

**KLAMATH 9-1-1 EMERGENCY  
COMMUNICATIONS DISTRICT**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**For the fiscal year ended June 30, 2023**

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
TABLE OF CONTENTS  
June 30, 2023

**Introductory Section**

District Officials

**Financial Section**

Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-9
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet - Governmental Funds	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Notes to the Financial Statements	16-36
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund	37
Schedules of Proportionate Share of the Net Pension Liability and Employer Contributions	38
Schedules of Proportionate Share of the Net Other Post-Employment Benefits (OPEB) Liability and Employer Contributions	39
Notes to the Required Supplementary Information	40-41

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
TABLE OF CONTENTS  
June 30, 2023

**Supplementary Information**

Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual – Equipment Reserve Fund 42

Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual – Facilities Maintenance and Repairs Fund 43

**State of Oregon Compliance Section**

Independent Auditors' Report Required by Oregon State Regulations 44-45

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
June 30, 2023

**BOARD OF DIRECTORS**

Randy Sword – Chairman  
4808 Darwin Place  
Klamath Falls, OR 97603

Chuck Brandsness – Vice-Chairman  
450 Fulton Street  
Klamath Falls, OR 97601

Larita Ongman – Clerk  
P.O. Box E  
Merrill, OR 97633

Elizabeth Lucht – Board Member  
5116 Bristol Avenue  
Klamath Falls, OR 97603

Robert Moore – Board Member  
P.O. Box 1931  
Klamath Falls OR 97601

Brandon Fowler – Board Member  
P.O. Box 989  
Chiloquin, OR 97624

Jan Bos – Board Member  
5439 Benchwood Avenue  
Klamath Falls OR 97601

**EXECUTIVE DIRECTOR**

Keith Endacott

**REGISTERED AGENT**

Keith Endacott  
2543 Shasta Way  
Klamath Falls, OR 97601



Bend, OR · Redmond, OR · Sisters, OR · Eugene, OR · Prineville, OR · Lakeview, OR  
Medford, OR · Klamath Falls, OR · Sandpoint, ID · Bonners Ferry, ID · Seattle, WA

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Klamath 9-1-1 Emergency Communications District

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Klamath 9-1-1 Emergency Communications District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Klamath 9-1-1 Emergency Communications District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Klamath 9-1-1 Emergency Communications District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Klamath 9-1-1 Emergency Communications District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of 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 Klamath 9-1-1 Emergency Communications 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than

for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Klamath 9-1-1 Emergency Communications 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 Klamath 9-1-1 Emergency Communications District's ability to continue as a going concern for a reasonable period of time.

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, schedules of proportionate share of the net pension liability and employer contributions, and schedules of proportionate share of the net other post-employment benefits liability and employer contributions 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.

The schedule of revenues, expenditures and changes in fund balance—budget and actual of the general fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Klamath 9-1-1 Emergency Communications District's basic financial statements. The budgetary comparison information for the Equipment Reserve Fund and the Facilities Maintenance and Repairs Fund 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 budgetary comparison information for the Equipment Reserve Fund and the Facilities Maintenance and Repairs Fund 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.

### **Report on Other Legal and Regulatory Requirements**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated September 1, 2023, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Dianne E. Spires, Partner  
Capstone Certified Public Accountants, LLC  
Klamath Falls, Oregon

September 1, 2023

**KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2023**

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As management of the Klamath 9-1-1 Emergency Communications District (the District), we offer readers of the District's financial statements this discussion and analysis of the District's financial performance and activities for the fiscal year ended June 30, 2023. This discussion also includes currently known facts, decisions and conditions as they relate to the future of the District. This report is supplemental to the financial audit prepared by Capstone Certified Public Accountants, LLC of Klamath Falls, Oregon for the same time period.

**Financial Highlights**

- ◆ The assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources at June 30, 2023 by \$1,705,589. Of this amount \$972,759 is unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ The District's net position increased by \$308,908 during the year.
- ◆ At June 30, 2023, the governmental funds reported combined fund balances of \$1,899,566, of which \$985,808 was unassigned and is available for spending at the District's discretion.
- ◆ Governmental fund balances increased \$364,556 during the year.
- ◆ The District's long-term liabilities increased by \$323,208 due primarily to an increase in the District's share of the net pension liability.

