

TILLAMOOK COUNTY EMERGENCY
COMMUNICATIONS DISTRICT

Annual Financial Report

For the Year Ended June 30, 2020

TILLAMOOK COUNTY EMERGENCY COMMUNICATIONS DISTRICT
June 30, 2020

BOARD OF DIRECTORS

<u>Name</u>	<u>Term Expires</u>
John Eckhardt – Chair	June 30, 2021
Clayton Rees – Vice Chair	June 30, 2021
Paula Tucker – Secretary	June 30, 2021
Terry Wright – Director	June 30, 2023
Mike Sheldon – Director	June 30, 2023

REGISTERED AGENT & OFFICE

Administrator
Doug Kettner

Tillamook County Emergency Communications District
P.O. Box 911
Tillamook, Oregon 97141

TILLAMOOK COUNTY EMERGENCY COMMUNICATIONS DISTRICT
 Financial Statements
 For the year ended June 30, 2020

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Independent Auditor's Report

Board of Directors
Tillamook County Emergency Communications District
Tillamook County, Oregon

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Tillamook County Emergency Communications District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Richard Winkel, CPA
15086 NW Oakmont Loop
Beaverton, OR 97006

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fax: (888) 739-8185
email: rwinkel@winkelcpa.com

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Tillamook County Emergency Communications District as of June 30, 2020, the respective changes in financial position, for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Other Matters

Basis of Accounting

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

Other Information

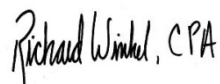
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tillamook County Emergency Communications District's basic financial statements. The management discussion and analysis on pages 3-5 and the supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements under the modified cash basis of accounting.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the modified cash basis budget and actual schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Management's discussion and analysis on pages 3-5 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on such information.

Other Reporting Required by Oregon State Regulations

In accordance with Oregon State Regulations, we have also issued our report dated February 23, 2021 on our consideration of Tillamook County Emergency Communications District's internal control over financial reporting and on our procedures to address its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is required by Oregon State Regulations.

Richard Winkel, CPA

February 23, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

TILLAMOOK COUNTY EMERGENCY COMMUNICATIONS DISTRICT
Management's Discussion and Analysis
For the year ended June 30, 2020

Our discussion and analysis of Tillamook County Emergency Communications District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2020. Management has prepared the disclosures along with the discussion and analysis. The Management's Discussion and Analysis focuses on current year activities and resulting changes. Please read it in conjunction with the District's financial statements beginning on page 6.

FINANCIAL HIGHLIGHTS

Fiscal Year 2019 – 2020

- The District's total revenues were \$1,756,187 for the year ended June 30, 2020, a decrease of \$171,941 from the prior year due to a homeland security grant of \$254,378 that was received during the year ended June 30, 2019. During the year ended June 30, 2020 timber and county land sales revenue increased by \$66,377 and property tax revenues increased by \$51,547 over prior year.
- Total expenditures during the year were \$1,397,428, a decrease of \$97,360 from the prior year.
- The District's net position was \$4,446,578 at June 30, 2020, an increase of \$358,759 during the year ended June 30, 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: Management's Discussion and Analysis, the Basic Financial Statements, and Supplementary Information. The government-wide financial statements on pages 6 and 7 are designed to provide an overview of the District's finances. The statement of net position presents information regarding assets and liabilities, with the difference between the two reported as net position. Over time, the increases or decreases in net position may serve as an 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 year.

The fund financial statements on pages 8 and 9 focus on inflows and outflows of spendable resources, as well as balances of resources available at the end of the year for the District's funds. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate comparison with the government-wide financial statements.

BASIS OF ACCOUNTING

The District has elected to present its financial statements on the modified cash basis of accounting. Under the District's modified cash basis of accounting revenues and expenses and the related assets and liabilities are recorded when they result from cash transactions.

