482
Grants and contributions	1,743	--	1,743
Fees, fines and charges for services	4,086	--	4,086
Strategic investment program	26,690		26,690
Other income	847	--	847
	216,308	1,437	217,745
TOTAL RECEIPTS			
DISBURSEMENTS:			
Current:			
Personal services	136,082	--	136,082
Materials and services	59,996	--	59,996
Capital outlay:	--	5,385	5,385
	196,078	5,385	201,463
TOTAL DISBURSEMENTS			
Receipts Over (Under) Disbursements	20,230	(3,948)	16,282
Fund Balance, June 30, 2018	60,922	57,166	118,088
Fund Balance, June 30, 2019	\$81,152	\$53,218	\$134,370

Reconciliation of the Governmental Funds Change in Fund Balances to the Change in Net Position:

Net Increase in Fund Balances as shown above	\$16,282
Additions to Capital Assets on the Statement of Net Position	6,336
Depreciation Expense Reported in the Statement of Activities	(17,031)
	\$5,587
Increase in Net Position	\$5,587

CLATSKANIE LIBRARY DISTRICT
Notes to the Financial Statements
Fiscal Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

The Clatskanie Library District is a municipal corporation organized in 1985 under provisions of Oregon Revised Statutes Chapter 357 for the purpose of operating a library. The District is governed by a five-member elected Board of Directors. Day to day operations are delegated to a library director who is responsible to the Board.

Component units, as established by GASB Statement No. 14, are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationship with the District. The District has no component units as defined in GASB Statement No. 14. The District also has no related organization, joint ventures, or jointly governed organizations as defined in the Statement.

B. BASIS OF PRESENTATION

Government-Wide Financial Statements

The Statement of Net Position – Modified Cash Basis and Statement of Activities – Modified Cash Basis display information about the District as a whole. They include all funds of the District except for fiduciary funds. The District has governmental activities only. Governmental activities of the District are financed through taxes, intergovernmental revenues, and user fees. All interfund activities such as transfers in/out and interfund receivables/payables are eliminated in the government wide financial statements. Program revenues included in the Statement of Activities include charges for fines, copies and other charges to library patrons and capital and operating grants.

Fund Financial Statements

The Balance Sheet – Modified Cash Basis and the Statement of Receipts, Disbursements and Changes in Fund Balances – Modified Cash Basis display information about the District's separate funds.

Governmental Fund Types

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, receipts, and disbursements. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

CLATSKANIE LIBRARY DISTRICT
Notes to the Financial Statements
Fiscal Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Cont.)

B. BASIS OF PRESENTATION, (Cont.)

Governmental Fund Types, (Cont.)

The reporting emphasis of fund financial statements is on major governmental funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. A fund is considered major if it is the primary operating fund or if its total assets, liabilities, revenues or expenditures are at least 10 percent of the corresponding total for all governmental funds combined. The funds used to account for the District's activities are as follows:

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The principal revenue sources are property taxes and charges for services.

Building Expansion Fund

The Building Expansion Fund is a capital projects fund used to account for the accumulation of funds for the specific purpose of providing appropriate facilities to meet the needs of the library. This fund is also used to accumulate funds for disaster recovery. This is a major fund. The principal revenue source is interest on investments.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

MEASUREMENT FOCUS

In the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the "economic resources" measurement focus, within the limitations of the modified cash basis of accounting as defined below. Therefore, capital assets acquired from cash transactions and related depreciation expense is reported on these government-wide financial statements.

In the fund financial statements, the "current financial resources" measurement focus as applied to the modified cash basis of accounting is used. Therefore, only current resources and obligations are reported in these financial statements.

CLATSKANIE LIBRARY DISTRICT
Notes to the Financial Statements
Fiscal Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Cont.)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING, (Cont.)

BASIS OF ACCOUNTING

The District's financial statements are presented on the modified cash basis of accounting. Under this basis, revenues are recorded when received for both the fund and government-wide financial statements. Expenditures are recorded when cash is disbursed, with the exception of payroll withholdings which are expensed when paychecks are issued rather than when the withholding is paid.