**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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

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

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

The Statement of Activities presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported when 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 the 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. All of the funds of the District are governmental funds.



## Overview of the Financial Statements (Continued)

**Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government’s near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and Equipment Reserve Fund which are considered to be major funds. The District has one non-major fund, the Facility Maintenance and Repairs Reserve Fund which is presented as Other Governmental Fund.

**Notes to the Financial Statements** – The notes provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the Klamath 9-1-1 Emergency Communications District, a positive net position balance is reported. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,705,589 as of June 30, 2023.

A significant portion of the district’s net position represents its investment in capital assets. \$732,830 is the balance of capital assets less depreciation and reduced by the Zion building loan.

The unrestricted portion of the District’s net position, \$972,759 reflects the amount that may be used to meet the District’s ongoing obligations.

The table on the following page is a condensed statement of net position and an analysis of the change in the district’s financial position from the prior year.

**KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT'S NET POSITION**

	Governmental Activities	
	2023	2022
Current and other assets	\$ 2,086,282	\$ 1,706,008
Capital assets	1,347,830	1,397,253
Total assets	<u>3,434,112</u>	<u>3,103,261</u>
Deferred outflows of resources	<u>745,199</u>	<u>841,295</u>
Long-term liabilities	2,029,050	1,705,842
Other liabilities	67,601	81,694
Total liabilities	<u>2,096,651</u>	<u>1,787,536</u>
Deferred inflows of resources	<u>377,071</u>	<u>760,339</u>
Net position:		
Net investment in capital assets	732,830	727,253
Unrestricted	<u>972,759</u>	<u>669,428</u>
Total net position	\$ <u>1,705,589</u>	\$ <u>1,396,681</u>

**Analysis of the District's Operations** - The table below provides a summary of the District's operations for the year ended June 30, 2023. Governmental activities increased the District's net position by \$308,908. Property taxes are the largest source of revenue for the District, followed by intergovernmental revenue which has increased due to increases in the emergency communications tax collected by the State of Oregon and distributed to 911 centers.

**KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT'S  
CHANGE IN NET POSITION**

	Governmental Activities	
	2023	2022
Revenues:		
Program revenues:		
Charges for services	\$ 32,481	\$ 31,787
General revenues:		
Property taxes	1,472,621	1,497,337
Intergovernmental	772,632	760,314
Miscellaneous	9,742	12,644
Loss on disposal of assets		(422)
Interest income	174	151
Total revenues	<u>2,287,650</u>	<u>2,301,811</u>
Expenses:		
General government	1,978,742	2,003,412
Total expenses	<u>1,978,742</u>	<u>2,003,412</u>
Increase in net position	308,908	298,399
Beginning net position,	1,396,681	1,098,282
Ending net position	\$ <u>1,705,589</u>	\$ <u>1,396,681</u>

## Financial Analysis of the District's Funds

**Governmental Funds** – The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,899,566. Of this amount, \$913,758 constitutes nonspendable and assigned fund balance, with a remaining unassigned fund balance of \$985,808.

**General Fund** – The General Fund is the chief operating fund of the District. As of June 30, 2023, the unassigned fund balance is \$985,808. This balance decreased \$135,501 from the prior year.

**Equipment Reserve Fund** – The Equipment Reserve Fund is for future capital expenditures. The Equipment Reserve Fund's ending assigned fund balance is \$850,087, an increase of \$500,052 from the prior year.

### Major Fund Budgetary Highlights

**General Fund Budgetary Highlights** – Changes were made to the District's original budget by adopting a transfer resolution. Appropriations of \$250,000 were transferred from personal services to interfund transfers.

In the general fund, actual revenues were slightly less than the final budget, yielding a negative budget variance of \$84,357. General fund expenditures were approximately 86% of the final budget, yielding a positive budget variance of \$317,072.

### Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2023, amounts to \$1,347,830 (net of accumulated depreciation). This investment in capital assets includes building and equipment.

#### Capital Assets at Year-End Net of Accumulated Depreciation

	Governmental Activities	
	2023	2022
Building	\$ 1,285,282	\$ 1,319,105
Equipment	62,548	78,148
	<u>\$ 1,347,830</u>	<u>\$ 1,397,253</u>

Capital asset events in the current fiscal year include the purchase of furniture and equipment for \$10,991.