As a result of the modified cash basis of accounting, certain assets and their related revenues, such as receivables, and certain liabilities, such as accounts payable for goods and services received but not yet paid, are not recorded in the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

STATEMENT OF NET POSITION

	<u>FY 2020</u>	<u>FY 2019</u>
ASSETS		
Cash and cash equivalents	\$ 2,348,418	\$ 1,909,063
Land	278,898	278,898
Capital assets, net of depreciation	<u>1,819,262</u>	<u>1,899,858</u>
Total assets	<u>4,446,578</u>	<u>4,087,819</u>
NET POSITION		
Investment in capital assets	2,098,160	2,178,756
Restricted	3,550	3,550
Unrestricted	<u>2,344,868</u>	<u>1,905,513</u>
Total net position	<u>\$ 4,446,578</u>	<u>\$ 4,087,819</u>

STATEMENT OF ACTIVITIES

	<u>FY 2020</u>	<u>FY 2019</u>
Receipts:		
Grant revenue	\$ -	\$ 254,378
General receipts:		
Telephone tax	315,954	320,035
Property taxes	972,816	921,269
Timber and county land sales	358,895	292,518
Other general receipts	<u>108,522</u>	<u>139,928</u>
Total receipts	<u>1,756,187</u>	<u>1,928,128</u>
Disbursements:		
Emergency operations	<u>1,397,428</u>	<u>1,494,788</u>
Change in net position	358,759	433,340
Net position, beginning of year	<u>4,087,819</u>	<u>3,654,479</u>
Net position, end of year	<u>\$ 4,446,578</u>	<u>\$ 4,087,819</u>

As of June 30, 2020 total assets were \$4,446,578, of which \$2,098,160 were capital assets net of accumulated depreciation.

District revenue primarily comes from three sources, property taxes, telephone taxes and timber and county land sales. These accounted for \$1,647,666 during the year ended June 30, 2020, which was an increase of \$113,842 from the prior year due to higher property taxes and timber and county land sales.

The largest District disbursement is for personnel and related payroll costs, which was \$1,003,529 during the year ended June 30, 2020, a decrease of \$45,692 from the prior year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental fund balances totaled \$2,348,418 at June 30, 2020, an increase of \$439,355 over the prior year.

BUDGETARY HIGHLIGHTS

Under the budgetary basis of accounting, receipts for the General Fund were \$1,756,187, which was \$268,928 above budget. Disbursements for the General Fund were \$1,316,832, which was \$742,823 under budget. The District budgets for potential revenue sources and projects, which creates large budget variances. More detailed information on the budgets can be found in the supplementary schedules.

ECONOMIC FACTORS

Telephone taxes, property taxes, timber and county land sales, and reimbursement income are the main sources of the District's operating revenue. All expenses for emergency communication operations must be paid for by these sources.

FINANCIAL CONTACT

The District's financial statements are designed to give the public a general overview of the District's accountability. If you have questions about financial matters please contact the District at Tillamook County Emergency Communications District, P.O. Box 911, Tillamook, Oregon 97141.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

TILLAMOOK COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Statement of Net Position – Modified Cash Basis

June 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and investments	\$ 2,348,418
Non-current assets:	
Land	278,898
Capital assets, net of depreciation	<u>1,819,262</u>
Total assets	<u>4,446,578</u>
NET POSITION:	
Investment in capital assets	2,098,160
Restricted	3,550
Unrestricted	<u>2,344,868</u>
Total net position	<u>\$ 4,446,578</u>

The accompanying notes are an integral part of these financial statements

TILLAMOOK COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Statement of Activities – Modified Cash Basis

For the Year Ended June 30, 2020

DISBURSEMENTS	
Emergency operations	<u>\$ 1,397,428</u>
Total disbursements	<u>1,397,428</u>
GENERAL RECEIPTS	
Telephone taxes	315,954
Property taxes	972,816
Timber and county land sales	358,895
Interest and investment earnings	46,273
Reimbursement receipts	53,165
Miscellaneous	<u>9,084</u>
Total general receipts	<u>1,756,187</u>
Change in modified cash basis net position	358,759
Modified cash basis net position - beginning of year	<u>4,087,819</u>
Modified cash basis net position - end of year	<u><u>\$ 4,446,578</u></u>

The accompanying notes are an integral part of these financial statements

FUND FINANCIAL STATEMENTS

TILLAMOOK COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Balance Sheet – Governmental Funds – Modified Cash Basis

June 30, 2020

	<u>General Fund</u>
ASSETS:	
Cash and investments	<u>\$ 2,348,418</u>
 Total assets	 <u><u>\$ 2,348,418</u></u>
 FUND BALANCES:	
Assigned	\$ 467,853
Unassigned	<u>1,880,565</u>
 Total fund balances	 <u><u>\$ 2,348,418</u></u>

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position – Modified Cash Basis:

Total fund balances 2,348,418

The cost of capital assets (land, buildings and improvements, and equipment) purchased or constructed is reported as a disbursement in the governmental fund. The Statement of Net Position – Modified Cash Basis includes those capital assets of the District as a whole.

