

**Multnomah County Library District
A Component Unit of
Multnomah County, Oregon**

**Financial Statements and Reports of
Independent Auditors**

For the Fiscal Year Ended June 30, 2024



Prepared by:

Department of County Management
Eric J. Arellano, Chief Financial Officer
501 SE Hawthorne Blvd, Suite 531
Portland, Oregon 97214

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MULTNOMAH COUNTY LIBRARY DISTRICT
(A component unit of Multnomah County, Oregon)
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INTRODUCTORY SECTION

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Department of County Management
Finance and Risk Management

Office of the Chief Financial Officer
501 SE Hawthorne Blvd. Suite 531
Portland, Oregon 97214

Eric Arellano
Chief Financial Officer

Phone: 503-988-6718
Email: eric.j.arellano@multco.us

November 25, 2024

Honorable County Chair and Multnomah County Library District Board of Commissioners
and Citizens of Multnomah County, Oregon,

INTRODUCTION

We are pleased to submit the Basic Financial Statements for Multnomah County Library District, (the District), a component unit of Multnomah County, Oregon, for the year ended June 30, 2024. This report includes the opinion of our independent auditors, Moss Adams LLP.

We prepared this report for the Secretary of the State of Oregon as required under ORS 297.425. The District's financial statements are also included in the Annual Comprehensive Financial Report of Multnomah County (the County) as a blended component unit. This is necessary because the Board of County Commissioners of Multnomah County serves as the governing body and maintains overall financial accountability for the District.

Accounting principles generally accepted in the United States of America (U.S. GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Library District's MD&A can be found immediately following the independent auditor's report.

PROFILE OF THE DISTRICT

In 1864, a small group of local citizens joined to form a subscription library, which today is known as the Multnomah County Library. The Library began operation in 1902 as Oregon's first tax-supported public library. Multnomah County assumed the entire tax support of the library in 1911, and, for much of its history, the County's General Fund was the primary source of financing for the Library. Challenging economic times over the years led to passing various serial levies to provide additional temporary funding for the libraries; however, library supporters recognized the need for stable and dedicated library funding.

In November 2010, the voters amended the Multnomah County Charter and established a method under which the Multnomah County Board of County Commissioners could form a library district upon voter approval (Multnomah County Home Rule Charter Chapter IX). In August 2012, the County Board referred to the voter's ballot measure to approve formation of a Multnomah County Library District (Resolution 2012-104). The voters approved the formation of the library district at the November 6, 2012 general election (Measure 23-143). The effect of this measure created the Multnomah County Library District on July 1, 2013 as a separate taxing district for the Library as a mechanism to secure permanent funding for library operations. The District's boundaries are contiguous with those of Multnomah County.

The District was formed to provide a stable source of funding for library services. District taxes replace the Library's previous funding model of temporary local option levies and annual contributions from Multnomah County's General Fund. District taxes are dedicated solely to fund library services.

The District is the repository of the revenues generated for library services. However, Library Services is a department of Multnomah County. The County and the District have executed an intergovernmental agreement, which states that the County will be reimbursed by the District for the cost of library operations, including administrative overhead costs such as finance, legal, human resources, risk management and internal services. This agreement exists in perpetuity unless both parties agree to amend it.

In fiscal year 2015, the County and the District convened a "Library Asset Transfer Group (LATG)" to review capital assets, which were in service to support library operations. The County Board approved a resolution in December, 2014 (Resolution 2014-142) which authorized the Chair to execute a Library Asset Transfer Agreement with the District that provided for the County to convey to the District all real properties, books and collections of rare books and artwork. These assets now belong to the District and appear on the District's financial statements.

The District's financial statements are prepared on the accrual basis of accounting, revenues are recorded at the time they are earned and expenses are recorded at the time the liabilities are incurred. The District's budget is prepared on the modified accrual basis of accounting. Oregon Budget Law requires the use of budgetary control. See pages 20 and 32 for the *Statements of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual*.

As Oregon's largest public library, Multnomah County Library serves nearly one-fifth of the state's population with a wide variety of programs and services. Multnomah County Library is the oldest public library west of the Mississippi, with a history back to 1864.

FACTORS AFFECTING FINANCIAL CONDITION

The District provides library funding to a countywide population of approximately 805,000 residents. The District's library system consists of 19 neighborhood branches and an operations center that houses over 700 public computers and a collection of two million books and other library materials. In addition to books, the library serves the community via its website, electronic databases, social media, e-books, and more.

The District formation relieved Multnomah County of a \$15.3 million commitment for ongoing General Fund support in fiscal year 2014 and beyond. Increased property tax compression results in an offsetting loss to the County's General Fund of approximately \$7.2 million that year. For the Library, the County and its patrons, the District's permanent rate means libraries in the County will no longer be dependent on successive 5-year local option tax levies. In fiscal year 2014, the permanent tax rate of \$1.24 replaced a lower local option rate of \$0.89.

Property taxes are the District's largest revenue source, accounting for 96.6 percent of total budgeted revenues for the current fiscal year end. Property taxes have remained relatively insulated from increasing real estate values. Property taxes are governed by two state constitutional measures: Measure 5, which set limits on the amount of tax that can be collected; Measure 50, which limits individual property tax value growth to a maximum of 3 percent annually. For the current fiscal year end, property tax collections were expected to increase by 9.9 percent, driven by new construction.

The District's permanent rate is limited to \$1.24 per \$1,000 assessed value. The tax rate for fiscal year 2023-2024 was \$1.22 per \$1,000 of assessed value. The District's permanent tax rate supports the County's library system in accordance with the intergovernmental agreement between Multnomah County and the District.

ACKNOWLEDGEMENTS

We would like to acknowledge the help of the Finance and Risk Management Division staff, who contributed in the preparation of this report. We also want to thank the staff in Library Services and the Department of County Management for their contributions during the year.