## Debt Administration

At the end of the current fiscal year, the District's long-term debt is \$2,029,050.

### Outstanding Debt at Year End

	Governmental Activities	
	2023	2022
Governmental activities:		
Zion loan	\$ 615,000	\$ 670,000
Compensated absences	85,977	55,272
Net pension liability	1,328,073	980,570
Total	<u>\$ 2,029,050</u>	<u>\$ 1,705,842</u>

The District's long-term debt increased by \$323,208 due primarily to an increase in the District's share of the net pension liability. More information on long-term debt is found in Note 8 to the financial statements.

### Economic Factors and Next Year's Budget and Rates

**Economic Factors:** Budgeting projections for the District begin with studying trends. The District's primary source of funding is through property tax. Trends in that collection have shown that the current year collection report has proven to be an accurate projection for the subsequent year. Using the trends in property tax collections has proven to be successful without a significant study into other economic trends.

Additional funds come to the District through the State collection of the 911 phone tax. A complex formula determines an allotment for each of the primary PSAP's (Public Safety Answering Points) in the state. It is roughly per capita, but there are adjustments for municipalities within a jurisdiction and a minimum threshold for county population. This tax is assessed based on the sales of phone service and other connected devices that can call 911. House Bill 2449 was approved in 2019 resulting in a current rate of 1.25 per connected device. About 60% of these funds collected by the state are passed through to the PSAP's based mostly on per capita and we continue to budget the full increase of these funds.

Continued increase to the beginning fund balance has been a result of underspending in personal services. Personal services constitute the highest percentage of our operational costs and underspending can be significant. It is important to consider why there is underspending. Many factors come into play and have significant impacts on the costs to the District because of either unexpected staff reductions or delay from projections in the start date of a new hire. First trainees are paid less per hour, work less hours, and receive less benefits than when they reach solo status. It takes roughly six months to achieve solo status. If there is a month or two delay, that may push the more expensive months out of the fiscal year. Secondly, unexpected staff reduction of an employee that is higher up in the wage scale (a scale that includes 6% increases each of the first 5 years of solo status) drops a large monthly expense to zero. That position then opens to begin a lengthy recruitment and selection process (2-4 months minimum) during which time the position cost remains at zero, and once a replacement is hired it is at a significantly lower monthly cost. These factors cannot be reasonably predicted, and the District does not employ enough people to factor in some form of a turnover adjustment. The District does budget for a reasonable anticipated recruitment process and does factor in known turnover due to retirement for example. Most turnover cannot be anticipated.

It is important to note that this underspending is not a case of over funding. Delays or being unsuccessful in filling positions is because the positions are extremely hard to fill not because they are unnecessary. Once the authorized positions are filled our permanent rate and operating levy are just adequate to maintain those staffing levels.

**Mid-Year Adjustments (not requiring a supplemental budget):**

**Resources:** No Adjustments

**Inter-fund Transfer:** The District faced challenges in filling open positions resulting in a projected high carryover in the 2022-2023 fiscal year budget to Personnel Services. The District made an inter-fund transfer from the General Fund of \$250,000 to the Equipment Reserve Fund for the purpose of funding future radio and dispatch equipment projects with no change in total appropriations.

**Next Year's Budget and Rates:** With continued funding from the renewed 5-year operating levy the District has approved a budget that supports the needs of the District, our partner agencies, and our community.

The State 911 program assists the District in reimbursement for certain services, one of those is that of GIS/Mapping. These services expected to be fully reimbursed and are budgeted as such.

PERS: The District was approved to participate in the PERS rate relief program August 2020 and continues to receive a rate reduction. The projected rate reduction provided by PERS/Milliman for this budget is -1.45%.

Most categories remain the same with minimal increases except for Personal Services. With the continued increase in workload and requirements of such a demanding job; these positions continue to be a challenge to fill and retain qualified employees. The District ratified its contract with the Union to include wage increases at a 2% increase every 6 months beginning July 1, 2021, through June 30, 2024. The District approved increases to its Leadership wage scale which has been an ongoing effort to provide wages comparable to those of similar field positions, encourage promotion and employee retention. The budget is reflective of those increases for this period.

The District has had success in replacing equipment prior to the point of failure by practicing life cycle replacement strategies. This has been an ongoing effort with direct focus from our IT support and administrative staff. The District is working on three equipment upgrade projects.