Net capital assets 2,098,160

Net position \$ 4,446,578

The accompanying notes are an integral part of these financial statements

TILLAMOOK COUNTY EMERGENCY COMMUNICATIONS DISTRICT

**Statement of Receipts, and Changes in Fund Balances – Governmental
Funds – Modified Cash Basis**

For the Year Ended June 30, 2020

	General Fund
	<u> </u>
RECEIPTS:	
Telephone Tax	\$ 315,954
Property Taxes	972,816
Timber and County Land Sales	358,895
Interest Income	46,273
Reimbursements	53,165
Misc. Income	9,084
Total receipts	<u>1,756,187</u>
 DISBURSEMENTS:	
Personal services	1,003,529
Materials and services	260,086
Capital outlay	53,217
Total disbursements	<u>1,316,832</u>
 Change in fund balances	<u>439,355</u>
 Fund balance, beginning of year	<u>1,909,063</u>
 Fund balance, end of year	<u><u>\$ 2,348,418</u></u>
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds to Statement of Activities:	
Total net changes in fund balances - governmental funds	439,355
 Capital outlays are reported in the governmental fund as disbursements. However, in the Statement of Activities - Modified Cash Basis, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation.	
Depreciation expense	(133,813)
Purchases of capital assets	53,217
	<u> </u>
 Change in net position	<u><u>\$ 358,759</u></u>

The accompanying notes are an integral part of these financial statements

TILLAMOOK COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2020

1. Summary of Significant Accounting Policies

Organization and Reporting Entity

Tillamook County Emergency Communications District (the “District”) is organized as an emergency communications services to people within Tillamook County. The District is governed by an elected board. Generally accepted accounting principles require that these basis financial statements include the District (the primary government) and all component units, if any. Component units, as established by the Government Accounting Standards Board (GASB) Statement 61, are separate organizations that are included in the District’s reporting because of the significance of their operational or financial relationship. All significant activities and organizations with which oversight responsibility is exercised have been considered for inclusion in the basic financial statements. There are no component units.

Measurement Focus and Basis of Accounting

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the governmental activities of the District in one column using the economic resources measurement focus and the modified cash basis of accounting. Under the modified cash basis of accounting, revenues are recorded when received and expenditures are recorded as paid by cash or by check. The only modification from cash basis is that buildings, land, property and equipment are recorded as assets. Depreciation expense is also recorded.

All direct expenditures are reported by function in the Statement of Activities – Modified Cash Basis. Expenditures are those that are clearly identifiable with a function.

The modified cash basis of accounting is not equivalent to the generally accepted accounting principles (GAAP) basis of accounting, which requires accrual accounting. Under the accrual basis of accounting debt is recorded as a liability, revenues are recorded when earned irrespective of the collection of cash, and expenses, including depreciation, and pension costs are recorded when incurred. The modified cash basis of accounting is used in budgeting for the funds. The modified cash basis of accounting is allowed under Oregon Local Budget Law.

The statement of activities reports the District’s activities by function. The District’s sole function is emergency communication services. The statement of activities demonstrates the degree to which the expenses of each function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues includes 1) taxes from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items include property taxes, telephone taxes and county land sales, interest and investment earnings, and miscellaneous receipts. Other items not properly included among program revenues are reported as general revenues.

TILLAMOOK COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements – Continued

June 30, 2020

Fund Financial Statements

Separate fund financial statements are also provided for governmental funds. Major governmental funds are reported as separate columns in the fund financial statements.

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

The fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Non-grant revenues are recognized when they become measurable and available as net current assets. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the liability is incurred. Capital outlay is an expenditure when purchased and debt service is an expenditure when paid.