Respectfully submitted,



Eric J. Arellano
Chief Financial Officer



Cora Bell
Deputy Chief Financial Officer



Samina S. Gillum
Accounting Manager

MULTNOMAH COUNTY LIBRARY DISTRICT
(A component unit of Multnomah County, Oregon)
Principal Officers

BOARD OF COUNTY COMMISSIONERS* AS OF JUNE 30, 2024

501 SE Hawthorne Blvd, 6th floor
Portland, Oregon 97214

Title	Name	Term Expires
Chair of Board	Jessica Vega Pederson 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2026
Commissioner - District No. 1	Sharon Meieran 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2024
Commissioner - District No. 2	Jesse Beason (Interim) 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2026
Commissioner - District No. 3	Julia Brim-Edwards 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2024
Commissioner - District No. 4	Lori Stegmann 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2024

REGISTERED AGENT

Eric J. Arellano

REGISTERED OFFICE

501 SE Hawthorne Blvd, Suite 531
Portland, Oregon 97214-3501

* Governing body of Multnomah County Library District reported on herein.

FINANCIAL SECTION

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Report of Independent Auditors

The Board of County Commissioners
Multnomah County Library District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the budgetary comparison for the General Fund of Multnomah County Library District (the District), a component unit of Multnomah County, Oregon as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2024, and the respective changes in financial position and budgetary comparison for the General Fund 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 auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Financial Reporting Entity

As discussed in Note 1, the financial statements present only the District and do not purport to, and do not, present fairly the financial position of Multnomah County, Oregon as of June 30, 2024, the changes in its financial position, or, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

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 the 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.

Auditor's 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 auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government 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 GAAS and *Government 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The statement of revenues, expenditures, and changes in fund balances – budget and actual – Capital Fund and the schedule of property tax collections and outstanding balances, as listed in the table of contents, are presented for purposes of additional analysis and are 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Other Reporting Required by *Minimum Standards for Audits of Oregon Municipal Corporations*

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated November 25, 2024, on our consideration of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*. 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.



Ashley Osten, Partner, for
Moss Adams LLP
Portland, Oregon
November 25, 2024

MANAGEMENT DISCUSSION AND ANALYSIS

As management of Multnomah County Library District (the District), we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2024. Multnomah County (the County) and the District have entered into an intergovernmental agreement (IGA) that provides for a structure of governance, internal services and management. Through this IGA, the District's resources support the operations of the County libraries and related County services.

Readers are encouraged to consider the information presented here in conjunction with the additional information that is furnished in the letter of transmittal, which can be found on pages 1-3 of this report.

Financial highlights

Government-wide statements

- The District's assets were \$160,836,136, with no liabilities in the current year, \$53,381,999 is the District's investment in capital assets, \$96,039,055 is restricted for Library operations, and \$11,415,082 is unrestricted and may be used to meet ongoing obligations.
- Total net position was \$160,836,136, an increase of \$18,972,999 or 13.4 percent over the prior year. Cash and investments increased by \$20,485,872 or 24.6 percent. Total general revenues increased by \$9,972,377 or 9.5 percent driven primarily by a \$7,990,766 or 7.8 percent rise in property tax revenues. Expenses for library services and operations increased by \$8,079,816 or 8.8 percent.
- The District recognized \$110,203,544 in property taxes and total expenses were \$99,625,839. The District's 2023-24 property tax rate was \$1.22 per \$1,000 of assessed value. All of the District's expenses were used to support library services and operations.

Fund financial statements

- At fiscal year end, the District's governmental funds reported ending fund balance of \$104,878,929, an increase of \$20,864,940 or 24.8 percent over the prior year. Revenues increased by \$10,108,281 or 9.4 percent and expenditures increased by \$1,315,493 or 1.4 percent. The increase in revenue is mainly attributed to a \$7,818,972 increase in property taxes and the increase in expenditures is mainly due to the \$9,304,171 increase in library services netted against the \$7,988,678 decrease in capital outlay.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Overview of the Financial Statements

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

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

The *Statement of Net Position* presents information on all of the District's assets and liabilities with the difference 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 most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District reports two governmental funds, the *General Fund* and the *Capital Fund*, which is a capital project fund.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 21-31 of this report.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Government-Wide Financial Analysis

Net position may serve as a useful indicator of a government's financial condition. At the District's fiscal year end, total assets exceeded liabilities by \$160,836,136. The District is able to report positive balances in each category of net position. The following tables compare the District's net position between the current and prior fiscal years.

Multnomah County Library District Statement of Net Position June 30,

	<u>2024</u>	<u>2023</u>
Assets:		
Cash and investments	\$ 103,787,742	\$ 83,301,870
Receivables	3,666,395	2,746,453
Capital assets, net	<u>53,381,999</u>	<u>55,828,310</u>
Total assets	<u>160,836,136</u>	<u>141,876,633</u>
Liabilities:		
Accounts payable	<u>-</u>	<u>13,496</u>
Net position:		
Investment in capital assets	53,381,999	55,828,310
Restricted for library operations	96,039,055	76,442,696
Unrestricted	<u>11,415,082</u>	<u>9,592,131</u>
Total net position	<u>\$ 160,836,136</u>	<u>\$ 141,863,137</u>

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

**Multnomah County Library District
Changes in Net Position
Years Ended June 30,**

	2024	2023
Revenues:		
Program revenues:		
Fines, fees and charges for services	\$ 21,153	\$ 131,207
Operating grants and contributions	3,830,091	3,431,887
General Revenues:		
Property taxes	110,203,544	102,212,778
Heavy equipment rental tax	89,233	-
Interest earnings	4,454,817	2,562,439
Total revenues	118,598,838	108,338,311
 Expenses		
Operating expenses:		
Library services and operations	99,625,839	91,546,023
Total expenses	99,625,839	91,546,023
 Increase in net position	18,972,999	16,792,288
 Beginning net position	141,863,137	125,070,849
Ending net position	\$ 160,836,136	\$ 141,863,137

Governmental activities

During fiscal year ended June 30, 2024, library service expenses increased by \$8,079,816 or 8.8 percent from the prior year. This increase is primarily attributed to the net effect of two occurrences: (1) an increase in operating expenses of \$9,304,171, and (2) a reduction of expenses for books, equipment, and works of art that were capitalized of \$7,988,678.