This modified cash basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The modified cash basis conforms to the provisions of Oregon Local Budget Law.

D. CASH AND INVESTMENTS

The District's cash and investments consist of deposits in a checking account and deposits in the State of Oregon Local Government Investment Pool. The investments with the State Treasurer's Local Government Investment Pool are stated at fair value which approximates cost. The Local Government Investment Pool operates as a demand deposit account and therefore these deposits are reported as cash in the financial statements.

The District maintains cash and investments in a common pool that is available for use by all funds. Each funds portion of this pooled cash is displayed on the modified cash basis Balance Sheet.

E. PROPERTY TAXES

Real and personal property taxes become a lien against the property as of July 1 each year. Property taxes are payable in three installments, following the lien date, on November 15, February 15, and May 15. Property tax collections are distributed by the County monthly except for the month of November, when such distributions are made weekly. Taxes unpaid on May 16 are considered delinquent. As of June 30, 2019 the District has \$13,396 of uncollected property taxes. Columbia County can enforce tax liens through sale of the property, if taxes remain unpaid. All property taxes receivable are due from owners of property within the District.

CLATSKANIE LIBRARY DISTRICT
Notes to the Financial Statements
Fiscal Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Cont.)

F. CAPITAL ASSETS

Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The District's policy is to capitalize all capital additions having a useful life greater than one year. Further, it is the District's policy to capitalize all individual items of equipment with a cost of \$5,000 or greater, land improvements with a cost of \$10,000 or greater, and buildings and building improvements with a cost of \$25,000 or greater. All books are capitalized regardless of cost. Improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Costs incurred for ordinary repairs and maintenance are expensed as incurred and are not capitalized.

Depreciation is recorded using the straight-line method over the following estimated useful lives:

Machinery and equipment	5 to 15 years
Buildings and improvements	20 to 75 years
Books	10 years

G. USE OF RESTRICTED RESOURCES

It is the District's policy to use restricted resources first, and then unrestricted resources as they are needed when an expense is incurred for purposes for which both restricted and unrestricted net position are available for use.

H. NET POSITION

Net position represent the difference between assets and liabilities in the government-wide financial statements. Net position is reported in the following categories:

- a) Net investment in capital assets – this consists of the cost of capital assets, net of accumulated depreciation.
- b) Restricted Net Position – consists of net position with restrictions placed on its use either by external groups such as grantors, donors, creditors or other governments, or that are restricted by enabling legislation.
- c) Unrestricted Net Position – this consists of all other net position that does not meet the definition of "restricted" or "invested in capital assets".

CLATSKANIE LIBRARY DISTRICT
Notes to the Financial Statements
Fiscal Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Cont.)

I. FUND BALANCE

Fund balance represents the difference between assets and liabilities in the fund financial statements. Fund balances are classified as follows:

- a) Nonspendable fund balance – consists of fund balance legally required to be maintained intact.
- b) Restricted fund balance – consists of fund balance with restrictions placed on the use either by external groups such as grantors, donors, creditors or other governments; or that are restricted by enabling legislation.
- c) Committed fund balance – consists of unrestricted fund balance with constraints imposed by the District’s Board of Directors. The District commits fund balance by the creation of a separate fund to account for committed amounts or thru the adoption of a resolution. Committed amounts cannot be used for any other purpose unless the District’s Board of Directors takes the same action to remove or change this constraint. The District’s committed fund balance at June 30, 2019 represents amounts set aside in the building expansion fund for building construction and improvements.
- d) Assigned fund balance – consists of unrestricted fund balance that is intended to be used for a specific purpose. The District’s Board of Directors has the authority to assign amounts for a specific purpose. The District’s assigned fund balance at June 30, 2019 represents the amount that is intended to fund appropriations in the following year.
- e) Unassigned fund balance – consists of unrestricted fund balance that is available for any purpose.