The District reports the following major governmental funds:

- The General Fund accounts for the general operations of the District and all financial resources except for those required to be accounted for in another fund. The principal revenue sources are telephone taxes and real property tax levy.
- Grant Fund accounts for revenues from grants for specific projects. Resources for this fund are grant revenues and are restricted by the grantor.
- Technology Reserve Fund accounts for future technology needs. Resources for this fund are transferred from the General Fund and are assigned for future projects.
- Capital Improvement Fund accounts for future capital improvements. Resources for this fund are transferred from the General Fund and are assigned for future projects.

The effect of interfund activity has been eliminated from the government-wide financial statements.

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or regulations of other governments. Net position is classified in the following three categories:

Invested in capital assets, net of related debt – consists of capital assets net of accumulated depreciation, reduced by the outstanding borrowings of any debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – consists of net position with constraints placed on them by entities outside of the District. At June 30, 2020 the District had no restricted net position.

Unrestricted net position – all other net position that does not meet either of the criteria above.

TILLAMOOK COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements – Continued

June 30, 2020

Fund Equity

The District follows the guidance in Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. Under this standard, the fund balances are classified as nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form.
- Restricted fund balance represents amounts constrained to specific purpose by their providers (such as grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds constrained to specific purposes by a government itself, using its highest level of decision-making authority (Board of Directors); to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level authority action to remove or change the constraint.
- Assigned fund balance represents amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority, assignments are approved by the Board of Directors.
- Unassigned fund balance represents amounts that are available for any purpose; these amounts are reported only in the General Fund.

The Board of Directors has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available. When unrestricted resources are spent, the order of spending is committed, assigned and lastly, unassigned fund balance.

Cash and Cash Equivalents

The District has defined cash and cash equivalents to include cash on hand, demand deposits and short term investments with original maturities of three months or less. The carrying amount of the cash and cash equivalents approximate fair value due to the short term maturities of these instruments.

The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Federal Deposit Insurance Corporation (FDIC) insurance of up to \$250,000 applies to total deposits at each financial institution.

Property Taxes

Property taxes, which have been collected by year-end, are recognized as revenues in the General Fund.

Real property taxes attach as an enforceable lien on property as of July 1. Real property taxes are levied in July and may be paid in full by November 15 with a discount, or paid in three equal payments on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Tillamook County bills and collects property taxes for all levying districts within the County.

TILLAMOOK COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements - Continued

June 30, 2020

Property tax collections are distributed monthly except for November, when such distributions are made weekly.

Grants

Grant revenues are recorded at the time they are received. Under the modified cash basis of accounting, grants receivable are not recorded for unreimbursed expenditures due from grantor agencies.

2. Stewardship, Compliance and Accountability

The District is subject to the budget requirements of state law. The resolution authorizing appropriations of each fund sets the level by which expenditures cannot legally exceed appropriations. Total personal services, materials and services, capital outlay, debt service, operating contingency and unappropriated balance are the levels of control established by resolution. Appropriations lapse at the end of each fiscal year.

The detail budget document, however, is required to contain more specific detailed information for the above-mentioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations resolution. A supplemental budget requires hearings before the public, publication in newspapers, and approval by the Board of Directors. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of controls. Such transfers require the approval of the Board of Directors.

Expenditures cannot legally exceed the appropriation levels. Appropriations lapse at the end of each fiscal year. Expenditures shown in the financial statements were within authorized appropriation levels.

3. Cash and Cash Equivalents

Cash of the District was invested as follows as of June 30, 2020:

Cash in checking accounts	\$	165,774
Investments – external investment pool		<u>2,182,644</u>
Total	\$	<u>2,348,418</u>

Deposits

The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. At June 30, 2020, there was no deposits per the bank statements that were not fully covered by federal depository insurance. Federal Deposit Insurance Corporation (FDIC) insurance of \$250,000 applies to total deposits at each financial institution. When balances exceed \$250,000, ORS 295.002 requires the bank depository to enter into an agreement described in ORS 295.008(2)(b) and to deposit securities pursuant to ORS 295.015(1). The Oregon State Treasurer’s Office facilitates these agreements and maintains a list of qualified depositories. Well capitalized depository banks must pledge securities with a value of at least 10 percent of their quarter-end public fund deposits, unless otherwise directed by the Oregon State Treasurer. Adequately capitalized or undercapitalized bank depositories are required to pledge collateral valued at 110 percent of their uninsured public fund deposits. The securities are held by a custodian for the benefit of the

TILLAMOOK COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements - Continued

June 30, 2020

State of Oregon. Any balances in excess of the FDIC insurance plus 10 percent are considered exposed to custodial credit risk. Custodial credit risk for deposits in the risk that, in the event of bank failure, the District will be unable to recover deposits or collateral securities in the hands of an outside party.