Financial analysis of the Government's funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The District's governmental fund provides information on near-term inflows, outflows and balances of spendable resources. Assigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

The General Fund is used to account for all revenues and expenditures applicable to the general operations of the District. Restricted fund balance was \$93,463,847 and the assigned fund balance was \$11,415,082. The restricted fund balance represents restricted property taxes and grant programs.

Capital Assets

Capital assets and the investment in capital assets decreased by \$2,446,311 from the prior year. This was due to the change in depreciation in the current year and capital asset disposal losses, which was offset by capital outlay for library books.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

General fund budgetary highlights

The District adopted the budget for its General Fund (see page 20) in accordance with Oregon budget law and prior to the start of the fiscal year.

The District's actual expenditures were below the total budgeted expenditures by \$15,404,599 or 13.8 percent. Budgeted expenditures are based on the amount of projected revenues (primarily property tax collections) while actual expenditures reflect the total amount paid to support the cost of District operations. General Fund expenditures increased from the prior fiscal year by \$3,307,799 or 3.6 percent. The changes in expenditures were primarily due to personnel cost increases.

Economic factors and budget information for next year

The District's General Fund adopted budget for fiscal year 2025 totaled \$158,397,637, which represents an increase of \$21,259,478 or 15.5 percent from the prior budget. Property tax revenues are the single largest source of revenue for the District. Property tax revenues are expected to increase to \$112,698,974 due to an increase in assessed values.

The District maintains its intergovernmental agreement (IGA) with Multnomah County to provide library operations and support to the District. The IGA is effective from January 1, 2013 to June 30, 2024. The IGA renews annually on an automatic basis unless both parties decide to terminate the agreement.

Requests for Information

This financial report is designed to provide a general overview of Multnomah County Library District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the following address:

Multnomah County
Department of County Management
501 SE Hawthorne Blvd, Suite 531
Portland, OR 97214-3501

MULTNOMAH COUNTY LIBRARY DISTRICT
(A component unit of Multnomah County, Oregon)
Statement of Net Position
June 30, 2024

	<u>Primary Government Governmental Activities</u>
ASSETS	
Current assets (unrestricted):	
Cash and investments	\$ 11,415,082
Current assets (restricted):	
Cash and investments	92,372,660
Receivables:	
Taxes	3,006,208
Accounts	660,187
Total current assets	<u>107,454,137</u>
Non-current assets:	
Capital assets, not being depreciated	7,344,047
Capital assets, net of accumulated depreciation	<u>46,037,952</u>
Total noncurrent assets	<u>53,381,999</u>
Total assets	<u>160,836,136</u>
NET POSITION	
Investment in capital assets	53,381,999
Restricted for:	
Expendable - library operations	96,039,055
Unrestricted	<u>11,415,082</u>
Total net position	<u>\$ 160,836,136</u>

The notes to this financial statements are an integral part of this statement.

MULTNOMAH COUNTY LIBRARY DISTRICT
(A component unit of Multnomah County, Oregon)
Statement of Activities
For the Year Ended June 30, 2024

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>		<u>Primary Governmental Activities</u>
Primary government:				
Library services and operations	\$ 99,625,839	\$ 21,153	\$ 3,830,091	\$ (95,774,595)
Total governmental activities	<u>\$ 99,625,839</u>	<u>\$ 21,153</u>	<u>\$ 3,830,091</u>	<u>\$ (95,774,595)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				110,203,544
Heavy equipment rental tax				89,233
Interest and investment earnings				<u>4,454,817</u>
Total general revenues				<u>114,747,594</u>
Change in net position				18,972,999
Net position - beginning				<u>141,863,137</u>
Net position - ending				<u>\$ 160,836,136</u>

The notes to this financial statement are an integral part of this statement.

MULTNOMAH COUNTY LIBRARY DISTRICT
(A component unit of Multnomah County, Oregon)
Balance Sheet
Governmental Funds
June 30, 2024

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>
ASSETS			
Unrestricted:			
Cash and investments	\$ 11,415,082	\$ -	\$ 11,415,082
Restricted:			
Cash and investments	36,341,594	56,031,066	92,372,660
Receivables:			
Taxes	3,006,208	-	3,006,208
Restricted accounts, net	660,187	-	660,187
Total assets	<u>\$ 51,423,071</u>	<u>\$ 56,031,066</u>	<u>\$ 107,454,137</u>
DEFERRED INFLOWS OF RESOURCES			
Restricted:			
Property taxes	2,575,208	-	2,575,208
Total deferred inflows of resources	<u>2,575,208</u>	<u>-</u>	<u>2,575,208</u>
FUND BALANCE			
Restricted	37,432,781	56,031,066	93,463,847
Assigned	11,415,082	-	11,415,082
Total fund balance	<u>48,847,863</u>	<u>56,031,066</u>	<u>104,878,929</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 51,423,071</u>	<u>\$ 56,031,066</u>	<u>\$ 107,454,137</u>

The notes to the financial statements are an integral part of this statement.

MULTNOMAH COUNTY LIBRARY DISTRICT
(A component unit of Multnomah County, Oregon)
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2024

Fund balances - governmental funds		\$ 104,878,929
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund:		
Total capital assets	134,874,637	
Total accumulated depreciation	<u>(81,492,638)</u>	
Total capital assets net of accumulated depreciation		53,381,999
Deferred inflows represent amounts that were not available to fund current expenditures and therefore are only reported in the governmental funds:		
Property taxes		<u>2,575,208</u>
Net position of governmental activities		<u><u>\$ 160,836,136</u></u>

The notes to the financial statements are an integral part of this statement.