CAD: The District will participate in the collaborative effort of our public safety partners with an IGA for a unified project to upgrade the CAD System. The District has budgeted funds for their portion of the project cost share in this budget cycle.

Radio: The District has signed the engagement and purchase order in the amount of \$168,613 reflective of budgeted funds.

911 Phones: The District does not have a financial obligation but must sign off to receive government funding and procurement.

There is no change to the District's rates of property tax assessment.

**Request for Information**

The financial report provides any and all interested parties with information on Klamath 9-1-1 Emergency Communications District. Any questions regarding this report or any financial documents may be addressed to the District at 2543 Shasta Way, Klamath Falls, OR 97601 or at 541-884-4876.

## **BASIC FINANCIAL STATEMENTS**

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2023

	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 1,746,913
Receivables	
Property taxes	95,383
Due from other governments	190,345
Prepaid items	13,661
Capital assets (net of depreciation)	1,347,830
Net other post-employment benefit (OPEB) asset	39,980
Total Assets	3,434,112
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows - pension related	744,773
Deferred outflows - OPEB related	426
Total deferred outflows of resources	745,199
<b>LIABILITIES</b>	
Accounts payable	18,822
Accrued payroll and taxes	48,231
Accrued interest payable	548
Long term liabilities	
Due within one year	102,989
Due in more than one year	597,988
Net pension liability	1,328,073
Total Liabilities	2,096,651
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows - pension related	362,127
Deferred inflows - OPEB related	14,944
Total deferred inflows of resources	377,071
<b>NET POSITION</b>	
Net investment in capital assets	732,830
Unrestricted	972,759
Total net position	\$ 1,705,589

The accompanying notes are an integral part of the basic financial statements

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2023

Function/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Emergency communications	\$ 1,978,742	\$ 32,481	\$ -	\$ (1,946,261)
Total Governmental Activities	<u>\$ 1,978,742</u>	<u>\$ 32,481</u>	<u>\$ -</u>	<u>\$ (1,946,261)</u>

General Revenues	
Property taxes	1,472,621
Intergovernmental	772,632
Interest income	174
Miscellaneous	<u>9,742</u>
Total General Revenues	<u>2,255,169</u>
Change in Net Position	308,908
Net position-beginning of year	<u>1,396,681</u>
Net position-end of year	<u>\$ 1,705,589</u>

The accompanying notes are an integral part of the basic financial statements



KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2023

ASSETS	General Fund	Equipment Reserve Fund	Other Governmental Fund	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Cash and investments	\$ 846,816	\$ 850,087	\$ 50,010	\$ 1,746,913
Receivables				
Property taxes	95,383			95,383
Due from other governments	190,345			190,345
Prepaid items	<u>13,661</u>			<u>13,661</u>
 Total assets	 <u>\$ 1,146,205</u>	 <u>\$ 850,087</u>	 <u>\$ 50,010</u>	 <u>\$ 2,046,302</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 18,822	\$	\$	\$ 18,822
Payroll liabilities	<u>48,231</u>			<u>48,231</u>
 Total liabilities	 <u>67,053</u>			 <u>67,053</u>
Deferred Inflows of Resources				
Unavailable revenue	<u>79,683</u>			<u>79,683</u>
Fund Balances				
Nonspendable	13,661			13,661
Assigned		850,087	50,010	900,097
Unassigned	<u>985,808</u>			<u>985,808</u>
 Total fund balances	 <u>999,469</u>	 <u>850,087</u>	 <u>50,010</u>	 <u>1,899,566</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 1,146,205</u>	 <u>\$ 850,087</u>	 <u>\$ 50,010</u>	 <u>\$ 2,046,302</u>

The accompanying notes are an integral part of the basic financial statements

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
RECONCILIATION OF THE BALANCE SHEET  
FOR GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
June 30, 2023