Investments

Oregon Revised Statutes 294.035 authorizes the District to invest in general obligations of the U.S. government and its agencies, bankers' acceptances, commercial paper rated A-2 or better by Standard & Poor's Corporation or P-2 by Moody's Investors Service, and the state of Oregon Local Government Investment Pool (LGIP), among others.

The only investments held by the District at June 30, 2020 were amounts deposited with the state of Oregon LGIP. The District's investment in the LGIP is carried at cost, which approximates fair value. The state of Oregon's investment policies used in administering the LGIP are governed by statute and the Oregon Investment Council (the Council). The State Treasurer is the investment officer for the Council and is responsible for the funds on deposit in the State Treasury. The State Treasury's investments in short-term securities are limited by the portfolio rules established by the Oregon Short-term Fund Board and the Council. In accordance with Oregon statutes, the investment funds are invested and the investments are those funds managed, as a prudent investor would do, exercising reasonable care, skill, and caution.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the risk that its fair value will decline if interest rates rise. In order to manage the interest rate risk of its investments, the District only invests in the LGIP. The LGIP has rules that require at least 50 percent of its investments to mature within 93 days, not more than 25 percent may mature in over a year, and all other investments must mature in no more than three years.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Investments in the LGIP are not required to be rated for credit risk.

Custodial Credit Risk – Investments. Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of an investment or collateral securities in the possession of an outside party. The LGIP's portfolio rules provide that broker/dealers meet certain qualifications and that investments are delivered to and held by a third-party custodian which holds the securities in the state of Oregon's name.

TILLAMOOK COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements - Continued

June 30, 2020

4. Capital Assets

The changes in capital assets for the fiscal year ended June 30, 2020 are as follows:

	Balance July 1, 2019	Additions	Disposals	Balance July 1, 2020
Capital assets:				
Land	\$ 278,898	\$ -	\$ -	\$ 278,898
Depreciable assets:				
Building and improvements	1,077,495	-	-	1,077,495
Leasehold improvements	1,883,371	-	-	1,883,371
Equipment	634,928	53,216	-	688,144
Total depreciable assets	3,595,794	53,216	-	3,649,010
Accumulated depreciation:				
Building and improvements	(312,042)	(22,998)	-	(335,039)
Leasehold improvements	(836,781)	(94,630)	-	(931,410)
Equipment	(547,113)	(16,185)	-	(563,299)
Total accumulated depreciation	(1,695,936)	(133,813)	-	(1,829,748)
Net depreciable assets	1,899,858	(80,597)	-	1,819,262
Total net capital assets	\$ 2,178,756	\$ (80,597)	\$ -	\$ 2,098,160

Depreciation expense for governmental activities was \$133,813 and was charged to emergency operations for the year ended June 30, 2020.

5. Property Tax Limitations

The voters of the State of Oregon imposed a constitutional limit on property taxes for governmental operations. The limitation specifies the maximum rate for all local government operations of \$10 per \$1,000 of real market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. Local government taxes in the District do not exceed the \$10 rate limit; however, this limitation may affect the availability of future tax receipts for the District.

TILLAMOOK COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements - Continued

June 30, 2020

In May 1997 state voters approved Measure 50, which rolled back assessed values to 90% of the assessed value of 1995-96 and limited future increases of taxable assessed values to 3% per year, except for major improvements. Tax rates are fixed and not subject to change. Voters may approve local initiatives above the fixed rate provided that a majority approves at either (1) a general election in an even number year, or (2) any other election in which at least 50% of registered voters cast a ballot.