When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, the District considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

J. ESTIMATES

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

CLATSKANIE LIBRARY DISTRICT
Notes to the Financial Statements
Fiscal Year Ended June 30, 2019

2. CASH AND INVESTMENTS

Cash and investments, recorded at fair value, consist of the following at June 30, 2019:

Cash

Cash on hand	\$ 40
Checking – Umpqua Bank	5,980

Investments

Oregon Local Government Investment Pool	<u>130,894</u>
Total	<u>\$ 136,914</u>

Deposits

Deposits with financial institutions are comprised of bank demand deposits. Deposits are secured by federal deposit insurance. Deposits in excess of federal depository insurance, if any, are covered by the Public Funds Collateralization Program (PFCP) administered by the Oregon Office of the Treasurer. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer.

Credit Risk - Investments

The District has no investment policy for credit risk, but Oregon Revised Statutes governing cash management are followed. These statutes authorize the District to invest in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United State Government and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool. The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company and is unrated. Oregon Statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment officer for the Pool and is responsible for all funds in the Pool. These funds must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The Oregon Audits Division of the Secretary of State's Office audits the Pool annually. The financial statements are available at www.ost.state.or.us.

CLATSKANIE LIBRARY DISTRICT
Notes to the Financial Statements
Fiscal Year Ended June 30, 2019

2. CASH AND INVESTMENTS, (Cont.)

Custodial Credit Risk

Custodial Credit Risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. The total checking accounts balances per the June 30, 2019 bank statements is \$6,261, all of which is covered by FDIC insurance.

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the Oregon Short-Term Fund Board. The District has not adopted a formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates. At June 30, 2019 the District held no investments that have a maturity date.

Concentrations of Credit Risk

The District has a concentration of investments consisting of amounts invested in the Local Government Investment Pool.

3. CAPITAL ASSETS

The changes in Capital Assets for the year ended June 30, 2019 is as follows:

	<u>Balances</u> <u>06/30/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>06/30/19</u>
<u>Nondepreciable</u>				
Land	\$ 22,000	--	--	\$ 22,000
<u>Depreciable</u>				
Buildings & improvements	164,594	--	--	164,594
Equipment	125,475	--	--	125,475
Books	<u>311,243</u>	<u>6,336</u>	--	<u>317,579</u>
Total Depreciable Assets	601,312	6,336	--	607,648
<u>Less Accumulated Depr. For:</u>				
Buildings & improvements	(128,613)	(6,475)	--	(135,088)
Equipment	(121,855)	(2,782)	--	(124,637)
Books	<u>(271,347)</u>	<u>(7,774)</u>	--	<u>(279,121)</u>
Total Accumulated Depr.	<u>(521,815)</u>	<u>(17,031)</u>	--	<u>(538,846)</u>
Net Capital Assets	<u>\$101,497</u>	<u>\$ (10,695)</u>	<u>\$ --</u>	<u>\$ 90,802</u>

The District's depreciation expense for the year ending June 30, 2019 was \$17,031.

CLATSKANIE LIBRARY DISTRICT
Notes to the Financial Statements
Fiscal Year Ended June 30, 2019

4. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance to cover the risk of loss including workers' compensation, property damage, general liability, automobile liability and employee dishonesty coverage. There has been no reduction in commercial insurance coverage from fiscal year 2018 to 2019. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

5. BUDGETS AND BUDGETARY ACCOUNTING

The District is required by state law to budget all governmental funds. A budget is prepared for each governmental fund in accordance with the modified cash basis of accounting and with legal requirements as set forth in the Oregon Local Budget Law.

On or before June 30 of each year, the District enacts a resolution adopting the budget, making appropriations and levying property taxes for the ensuing fiscal year. Prior to enacting this resolution, the proposed budget is presented to a budget committee consisting of members of the District's Board of Directors and an equal number of citizens residing within the District. The budget committee presents the budget to the Board of Directors for budget hearings prior to enactment of the resolution. The Board of Director's final resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

The legal level of control at which expenditures may not legally exceed appropriations is the District's library services program. The library services program consists of the sum of the following object categories: personal services, materials and services and capital outlay. The original budget document contains more specific, detailed information for these expenditure categories.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations resolution. A supplemental budget for additional appropriations that are no more than 10% of the fund's original appropriations may be adopted by the District's Board of Directors. A supplemental budget for additional appropriations in excess of 10% of the fund's original appropriations requires hearings before the public, publications in newspapers, and approval by the District's Board of Directors. Appropriations lapse as of year-end.