Fund balances of governmental funds		\$ 1,899,566
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds</p>		
Governmental capital assets	2,246,838	
Less: accumulated depreciation	<u>(899,008)</u>	1,347,830
<p>Certain receivables are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the funds</p>		
Property taxes		79,683
<p>Other assets not available to pay for current period expenditures are presented on the statement of net position but are not reported in the funds</p>		
Net other post-employment benefit (OPEB) asset		39,980
<p>Deferred outflows and inflows related to pensions and OPEB are applicable to future periods and therefore are not reported in the funds</p>		
Deferred outflows of resources related to pensions		744,773
Deferred outflows of resources related to OPEB		426
Deferred inflows of resources related to pensions		(362,127)
Deferred inflows of resources related to OPEB		(14,944)
<p>Certain liabilities, including pension liabilities, notes payable, accrued interest, and compensated absences are not due and payable in the current period and therefore are not reported in the funds</p>		
Long term debt		(615,000)
Accrued interest		(548)
Compensated absences		(85,977)
Net pension liability		<u>(1,328,073)</u>
Net position of governmental activities		<u>\$ 1,705,589</u>

The accompanying notes are an integral part of the basic financial statements

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2023

	General Fund	Equipment Reserve Fund	Other Governmental Fund	Total Governmental Funds
Revenues:				
Property taxes	\$ 1,463,808	\$	\$	\$ 1,463,808
Intergovernmental	772,632			772,632
Charges for services	32,481			32,481
Miscellaneous	9,742			9,742
Interest Income	117	52	5	174
<b>Total revenues</b>	<b>2,278,780</b>	<b>52</b>	<b>5</b>	<b>2,278,837</b>
Expenditures				
Current				
Public safety	1,833,751			1,833,751
Capital outlay	10,991			10,991
Debt service				
Principal	55,000			55,000
Interest	14,539			14,539
<b>Total expenditures</b>	<b>1,914,281</b>			<b>1,914,281</b>
<b>Excess of revenues over expenditures</b>	<b>364,499</b>	<b>52</b>	<b>5</b>	<b>364,556</b>
Other financing sources (uses)				
Transfers in		500,000		500,000
Transfers out	(500,000)			(500,000)
<b>Total other financing sources (uses)</b>	<b>(500,000)</b>	<b>500,000</b>		
<b>Net change in fund balances</b>	<b>(135,501)</b>	<b>500,052</b>	<b>5</b>	<b>364,556</b>
<b>Fund balances-beginning of year</b>	<b>1,134,970</b>	<b>350,035</b>	<b>50,005</b>	<b>1,535,010</b>
<b>Fund balances-end of year</b>	<b>\$ 999,469</b>	<b>\$ 850,087</b>	<b>\$ 50,010</b>	<b>\$ 1,899,566</b>

The accompanying notes are an integral part of the basic financial statements

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2023

Net change in fund balances of governmental funds \$ 364,556

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: Capital outlay	10,991
Deduct: Depreciation expense	(60,414)

Revenues are reported in the governmental funds when they provide current financial resources and recorded in the statement of activities when they are earned

Deduct: Decrease in unavailable property taxes and intergovernmental revenue	8,813
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net position

Add: Principal payments	55,000
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Some amounts reported in the statement of activities do not use or provide current financial resources and therefore are not reported in the governmental funds:

Change in pension related amounts	(50,987)
Change in other post-employment benefit related amounts	11,604

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Add: Compensated absences accrual	(30,705)
Add: Interest expense accrual	50

Change in net position of governmental activities	\$ 308,908
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The accompanying notes are an integral part of the basic financial statements

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Klamath 9-1-1 Emergency Communications District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting principles. The GASB periodically updates its codification of existing Governmental Accounting and Financial Reporting Standards, which along with the subsequent GASB pronouncements (standards and interpretations), constitutes GAAP for governmental units. The District's more significant accounting policies are described below.

**A. Reporting Entity**

The Klamath 9-1-1 Emergency Communications District is an Oregon special district formed under ORS 198 and ORS 401. The District operates under a governing body consisting of a seven-member Board of Directors. The Board is elected by the legal voters within the District and has the responsibility of overseeing all operations of the District. The District provides emergency communications services for all public safety agencies in Klamath County.

The District's financial statements include the accounts of all the District's operations. The District has no component units.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges for services and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements consist of the balance sheet and the statement of revenues, expenditures and changes in fund balance. These statements present each major fund as a separate column; all non-major funds are aggregated and presented in a single column.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements, basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets, liabilities and deferred inflows and outflows of resources (whether current or non-current) are included on the statement of net position and the statement of activities presents increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year end. Otherwise they are reported as deferred inflows of resources. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures related to compensated absences are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes and intergovernmental revenues. Other taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

**Governmental Funds**

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The District has presented the following major governmental funds:

- a. General Fund - The General Fund is the main operating fund of the District. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.
- b. Equipment Reserve Fund - This fund was established to accumulate funds for equipment purchases. The primary sources of revenue are transfers from the general fund.