MULTNOMAH COUNTY LIBRARY DISTRICT
(A component unit of Multnomah County, Oregon)
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>
REVENUES			
Taxes	\$ 109,738,407	\$ -	\$ 109,738,407
Intergovernmental	112,057	-	112,057
Licenses and permits	20,369	-	20,369
Charges for services	756	-	756
Interest	2,386,273	2,068,544	4,454,817
Other:			
Non-governmental grants	3,718,034	-	3,718,034
Miscellaneous	28	-	28
Total revenues	<u>115,975,924</u>	<u>2,068,544</u>	<u>118,044,468</u>
EXPENDITURES			
Current:			
Library services	88,312,719	1,070,000	89,382,719
Capital outlay	7,796,809	-	7,796,809
Total expenditures	<u>96,109,528</u>	<u>1,070,000</u>	<u>97,179,528</u>
Revenues over expenditures	<u>19,866,396</u>	<u>998,544</u>	<u>20,864,940</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	2,311,202	2,311,202
Transfers out	<u>(2,311,202)</u>	-	<u>(2,311,202)</u>
Total other financing sources (uses)	<u>(2,311,202)</u>	<u>2,311,202</u>	<u>-</u>
Net change in fund balance	17,555,194	3,309,746	20,864,940
Fund balances - beginning	<u>31,292,669</u>	<u>52,721,320</u>	<u>84,013,989</u>
Fund balances - ending	<u>\$ 48,847,863</u>	<u>\$ 56,031,066</u>	<u>\$ 104,878,929</u>

The notes to the financial statements are an integral part of this statement.

MULTNOMAH COUNTY LIBRARY DISTRICT
(A component unit of Multnomah County, Oregon)
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended June 30, 2024

Net change in fund balances - governmental funds	\$	20,864,940
Amounts reported for governmental activities in the Statement of Activities are different because under full accrual:		
Capital assets reported on the Statement of Net Position are depreciated over their estimated useful lives		(8,771,866)
Expenditures for capital assets		7,796,809
Net loss on disposal of capital assets		(1,471,254)
Revenues that do not provide current financial resources are not reported as revenues:		
Decrease in deferred inflows of resources - property taxes		<u>554,370</u>
Change in net position of governmental activities	\$	<u><u>18,972,999</u></u>

The notes to the financial statements are an integral part of this statement.

MULTNOMAH COUNTY LIBRARY DISTRICT
(A component unit of Multnomah County, Oregon)
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
Taxes	\$ 108,674,178	\$ 108,674,178	\$ 109,738,407	\$ 1,064,229
Intergovernmental	111,942	111,942	112,057	115
Licenses and permits	15,000	15,000	20,369	5,369
Charges for services	8,500	8,500	756	(7,744)
Interest	300,000	300,000	2,386,273	2,086,273
Other:				
Non-governmental grants	3,337,468	3,337,468	3,718,034	380,566
Miscellaneous	100	100	28	(72)
Total revenues	<u>112,447,188</u>	<u>112,447,188</u>	<u>115,975,924</u>	<u>3,528,736</u>
EXPENDITURES				
Current:				
Library	110,514,127	110,514,127	96,109,528	14,404,599
Contingency	1,000,000	1,000,000	-	1,000,000
Total expenditures	<u>111,514,127</u>	<u>111,514,127</u>	<u>96,109,528</u>	<u>15,404,599</u>
Revenues over expenditures	<u>933,061</u>	<u>933,061</u>	<u>19,866,396</u>	<u>18,933,335</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,311,202)	(2,311,202)	(2,311,202)	-
Total other financing (uses)	<u>(2,311,202)</u>	<u>(2,311,202)</u>	<u>(2,311,202)</u>	<u>-</u>
Net change in fund balances	(1,378,141)	(1,378,141)	17,555,194	18,933,335
Fund balances - beginning	<u>24,690,971</u>	<u>24,690,971</u>	<u>31,292,669</u>	<u>6,601,698</u>
Fund balances - ending	<u>\$ 23,312,830</u>	<u>\$ 23,312,830</u>	<u>\$ 48,847,863</u>	<u>\$ 25,535,033</u>

The notes to the financial statements are an integral part of this statement.

MULTNOMAH COUNTY LIBRARY DISTRICT
(A component unit of Multnomah County, Oregon)
Notes to Basic Financial Statements
June 30, 2024

Note I. Summary of significant accounting policies

A. Reporting entity

In 2010, the voters amended Multnomah County's charter and established a method under which the Multnomah County Board of County Commissioners (the Board) could form a library district upon voter approval (Multnomah County Home Rule Charter Chapter IX). Subsequently, in August 2012, the Board referred to the voters a ballot measure to approve formation of the Multnomah County Library District (Resolution 2012-104). The voters approved the formation of the Library District at the November 6, 2012 general election (Measure 23-143). The Multnomah County Library District (the District) was created on July 1, 2013 with the approval of measure 23-143. The effect of passing this measure created the District with a permanent tax rate dedicated to library services, operations, books, materials, programs, activities and oversight of the District. The District's permanent rate is a mechanism to secure permanent funding for library operations. The Board is the governing body of the District. The boundaries for the District include all territory within Multnomah County (the County). Since the County is financially accountable for and significantly influences the operations of the District, the District is included in the financial statements of the County as a special revenue fund, a blended component unit.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e. the *Statement of Net Position* and the *Statement of Activities*) report information on all of the nonfiduciary activities of the District (the primary government). Governmental activities are primarily supported by taxes.

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

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The Capital Projects Fund accounts for expenditures on major construction projects or equipment acquisition. The principal source of revenues are transfers from the General Fund.

MULTNOMAH COUNTY LIBRARY DISTRICT
(A component unit of Multnomah County, Oregon)
Notes to Basic Financial Statements
June 30, 2024

C. Measurement focus, basis of accounting, and financial statement preparation

The District's government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. With this measurement focus, all assets and all liabilities associated with the operations are included on the *Statement of Net Position*.

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). U.S. GAAP statements require the application of all relevant Governmental Accounting Standards Board (GASB) pronouncements. The financial statements have incorporated all applicable GASB pronouncements.

The accompanying basic financial statements have been prepared for purposes of Oregon statutory reporting requirements. The District's General Fund is a governmental fund, which is reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *Capital Fund*, a capital project fund, accounts for revenues transferred from the General Fund. Revenues are transferred according to financial policies adopted by the Multnomah County Library District Board. Expenditures are dedicated to District capital projects, as defined by the District adopted financial policies.