Original and supplemental budgets may be modified by the use of appropriation transfers between object categories. Such transfers require approval by the District's Governing Board.

The District did not make any budget modifications during the year ending June 30, 2018. Consequently, the original and final budget amounts are the same.

CLATSKANIE LIBRARY DISTRICT
Notes to the Financial Statements
Fiscal Year Ended June 30, 2019

6. DEFINED BENEFIT PENSION PLAN

A. Plan description

Employees of the District are provided with pensions through the Oregon Public Employee Retirement Systems (OPERS). All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A.

The OPERS consists of a single cost-sharing multiple employer defined benefit pension plan.

OPERS produces an independently audited Comprehensive Annual Financial Report which can be found at: www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx

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

B. Description of benefit terms

Plan Benefits

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

1. **Tier One/Tier Two Retirement Benefit (Chapter 238).** Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

Pension Benefits

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60.

Death Benefits

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

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

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

Benefit Changes After Retirement

After Retirement Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2017 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

2. Oregon Public Service Retirement Plan (Chapter 238A) (OPSRP DB)

Pension Benefits.

The OPSRP pension program provides benefits to members hired on or after August 29, 2003.

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

C. Contributions

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. The District has made a lump sum payment to establish a side account, and the District's rates have been reduced.

Tier 1/tier 2 employer contribution rates are 22.72 percent for general service employees and the OPSRP employer contribution rates are 14.51 percent for general service employees. Employer contributions for the year ended June 30, 2019 were \$15,888 excluding amounts to fund employer specific liabilities. Total covered payroll for the year was \$85,848.

D. Pension Liability

At June 30, 2019, the District's pension liability is \$153,942 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's net pension liability is not reported in its modified cash basis financial statements.

E. Actuarial Assumptions

The employer contribution rates effective July 1, 2017, through June 30, 2019 were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

F. Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Valuation Date	December 31, 2015.
Measurement Date	June 30, 2017
Experience Study Report	2014, published September, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-Term Expected Rate of return	7.50 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

Discount Rate

The discount rate used to measure the total pension liability was 7.20 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Assumed Asset Allocation:

<u>Asset Class / Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	13.5%	21.5%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			<u>100.0%</u>

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the OPERS Board reviewed long-term assumptions developed by both the actuary's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows the actuary's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Micro Cap US Equities	1.31%	7.01%
Small Cap US Equities	1.31%	6.99%
Developed Foreign Equities	13.13%	6.73%
Non-US Small Cap Equities	1.88%	7.22%
Emerging Foreign Equities	4.12%	7.25%
Private Equity	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	2.50%	4.64%
Hedge Fund of Funds - Event-driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
Assumed Inflation - Mean		2.50%

Depletion Date Projection

GASB 68 generally requires that a blended discount rate is used to measure the Total Pension Liability. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and asset values. Alternative evaluations of projected solvency are allowed, if such evaluation can reliably be made. The specific method for making an alternative evaluation of sufficiency is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is OPERS independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

7. DEFINED CONTRIBUTION PLAN

Individual Account Program (IAP)

Participants in OPERS defined benefit pension plan also participate in the defined contribution plan.

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

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

Contributions

The District makes the employee contribution of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2019 were \$5,151 on covered payroll of \$85,848.