6. Pension Plan

Plan Description

Employees of the District are provided with pensions through the Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer pension plan with both defined benefit and defined contribution components. The Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of OPERS are established by the legislature pursuant to ORS Chapters 238 and 238A. The Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Oregon Public Service Retirement Plan (OPSRP Pension Program), established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003.

The Individual Account Program (IAP) was created by the Oregon legislature in 2003 to provide an individual account-based retirement benefit for new workers hired on or after August 29, 2003, and for Tier One / Tier Two members active on or after January 1, 2004. The IAP benefit is a defined contribution plan, and it is in addition to the member's defined benefit plan (i.e., Tier One, Tier Two, or OPSRP Pension Programs). OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Benefits Provided

Tier One/Tier Two Retirement Benefit:

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 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. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

TILLAMOOK COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements - Continued

June 30, 2020

Death Benefits

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

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

Disability Benefits

A member with 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 for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living (COLA) changes. The COLA is capped at 2.0 percent.

OPSRP Defined Benefit Pension Program

Pension Benefits

The Pension Program (ORS Chapter 238A) 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.

TILLAMOOK COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements - Continued

June 30, 2020

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 \$750 plus 0.15 percent on annual benefits above \$60,000.

OPSRP Individual Account Program (OPSRP IAP) Defined Contribution Plan

Pension Benefits

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

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

Death Benefits

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

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation. The rates based on a percentage of payroll first became effective July 1, 2019. Employer contributions for the year ended June 30, 2020 were \$55,993, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2020 were 12.98 percent for Tier One/Tier Two General Service Member, 7.42 percent for OPSRP Pension Program General Service Members, and 6.0 percent for OPSRP IAP.

TILLAMOOK COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements - Continued

June 30, 2020

Covered employees are required to contribute 6.0% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The District has elected to make this contribution on behalf of its employees, which was \$33,117 during the year ended June 30, 2020.

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

Since the District’s financial statements are reported on the modified cash basis, no amounts are reported on the statement of net position for pension related assets, deferred outflows, liabilities or deferred inflows. Had the District’s financial statements been reported in accordance with GAAP, at June 30, 2020, the District would have reported a liability of \$550,309 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. 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 entities, actuarially determined. At June 30, 2020, the District's proportion was 0.00318142 percent, which was a decrease from its proportion of 0.00326441 percent measured as of June 30, 2019.

At June 30, 2020, the District had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,348	\$	-
Changes of assumptions	74,656		-
Net difference between projected and actual earnings on investments	-		15,601
Changes in proportionate share	135,817		11,999
Differences between employer contributions and employer’s proportionate share of system contributions	2,115		13,616
Total (prior to post-Measurement Date contributions)	242,936		41,216
Contributions subsequent to the Measurement Date	55,993		-
 Total	 \$ 298,929	\$	 41,216

The \$55,993 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Amortization Period		
FY 2020	\$	120,511
FY 2021		97,325
FY 2022		32,640
FY 2023		38,692
FY 2024		9,529
		<hr/>
Total	\$	298,698

TILLAMOOK COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements - Continued

June 30, 2020

Actuarial Methods and Assumptions

The employer contribution rates effective July 1, 2019 through June 30, 2020 were set using the entry age normal method.

For the ORS 238 Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (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 ORS 238A OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an actuarially determined amount for funding a disability benefit component, and (3) 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.

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2017
Measurement Date	June 30, 2019
Experience Study	2016, published July 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50%
Investment Rate of Return	7.20%
Discount Rate	7.20%
Projected Salary Increases	3.50%
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service
Mortality	Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale,

TILLAMOOK COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements - Continued

June 30, 2020

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 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

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 2017 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00	3.38
Bank/Leveraged Loans	3.00	5.09
High Yield Bonds	1.00	6.45
Large/Mid Cap US Equities	15.75	6.30
Small Cap US Equities	1.31	6.69
Micro Cap US Equities	1.31	6.80
Developed Foreign Equities	13.13	6.71
Emerging Foreign Equities	4.13	7.45
Non-US Small Cap Entities	1.88	7.01
Private Equity	17.50	7.82
Real Estate (Property)	10.00	5.51
Real Estate (REITS)	2.50	6.37
Hedge Fund of Funds – Diversified	2.50	4.09
Hedge Fund – Event-Driven	0.63	5.86
Timber	1.88	5.62
Farmland	1.88	6.15
Infrastructure	3.75	6.60
Commodities	1.88	3.84
 Total	 100%	
 Assumed Inflation – Mean		 2.50%

TILLAMOOK COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements - Continued

June 30, 2020

Depletion Date Projection

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position 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 67 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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

- PERS 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 67 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 our independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

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.