D. Assets, liabilities, deferred inflows of resources, and net position or fund balances

Cash and investments

The District's cash and investments are deposited in the County's Local Government Investment Pool (the Pool). All of the District's cash and investments are included in the Pool rather than specific, identifiable securities. The District's share of County pooled cash and investments can be drawn upon demand, and therefore, the entire amount on deposit with the County is considered cash equivalents. Interest earned on pooled investments is allocated monthly based on the average daily cash balance of the District in relation to total investments in the pool. It is not practical to determine the investment risk, collateral, or insurance coverage for the District's share of these pooled investments.

MULTNOMAH COUNTY LIBRARY DISTRICT
(A component unit of Multnomah County, Oregon)
Notes to Basic Financial Statements
June 30, 2024

State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, municipal bonds, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). Investments for the County, as well as for its component units, are reported at fair value. The LGIP operates in accordance with appropriate state laws and regulations.

Information about the pooled investments is included in the County's Annual Comprehensive Financial Report (ACFR) and may be obtained through the County's Finance and Risk Management Division at 501 SE Hawthorne Boulevard, Suite 531, Portland, OR 97214, or at: <https://multco.us/finance/financial-reports>.

Accounts receivables

The District's receivables are tax distributions, which are collected through the County's property tax system. Real and personal property taxes are assessed and become a lien against the property as of July 1 each year, and are payable in three installments on November 15th, February 15th and May 15th. All property taxes receivable are due from property owners within the District. Property tax receivables are deemed to be substantially collectible or recoverable through the County's collection and foreclosure process. Accordingly, no allowance for doubtful tax accounts is deemed necessary. The District also reports receivables at year-end for expenditure driven grants and contributions; no allowance for doubtful accounts is deemed necessary for these receivables.

Capital assets

The District's capital assets, which consist of land, buildings, equipment, works of art, and their improvements, are reported on the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 for equipment and \$100,000 for buildings and land. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs are expensed as incurred. Expenditures for major additions, improvements and replacements are capitalized. Capital assets are depreciated unless they are inexhaustible in nature, such as land. Property and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset class</u>	<u>Useful life</u>	<u>Threshold</u>
Equipment	3 to 20 years	\$ 5,000
Buildings and improvements	40 years	100,000

MULTNOMAH COUNTY LIBRARY DISTRICT
(A component unit of Multnomah County, Oregon)
Notes to Basic Financial Statements
June 30, 2024

Deferred inflows of resources

Deferred inflows of resources represent an acquisition of net assets that is applicable to a future reporting period. In the governmental fund financial statements, deferred inflows of resources include revenues that are measurable but not available. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

Net position and Fund balances

Net position is reported on the *Statement of Net Position*. The largest portion of the County's net position reflects investment in capital assets (land, works of art, buildings, improvements, machinery and equipment), net of accumulated depreciation. The restricted component of net position consists of external constraints on resources imposed by grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. Of the total restricted balance, the majority is restricted by enabling legislation, as a result of the amendment to the County's charter to allow the District to impose ad valorem property taxes sufficient to support Library function and services, with a permanent rate limit for operating taxes approved by County voters. The remaining restricted balance represents restrictions by third parties such as grantors and contributors. Amounts reported as unrestricted consist of assets that do not meet the definition of "restricted" as noted. Unrestricted resources include fines, fees and charges for services that do not carry any constraints on spending.

Fund balance is reported on the *Governmental Fund Balance Sheet*. The District's fund balances are classified as restricted or assigned. The *Restricted* component of net position consists of external constraints on resources imposed by grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. Resources that are constrained by the District's intent to use them for a specific purpose, but are not restricted, are reported as *Assigned* fund balance. The Board of County Commissioners expresses their intent to use a resource for a specific purpose by including that resource in the adopted annual budget. The District has not established a formal policy regarding the assignment of funds. There were no nonspendable, committed, or unassigned fund balances at fiscal year end.

Intergovernmental agreements

The District and the County have entered into an intergovernmental agreement (IGA) that states the District will reimburse the County for the cost of library operations. The IGA also provides a structure for governance, internal services and management of the District as well as defining ownership of library assets. The IGA is effective from January 1, 2013 to June 30, 2024. The IGA renews annually on an automatic basis unless both parties decide to terminate the agreement.

MULTNOMAH COUNTY LIBRARY DISTRICT
(A component unit of Multnomah County, Oregon)
Notes to Basic Financial Statements
June 30, 2024

Estimates

In preparing the basic financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note II. Stewardship, compliance, and accountability

A. Budgetary information

The District's budget is prepared and adopted in accordance with Oregon local budget law. Certain adjustments are necessary to reconcile from the budgetary basis to the U.S. GAAP basis. All annual appropriations lapse at fiscal year-end.

During the month of February each year, the District submits requests for appropriations to the County Chair so that a budget may be prepared. By May 15, the proposed budget is presented to the Board for approval. The Board holds public hearings and a final budget must be prepared and adopted no later than June 30 of each year.

The adopted budget is prepared by fund and department. The District may make transfers of appropriations within a department and fund. Transfers and changes (increases) of appropriations between departments or funds require the approval of the Board prior to the related expenditures.

The legal level of budgetary control, (i.e., the level at which expenditures may not legally exceed appropriations) is the fund and department level, which include current expenditures and other financing uses.

The adopted budget is available at: <https://multco.us/budget/multnomah-county-library-district-budget-0>.

Note III. Detailed notes

A. Cash and investments

The District's cash and investments reported on the Statement of Net Position represent the District's share of the County's cash and investment pool. The District's participation in the cash and investment pool is involuntary. Interest earnings from this pool are allocated to the District on a monthly basis. At fiscal year end, the District's share of the County's cash and investment pool totaled \$103,787,742. Of this amount, \$92,372,660 is restricted by external grant agreements and the requirements of the District's property tax levy.