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

OTHER SUPPLEMENTARY INFORMATION

CLATSKANIE LIBRARY DISTRICT
 Budgetary Comparison Schedule - Modified Cash Basis
 General Fund
 For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
RECEIPTS:				
Current year taxes	\$171,532	\$171,532	\$171,494	(\$38)
Prior years taxes	7,100	7,100	9,403	2,303
Interest income	1,000	1,000	2,045	1,045
Grants	2,000	2,000	1,053	(947)
Contributions	255	255	690	435
Fees and fines	4,230	4,230	4,086	(144)
Anticipated SIP	25,000	25,000	26,690	1,690
Other income	1,100	1,100	847	(253)
TOTAL RECEIPTS	212,217	212,217	216,308	4,091
DISBURSEMENTS:				
Current:				
Personal services				
Wages and payroll taxes	120,450	125,950	101,887	(24,063)
Medical insurance	14,200	14,200	12,000	(2,200)
PERS	26,000	26,000	21,054	(4,946)
Workmen's Comp/Unemployment tax	1,500	1,500	1,141	(359)
Total personal services	162,150	167,650	136,082	(31,568)
Materials and services				
Accounting	5,025	5,025	5,016	(9)
Alarm system	550	550	719	169
Audit/review	2,700	2,700	2,700	0
Buildings and ground maintenance	3,000	3,000	1,497	(1,503)
Books, magazines & newspapers	14,000	14,000	13,924	(76)
Computer software	1,700	1,700	2,854	1,154
Election	1,250	1,250	--	(1,250)
Insurance	2,700	2,700	2,760	60
Supplies	4,350	4,350	4,248	(102)
Legal and publishing	1,200	1,200	953	(247)
Library system computers	10,000	10,000	9,497	(503)
Programming	2,100	2,100	1,904	(196)
Postage	475	475	333	(142)
Telephone & utilities	7,200	7,200	6,486	(714)
Office equipment maintenance	3,200	3,200	1,095	(2,105)
Office equipment/furniture	1,000	1,000	2,229	1,229
Interlibrary expense	2,500	2,500	2,357	(143)
Travel, training & membership	550	550	426	(124)
Public access system	2,000	2,000	881	(1,119)
Banking	400	400	117	(283)
Total materials and services	65,900	65,900	59,996	(5,904)
Capital outlay: New equipment	10,000	10,000	--	(10,000)
TOTAL LIBRARY SERVICES	238,050	243,550	196,078	(47,472)
Operating contingency	36,667	31,167	--	(31,167)
TOTAL DISBURSEMENTS	274,717	274,717	196,078	(78,639)
Receipts over (under) disbursements	(62,500)	(62,500)	20,230	82,730
FUND BALANCE, June 30, 2018	65,000	65,000	60,922	(4,078)
FUND BALANCE, June 30, 2019	\$2,500	\$2,500	\$81,152	\$78,652

CLATSKANIE LIBRARY DISTRICT
 Budgetary Comparison Schedule - Cash Basis
 Building Expansion Fund
 For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
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RECEIPTS:				
Interest income	\$650	\$650	\$1,437	\$787
DISBURSEMENTS:				
Capital outlay	47,445	47,445	5,385	(42,060)
Receipts Over (Under) Disbursements	(46,795)	(46,795)	(3,948)	42,847
Fund Balance, June 30, 2018	56,795	56,795	57,166	371
Fund Balance, June 30, 2019	\$10,000	\$10,000	\$53,218	\$43,218
	=====	=====	=====	=====

CLATSKANIE LIBRARY DISTRICT
P.O. Box 577
Clatskanie, OR 97016
503-728-3732

MANAGEMENT REPRESENTATION OF FISCAL AFFAIRS
REQUIRED BY OREGON STATE REGULATIONS

Fiscal Year Ended June 30, 2019

The Clatskanie Library District is subject to, and responsible for, compliance with various laws, rules, and regulations relating to its operation and finances. Among such laws, rules, and regulations are the requirements prescribed in Municipal Audit Law (ORS Chapter 297) and the Minimum Standards for Review of Oregon Municipal Corporations (OAR 162, division 40) including, but not limited to:

- (a) Deposit of public funds with financial institutions (ORS Chapter 295).
- (b) Indebtedness limitations, restrictions, and repayment.
- (c) Budgets legally required (ORS Chapter 294).
- (d) Insurance and fidelity bonds in force or required by law.
- (e) Programs funded from outside sources.
- (f) Authorized investment of surplus funds (ORS Chapter 294)
- (g) Public contracts, purchasing, and improvements (ORS Chapters 279A, 279B, and 279C).

The management of the Clatskanie Library District is aware of the requirements of Oregon laws and administrative rules concerning each of the above requirements and has complied, in all material respects, with such requirements. Further, we are not aware of any violations or possible violations of laws, rules, or regulations, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.


Zack Gibson, Board Chairman

August 20, 2019