TILLAMOOK COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements - Continued

June 30, 2020

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension liability (asset)	\$ 881,272	\$ 550,309	\$ 273,340

Pension Plan Fiduciary Net Position

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

Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2019 measurement period that require disclosure.

7. Other Post-Employment Health Benefits

Retirement Health Insurance Account

Plan Description – As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA resides with the Oregon Legislature. The plan is closed to new entrants hired after August 29, 2003. The District has two employees covered by the RHIA plan. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Benefits Provided – Because RHIA was created by enabling legislation, contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight or more years of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is

TILLAMOOK COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements - Continued

June 30, 2020

eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Contributions – Participating governments are contractually required to contribute to RHIA at a rate assessed each year by OPERS, which was 0.43% for the current year. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC). The ARC represents a level of funding that is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District’s contributions for the year ended June 30, 2020 equaled the required contributions for the year.

8. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters for which the District has purchased insurance coverage.

No losses were incurred during the prior three years ended June 30, 2020 that exceeded the District’s insurance coverage.

9. Operating Lease

The District leases tower space in Cape Meares, Tillamook County, Oregon at an annual rent of \$9,606 plus utilities with an option for annual renewal. Annual payments are set to increase 4% each calendar year upon execution. For the year ended June 30, 2020, the annual payment was \$9,991.

At June 30, 2020, the rental commitments under the operating lease, based on a 4 percent annual increase are as follows:

<u>Fiscal Year</u>	
2021	<u>\$ 9,990</u>
Total	<u><u>\$ 9,990</u></u>

10. Subsequent Events

The District did not have any subsequent events through February 22, 2021, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended June 30, 2020.

SUPPLEMENTARY INFORMATION

TILLAMOOK COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Proportionate Share of Net Pension Liability and Related Ratios

<u>Year Ended</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
6/30/2020	0.0032%	\$ 550,309	\$ 576,975	95.4%	80.2%
6/30/2019	0.0033%	\$ 494,515	\$ 629,582	78.5%	82.1%
6/30/2018	0.0016%	\$ 206,296	\$ 641,487	32.2%	83.1%
6/30/2017	0.0016%	\$ 245,638	\$ 586,514	41.9%	80.5%
6/30/2016	0.0000%	\$ -	\$ 567,771	0.0%	91.9%
6/30/2015	0.0002%	\$ (3,824)	\$ 583,009	-0.7%	103.6%
6/30/2014	0.0002%	\$ 8,609	\$ 546,359	1.6%	92%

**Schedule of the District's Contributions
Oregon Public Employees Retirement System**

<u>Year Ended</u>	<u>Statutorily Required Contribution</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess / (Deficiency)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
6/30/2020	\$ 55,993	\$ 55,993	\$ -	\$ 546,359	9.7%
6/30/2019	\$ 44,667	\$ 44,667	\$ -	\$ 629,582	7.1%
6/30/2018	\$ 43,468	\$ 43,468	\$ -	\$ 641,487	6.8%
6/30/2017	\$ 17,764	\$ 17,764	\$ -	\$ 586,514	3.0%
6/30/2016	\$ 18,650	\$ 18,650	\$ -	\$ 567,771	3.3%
6/30/2015	\$ 27,090	\$ 27,090	\$ -	\$ 583,009	4.6%
6/30/2014	\$ 28,609	\$ 28,609	\$ -	\$ 546,359	4.9%

Note: 10-year trend information required by GASB Statement 68 will be presented prospectively