MULTNOMAH COUNTY LIBRARY DISTRICT
(A component unit of Multnomah County, Oregon)
Notes to Basic Financial Statements
June 30, 2024

B. Receivables

For the reported fiscal year, the District levied property taxes in the amount of \$114,034,235 and collected property taxes in the amount of \$109,345,690. The tax rate for fiscal year 2023-2024 was \$1.22 per \$1,000 of assessed value. Property tax receivable at fiscal year end was \$3,006,208, which is reported as restricted. There was also \$660,187 of general accounts receivable mainly consisting of an operating grant from the Library Foundation.

C. Capital Assets

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 2,912,912	\$ -	\$ -	\$ 2,912,912
Works of art	4,471,135	-	(40,000)	4,431,135
Total not being depreciated	<u>7,384,047</u>	<u>-</u>	<u>(40,000)</u>	<u>7,344,047</u>
Capital assets being depreciated:				
Buildings	57,386,646	-	(3,907,763)	53,478,883
Land improvements	431,041	-	-	431,041
Equipment	70,017,336	7,796,809	(4,193,479)	73,620,666
Total being depreciated	127,835,023	7,796,809	(8,101,242)	127,530,590
Accumulated depreciation	(79,390,760)	(8,771,866)	6,669,988	(81,492,638)
Capital assets being depreciated, net	<u>48,444,263</u>	<u>(975,057)</u>	<u>(1,431,254)</u>	<u>46,037,952</u>
Total capital assets	<u>\$ 55,828,310</u>	<u>\$ (975,057)</u>	<u>\$ (1,471,254)</u>	<u>\$ 53,381,999</u>

The County purchases capital assets for the Library District in accordance with the Intergovernmental Agreement, using Library funds. Decreases to equipment include dispositions of library books and other assets and associated accumulated depreciation. Buildings disposed for the fiscal year had an asset value of \$3,907,763 and associated depreciation in the amount of \$2,487,982 for a loss of \$1,419,781. The loss on disposal of art was \$40,000. Equipment disposed of for the year had an asset value of \$4,193,479 and associated depreciation of \$4,182,006 for a loss of \$11,473.

D. Transactions with Multnomah County

The District reports expenditures in the General Fund of the *Statement of Revenues, Expenditures, and Changes in Fund Balance* for \$96,109,528, which are payments made to the County for library services and operations under the Intergovernmental Agreement. Additionally there were \$1,070,000 of payments from the Capital Fund to the County for a total of \$97,179,528 payments to the County. District expenses in the *Statement of Activities* is net of the effects of any capital outlays made during the year.

MULTNOMAH COUNTY LIBRARY DISTRICT
(A component unit of Multnomah County, Oregon)
Notes to Basic Financial Statements
June 30, 2024

E. Net position and fund balances

As of fiscal year end, the government-wide *Statement of Net Position* reports \$160,836,136 of net position. Of this amount, \$96,039,055 is restricted by external grantors and contributors for special library programs and by enabling legislation for library operations. The investment in capital assets was \$53,381,999. The remaining amount of \$11,415,082 is reported as unrestricted.

The governmental *Balance Sheet* reports \$104,878,929 of total fund balance. Of that, \$93,463,847 is restricted by external grantors and contributors for special library programs and by enabling legislation for library operations. The remaining amount of \$11,415,082 is reported as assigned fund balance in the General Fund.

Note IV. Other Information

A. Risk management

As a component unit of the County, the District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. The County has established risk management programs for liability insurance coverage. The District is covered under the policies and programs insuring the County. The County maintains an internal service fund, the Risk Management Fund, to account for and finance its risks of loss. The County established risk management programs for liability and workers' compensation, whereby premiums are calculated on payroll expenses in all funds and are paid into the Risk Management Fund. The funds are available to pay claims, claim reserves, and reduce administrative costs of the program. These interfund premiums are used to offset the amount of claims expenditures reported in the Risk Management Fund. As of the fiscal year end interfund premiums exceeded reimbursable expenditures. Settlements have not exceeded the coverage balance for each of the past three fiscal years.

B. Postemployment benefits and pension plans

The District itself does not have any employees but is serviced by Multnomah County employees who are covered under the County's other postemployment benefits (OPEB) and pension plans. These plans include the pension plan, OPEB - RHIA, and OPEB - County Plan. The County's Annual Comprehensive Financial Report (ACFR) provides further details on these plans. The ACFR is available online at: <https://multco.us/finance/financial-reports>.

MULTNOMAH COUNTY LIBRARY DISTRICT
(A component unit of Multnomah County, Oregon)
Notes to Basic Financial Statements
June 30, 2024

C. Tax Abatements

As of the fiscal year end, the Library District provided no tax abatements directly.

Tax abatements granted by other governments

As of June 30, 2024, the District participated in seven tax abatement programs. The Residential Rehabilitation Property program is not currently being utilized. These programs are administered by outside municipalities that impact the District's property tax revenues.

Low Income Rental Housing Program (ORS 307.540 to 307.548)

The State of Oregon's Low Income Rental Housing program (LIRH) provides property tax abatements to encourage nonprofit organizations to help fill the need for low-income housing. The LIRH program allows a city or county to abate property taxes for low income rental housing owned or being purchased by a nonprofit corporation. The property must be in use as housing or must be held for that purpose. Qualifying nonprofit corporations must be exempt from federal income tax [Section 501(c)(3) or (4) of the Internal Revenue Code] and upon liquidation distribute remaining assets to other tax-exempt charitable organizations or the State of Oregon. The nonprofit corporation must certify that the income level of each renter is at or below sixty percent of area median income, which is determined by the State Housing Council based on information from the U.S. Department of Housing and Urban Development. In addition, the nonprofit corporation must describe how the abatement will benefit project residents. This program will sunset as of June 30, 2027 (ORS 307.541).

Enterprise Zone Programs (ORS 285C.050-.255)

The State of Oregon's Enterprise Zone Programs (EZ) allow for property tax abatements on qualified real and personal property owned or leased and newly placed into service by a qualified business in an enterprise zone. Property taxes on qualified property are abated for three years. However, the abatement period may be increased to a total of four or five consecutive years.