**D. Cash, Cash Equivalents and Investments**

The District's cash and cash equivalents are considered to be cash on hand and demand deposits. The District also considers certificates of deposit maturing within three months to be cash equivalents.

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Receivables**

Receivables consist of amounts due from other governments and property taxes. Management believes all receivables to be collectible or enforceable by lien; accordingly, no allowance for doubtful accounts is deemed necessary.

Property taxes attach as an enforceable lien on real property and are levied as of July 1. Taxes are billed in October and payments are due on November 15 of the same calendar year. Under the partial payment schedule, the first one-third of taxes is due on November 15, the second one-third on February 15, and the remaining one-third on May 15. A discount of three percent is allowed if full payment is made by November 15; a two percent discount is allowed for a two-thirds payment made by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent and are subject to lien, and penalties and interest are assessed.

The Klamath County, Oregon Tax Assessors Office bills and collects property taxes on behalf of the District. The tax rate to finance general government services for the fiscal year ended June 30, 2023, was .1541 per \$1,000 of assessed taxable property value. The tax rate to finance the operating levy for the fiscal year ended June 30, 2023 was .0800 per \$1,000 of assessed property value. The taxable value to finance general government services amounted to \$6,607,764,305 and to finance the operating levy, \$6,660,760,639.

Property taxes are recorded as receivables and deferred inflows of resources. In governmental funds, revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue, otherwise they are reported as deferred inflows of resources. In the government-wide financial statements, the entire levy is recognized as revenue at the levy date with discounts given for taxes paid by November 15.

**F. Capital Assets**

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The District's capitalization policy uses a capitalization threshold of \$1,000 and a useful life of more than one year. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

Capital assets utilized by governmental funds are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Building and improvements	50 Years
Equipment	5-15 Years



KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Deferred Inflows and Outflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and thus will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports this item for pension and other post-employment benefit related amounts in the government-wide statement of net position.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and thus will not be recognized as an inflow of resources (revenue) until that time. In the government-wide statement of net position, the District reports this item for pension and other post-employment benefit related amounts. Under a modified accrual basis of accounting the District reports this item for unavailable property taxes and other receivables that are not available for collection until a future period. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet.

**H. Pension and Other Post-Employment Benefits Asset/Liability**

The District reports its proportionate share of the net pension liability and other post-employment benefits (OPEB) asset of the Oregon Public Employees Retirement System (OPERS). For purposes of measuring the net pension liability, OPEB asset, related deferred outflows of resources and deferred inflows of resources, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and addition to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**I. Compensated Absences**

Under terms of labor contracts and the District's employee policy, employees are granted vacation and sick leave.

Sick leave accrues at rates based on the employee's full or part time status but is not payable upon termination. As such, no liability is recorded for sick leave.

Vacation time accrues for full time employees at 16 to 24 hours a month depending on an employee's years of continuous service, with various maximums that can be taken or be paid upon termination of employment. Accumulated vacation is accrued when incurred in the government-wide statements. A liability for this amount is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

The fund typically used in prior years to liquidate the liability for compensated absences is the General Fund.

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Long Term Obligations**

In the government-wide financial statements, long-term debt is reported as a liability on the statement of net position. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

In the fund financial statements, the amount of loan proceeds are reported as other financing sources on the statement of revenues, expenditures and changes in fund balances at the time the loan is received. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**K. Net Position and Fund Balance**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowing, if any, used for the acquisition, construction or improvement of those assets. Accordingly, if related debt and accumulated depreciation exceed the cost of capital assets, a net deficit is reported. The District reports restricted net position when constraints placed on net position use are either externally imposed by creditors (such as through general obligation bond covenants) or other governments, or established through constitutional provisions or enabling legislation (such as for certain property taxes). All other net position is reported as unrestricted. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

In the fund financial statements, governmental funds report aggregate amounts for classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances are classified as follows:

**Nonspendable fund balance** – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact.

**Restricted fund balance** – Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed fund balance** – includes amounts that can only be used for the specific purposes determined by formal action of the District's highest level of decision-making authority, the Board of Directors. Commitments may be changed only by the District taking the same formal action that originally imposed the constraint.