TILLAMOOK COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Receipts, Disbursements and Changes in
Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance to Final Budget Positive (Negative)
RECEIPTS:				
Telephone taxes	\$ 295,000	\$ 295,000	\$ 315,954	\$ 20,954
Property tax income	911,362	911,362	972,816	61,454
Timber and county land sales	200,000	200,000	358,895	158,895
Interest income	10,000	10,000	46,273	36,273
Reimbursements	55,897	55,897	53,165	(2,732)
Miscellaneous income	15,000	15,000	9,084	(5,916)
	<u>1,487,259</u>	<u>1,487,259</u>	<u>1,756,187</u>	<u>268,928</u>
DISBURSEMENTS:				
Personal services	1,363,571	1,363,571	1,003,529	360,042
Materials and services	391,084	391,084	260,086	130,998
Capital outlay	165,000	165,000	53,217	111,783
Debt service	15,000	15,000	-	15,000
Contingency	125,000	125,000	-	125,000
	<u>2,059,655</u>	<u>2,059,655</u>	<u>1,316,832</u>	<u>742,823</u>
Receipts over (under) expenditures	<u>(572,396)</u>	<u>(572,396)</u>	<u>439,355</u>	<u>1,011,751</u>
OTHER FINANCING USES				
Transfer of funds	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
Change in fund balances	<u>(722,396)</u>	<u>(722,396)</u>	<u>289,355</u>	<u>1,011,751</u>
Fund balance, beginning of year	<u>1,022,396</u>	<u>1,022,396</u>	<u>1,591,210</u>	<u>568,814</u>
Fund balance, end of year	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 1,880,565</u>	<u>\$ 1,580,565</u>
Reconciliation to Governmental Fund Balance as required by GASB 54				
Ending fund balance:				
Capital Improvement Fund			26,315	
Technology Reserve Fund			<u>441,538</u>	
			<u>\$ 2,348,418</u>	

TILLAMOOK COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Receipts, Disbursements and Changes in
Fund Balance – Budget and Actual
Capital Improvement Fund

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance to Final Budget Positive (Negative)</u>
DISBURSEMENTS:				
Capital outlay	<u>\$ 26,315</u>	<u>\$ 26,315</u>	<u>\$ -</u>	<u>\$ 26,315</u>
Total disbursements	<u>26,315</u>	<u>26,315</u>	<u>-</u>	<u>26,315</u>
Change in fund balance	<u>(26,315)</u>	<u>(26,315)</u>	<u>-</u>	<u>26,315</u>
Beginning fund balance	<u>26,315</u>	<u>26,315</u>	<u>26,315</u>	<u>-</u>
Ending fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 26,315</u></u>	<u><u>\$ 26,315</u></u>

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB 54 because there are no substantial restricted or committed revenue inflows.

TILLAMOOK COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Receipts, Disbursements and Changes in
Fund Balance – Budget and Actual
Technology Reserve Fund

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance to Final Budget Positive (Negative)</u>
DISBURSEMENTS:				
Technology purchases	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 150,000</u>
Total disbursements	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>
Transfer in	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Change in fund balance	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>150,000</u>
Beginning fund balance	<u>291,538</u>	<u>291,538</u>	<u>291,538</u>	<u>-</u>
Ending fund balance	<u><u>\$ 291,538</u></u>	<u><u>\$ 291,538</u></u>	<u><u>\$ 441,538</u></u>	<u><u>\$ 150,000</u></u>

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB 54 because there are no substantial restricted or committed revenue inflows.

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY
OREGON STATE REGULATIONS**

**Independent Auditor's Report
Required by Oregon State Regulations**

To the Board of Directors
Tillamook County Emergency Communications District
Tillamook County, Oregon

We have audited the accompanying basic financial statements of Tillamook County Emergency Communications District (the District) as of and for the year ended June 30, 2020 and have issued our report thereon dated February 23, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

- Deposit of Public Funds with Financial Institutions (ORS Chapter 295)
- Indebtedness limitations, restrictions and repayment
- Budgets legally required (ORS Chapter 294)
- Insurance and fidelity bonds in force or required by law
- Programs funded from outside sources
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)
- Authorized investment of surplus funds (ORS Chapter 294)

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

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered Tillamook County Emergency Communications District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Tillamook County Emergency Communications District internal control over financial reporting.

This report is intended for the information of Tillamook County Emergency Communications District's board of directors and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Richard Winkel, CPA

February 23, 2021