In order to qualify for the abatement, the business must meet all of the conditions outlined in ORS 285C.135 and 285C.200, such as engaging in eligible business operations and increasing zone employment by the greater of one additional job or 10 percent. In order to be eligible, property of the business must satisfy applicable timing, lease, location and minimal cost requirements, described in ORS 285C.180. Property is disqualified if it is used for an ineligible activity, such as retail operations, or if the business substantially curtails operations or closes during the abatement period. If property becomes disqualified, prior abated taxes are billed for payment.

MULTNOMAH COUNTY LIBRARY DISTRICT
(A component unit of Multnomah County, Oregon)
Notes to Basic Financial Statements
June 30, 2024

New Housing Homebuyer Opportunity Limited Tax Exemption (ORS 307.651 to ORS307.687)

The City of Portland, Oregon’s Homebuyer Opportunity Limited Tax Exemption (HOLTE) program abates the real property taxes billed on the residential improvement value for a 10-year period, while the land remains taxable. At the end of the 10-year abatement period, the taxes due will reflect the full assessed value of the property. Homes approved for the HOLTE program must sell for less than the annually established price cap to homebuyers who will live in the homes and meet program income requirements. There is a 100-unit cap on the number of new applications approved each year, although the cap does not apply to applications for properties including long-term affordability covenants.

Core Area Multi-Unit and Transit Oriented Development-GR/PDX (ORS 307.600 to 307.637)

This State of Oregon’s Core Area Multi-Unit program (CAMU) provides property tax abatements to stimulate the construction of rental housing in the core areas of Oregon’s urban centers to improve the balance between the residential and commercial nature of those areas. The CAMU program also encourages city programs emphasizing the development of vacant or underused sites in the core areas with rental rates accessible to a broad range of the general public. The CAMU program provides property tax abatements for multiple family rental housing (excluding land) in core, light rail station, and transit oriented areas for up to ten successive years. The abatement does not include the land or any improvements not part of the multiple unit housing, but may include parking constructed as part of the multiple unit housing construction, addition or conversion. In the case of a structure to which improvements are added or the structure is converted, only the addition or conversion value is abated. This program will sunset as of June 30, 2032.

Residential Rehabilitation Property (ORS 308.450 to 308.481)

The Residential Rehabilitation Housing Program (RRH) encourages the rehabilitation of existing units in substandard condition and the conversion of transient accommodations to permanent residential units. The RRH program also supports the conversion of nonresidential structures to permanent residential units in order to make these units sound additions to the housing stock of the state.

A city or county may abate property taxes on any value that is attributed to the rehabilitation of housing or conversion of buildings for housing (single or multifamily) for 10 years. If the housing is at least 25 years old at the time of application, it may qualify if it has undergone rehabilitation during or after September 13, 1975, and before January 1, 2017. The rehabilitation must have cost at least five percent of the assessed value of the property before rehabilitation. Regardless of the age of the housing, it may qualify if it has undergone rehabilitations that cost at least 50 percent of the assessed value of the property before rehabilitation.

In addition, the property must satisfy these four conditions:

- Before rehabilitation, fail to comply with one or more standards of applicable building or housing codes
- Be residential units of which at least 50 percent are for non-transient occupants
- If owner-occupied, be in a distressed area as designated by the city or county
- Approved for abatement by the city or county.

MULTNOMAH COUNTY LIBRARY DISTRICT
(A component unit of Multnomah County, Oregon)
Notes to Basic Financial Statements
June 30, 2024

A property's value is frozen at its value before rehabilitation for 10 years. However, if the owners of the property enter into in a low-income rental assistance contract with a government agency during this time, and if the contract expires after the ten-year period, the property value remains frozen through the term of the contract. Generally, only city or county taxes on qualified property are abated. However, if districts representing at least 51 percent of the taxes on the property pass resolutions supporting the abatement, then the abatement applies to the taxes of all districts. This program will sunset as of June 30, 2027, however there are currently no properties under this program.

Historic Property (ORS 358.505)

The Historic Property Program allows qualified historic property to be specially assessed at a frozen value for 10 years. The specially assessed value is the assessed value at the time of application for abatement. The assessed value cannot exceed the assessed value at the time of application; increased value from improvements or inflation is exempt for 10 years. Applications for special assessment must be approved by the State Historical Preservation Officer. Applicants must pay a fee and file a plan for proposed rehabilitation and maintenance. Property may not be classified and specially assessed if the application is filed after the fiscal year end. Property is dropped from this special assessment at the end of the 10 year period, but can qualify for a second 10 year period if reapplication is approved and the local government (city, or county if not located in a city) does not prohibit it (by resolution). Approval of reapplication requires plans for significant investment in seismic upgrades, energy conservation, or disability access. Following the second 10 year period, the property can no longer qualify.

If, during the course of a special assessment term, the historic property is disqualified, either at the owner's request or from failure to meet the requirements, the tax savings from having a frozen value must be repaid. The additional tax and interest is equal to the sum of the tax benefit received for each year of special assessment as historic property. In addition, a penalty of 15 percent of the back taxes and interest owed is levied upon the disqualified property owner. However, if the property is destroyed or substantially altered by acts of nature or other events for which the owner is not responsible, or transferred to a tax-exempt owner, or transferred to a new owner who expressly assents to and continues to implement the preservation plan in effect, no additional tax or penalty is charged.

Senate Bill 192, passed in 2009, made several changes to the historic property tax special assessment program including:

- Special assessment period reduced from 15 years to 10
- As part of a submitted preservation plan, applicants must commit to expending ten percent of the property's real market value (at time of first year's special assessment) within the first five years of special assessment
- Property owners must now submit progress reports concerning the original preservation plan to the State Historic Preservation Officer in the third, sixth, and ninth years of special assessment
- The application fee was reduced from one-third of one percent of real market value to one-tenth of one percent of the assessed value of the property at time of application
- Qualifying properties no longer have to be open to public sight-seeing at least one day per year
- Restricted tax benefits for converting historic property to condominium use

MULTNOMAH COUNTY LIBRARY DISTRICT
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Notes to Basic Financial Statements
June 30, 2024

Riparian Habitat Land (ORS 308A.350 to 308A.383)

The State of Oregon Riparian Habitat Land program specifies that property taxation for property designated as riparian land by the State Department of Fish and Wildlife is abated. Designated riparian land must be privately owned streambeds and the land under adjacent vegetation influenced by the proximity to water, but which does not extend more than 100 feet from the stream bank.

The following types of designated riparian land qualify for the abatement:

- Lands located outside urban growth boundaries (UGB) and zoned as forest or agricultural (including range land) in compliance with statewide planning goals.
- Lands that were outside a UGB and zoned as forest or agricultural (including range land) as of July 1, 1997, but are no longer outside a UGB or so zoned, qualify. The landowner must apply for riparian designation within five years of the change.
- Lands within city and urban growth boundaries may qualify if the city and county authorize the abatement (ORS 308A.360).

The Department of Fish and Wildlife can designate land as riparian habitat land if the owner has developed and implemented a plan for continued protection of the land using approved rehabilitation techniques. The department cannot approve more than 200 miles (increased from 100 miles in 1997) of private stream bank in any one county per year.

The abatement continues until withdrawn by the owner or use is incompatible with riparian use. Upon withdrawal or disqualification, an additional tax equal to the sum of the tax benefit for each year abated (up to five years) is due.

The abatement value is based on farm use assessed value, an alternative to riparian abatement. When land is specially assessed as farm, forest, or open space before riparian designation, any additional tax for a change in designation to riparian is abated.

For the fiscal year end, the Multnomah County Library District abated property taxes totaling \$2,403,192 under these programs:

	Taxes Abated Fiscal Year Ended June 30, 2024
Tax Abatements Granted by Other Governments:	
Low Income Rental Housing Program	\$ 1,055,284
Core Area Multi-Unit and Transit Oriented Development	478,901
Enterprise Zone Programs	638,155
New Housing Homebuyer Opportunity Limited Tax Exemption	116,909
Historic Property (2 Term, 10 Year, and 15 Year)	113,279
Riparian Habitat Land	664
Total property taxes abated	\$ 2,403,192

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SUPPLEMENTARY INFORMATION SECTION

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MULTNOMAH COUNTY LIBRARY DISTRICT
(A component unit of Multnomah County, Oregon)
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Fund
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
Interest	\$ -	\$ -	\$ 2,068,544	\$ 2,068,544
Non-governmental grants	-	50,000	-	(50,000)
Total revenues	<u>-</u>	<u>50,000</u>	<u>2,068,544</u>	<u>2,018,544</u>
EXPENDITURES				
Current:				
Library	1,020,000	1,070,000	1,070,000	-
Contingency	61,187,330	61,187,330	-	61,187,330
Total expenditures	<u>62,207,330</u>	<u>62,257,330</u>	<u>1,070,000</u>	<u>61,187,330</u>
Revenues over (under) expenditures	<u>(62,207,330)</u>	<u>(62,207,330)</u>	<u>998,544</u>	<u>63,205,874</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,311,202	2,311,202	2,311,202	-
Total other financing sources (uses)	<u>2,311,202</u>	<u>2,311,202</u>	<u>2,311,202</u>	<u>-</u>
Net change in fund balances	(59,896,128)	(59,896,128)	3,309,746	63,205,874
Fund balances - beginning	59,896,128	59,896,128	52,721,320	(7,174,808)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,031,066</u>	<u>\$ 56,031,066</u>

The notes to the financial statements are an integral part of this statement.

MULTNOMAH COUNTY LIBRARY DISTRICT
(A component unit of Multnomah County, Oregon)
Schedule of Property Tax Collections and Outstanding Balances
For the year Ended June 30, 2024

Tax Year	Taxes Receivable June 30, 2023	Current Levy	Add (Deduct) Corrections and Adjustments	Add Interest on Delinquent Taxes	Deduct Discounts Allowed	Deduct Collections Including Interest on Delinquent Taxes	Taxes Receivable June 30, 2024
2023-24	\$ -	\$ 114,034,235	\$ (1,284,989)	\$ 16,545	\$ (2,964,922)	\$ (108,000,661)	\$ 1,800,208
2022-23	1,463,581	-	(224,478)	32,385	4,138	(616,089)	659,537
2021-22	529,198	-	(32,029)	33,468	363	(213,116)	317,884
2020-21	292,829	-	(14,695)	39,873	252	(168,864)	149,395
2019-20	139,030	-	(4,681)	35,081	6	(131,033)	38,403
2018-19 and prior	72,111	-	(5,744)	190,338	3	(215,927)	40,781
	<u>\$ 2,496,749</u>	<u>\$ 114,034,235</u>	<u>\$ (1,566,616)</u>	<u>\$ 347,690</u>	<u>\$ (2,960,160)</u>	<u>\$ (109,345,690)</u>	<u>\$ 3,006,208</u>

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AUDIT COMMENTS AND DISCLOSURES

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Report of Independent Auditors Required by Oregon State Regulations

The Board of County Commissioners
Multnomah County Library District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Oregon Secretary of State the governmental activities, each major fund, and the budgetary comparison for the General Fund of Multnomah County Library District (the District), a component unit of Multnomah County, Oregon as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District, and have issued our report thereon dated November 25, 2024.

Compliance

As part of obtaining reasonable assurance about whether the District's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules (OAR) 162-010-0000 to 162-010-0330, of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

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

- Accounting records and internal control
- Public fund deposits
- Budget
- Insurance and fidelity bonds
- Programs funded from outside sources
- Investments
- Public contracts and purchasing

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of ORS as specified in OAR 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. Accordingly, this communication is not suitable for any other purpose.

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



Ashley Osten, Partner, for
Moss Adams LLP
Portland, Oregon
November 25, 2024

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of County Commissioners
Multnomah County Library District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the governmental activities, each major fund, and the budgetary comparison for the General Fund of Multnomah County Library District (the District), a component unit of Multnomah County, Oregon as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District, and have issued our report thereon dated November 25, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Portland, Oregon
November 25, 2024