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Net Position and Fund Balance (Continued)**

Assigned fund balance – includes amounts that are constrained by the District’s intent to be used for specific purposes. This intent can be expressed by either the highest level of decision making, or by a body or an official to which the Board of Directors has delegated the authority. This is also the classification for residual amounts in governmental funds, other than the General Fund.

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use externally restricted resources first, and then unrestricted resources – committed, assigned and unassigned – in order as needed.

**L. Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Stewardship, compliance and accountability are key concepts in defining the responsibilities of the District. The use of budgets and monitoring of equity status facilitate the District’s compliance with legal requirements.

**A. Budgets**

Annual appropriated budgets are adopted in accordance with legal requirements set forth in the Oregon Local Budget Law. Unexpected additional resources may be appropriated through the use of a supplemental budget and Board of Directors action. The original and supplemental budgets adjusting a fund by 10% or more of expenditures or creating a new fund require budget hearings before the public, publications in newspaper and approval by the Board of Directors. Supplemental budgets adjusting less than 10% of expenditures may be adopted by the governing body at a regular meeting. Original and supplemental budgets may be modified during the fiscal year by the use of appropriation transfers between the legal categories; since Local Budget Law does not allow management to amend the budget; such transfers require approval by the Board of Directors. Expenditure appropriations may not be legally over expended except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted.

The Board of Directors legally adopts the budget by resolution before June 30. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. The level of control established by the resolution is set at the object group level (i.e. personal services, materials and services, capital outlay, and inter-fund transfers). Appropriations lapse as of year-end.

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2023

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Budgetary Process**

Certain procedures are followed in establishing the budgetary data reflected in the financial statements:

- ◆ A budget officer is appointed to form a budget committee which prepares a budget.
- ◆ At least two public hearings are conducted to obtain taxpayer comments.
- ◆ Prior to June 30<sup>th</sup>, the budget must be legally adopted by the District’s governing body.
- ◆ The budget is submitted to the County Assessor’s office no later than July 15<sup>th</sup>.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

Cash includes cash on hand, petty cash, bank deposits and certificates of deposit. Cash is covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Oregon Public Funds Collateralization Program. The Public Funds Collateralization Program (PFCP) is an application created by the Office of the State Treasurer (OST) to facilitate bank depository, custodian and public official compliance with ORS Chapter 295. ORS Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the PFCP. Bank depositories are required to pledge collateral against any public funds deposits in excess of deposit insurance amounts. ORS 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable.

At June 30, 2023 bank balances of \$1,727,284 were covered by federal depository insurance and by collateral held in the Oregon PFCP multiple financial institution collateral pool. Cash on deposit with Klamath County Treasurer of \$20,175 is covered by a collateral pool managed by Klamath County.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The government does not have a deposit policy for the custodial credit risk.

Investments – State statutes and District resolutions authorize the District to invest in U.S. Government obligations and its agencies or instrumentalities, collateralized certificates of deposit and government pools. The District had no investments at June 30, 2023.

**NOTE 4 – DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES**

Deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

	General Fund
Property taxes	\$ 79,683
Total	\$ 79,683

Deferred inflows and outflows of resources reported in the government-wide financial statements are for pension and other post-employment benefit related amounts and are detailed in Notes 6 and 7.

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

**NOTE 5 – CAPITAL ASSETS**

A summary of changes in capital assets follows:

	<u>07/01/22</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/23</u>
Governmental Activities:				
Capital assets being depreciated:				
Building	\$ 1,691,160	\$	\$	\$ 1,691,160
Equipment	<u>547,406</u>	<u>10,991</u>	<u>(2,719)</u>	<u>555,678</u>
Total capital assets being depreciated	<u>2,238,566</u>	<u>10,991</u>	<u>(2,719)</u>	<u>2,246,838</u>
Less accumulated depreciation for:				
Building	(372,055)	(33,823)		(405,878)
Equipment	<u>(469,258)</u>	<u>(26,591)</u>	<u>2,719</u>	<u>(493,130)</u>
Total accumulated depreciation	<u>(841,313)</u>	<u>(60,414)</u>	<u>2,719</u>	<u>(899,008)</u>
Total capital assets being depreciated, net	<u>1,397,253</u>	<u>(49,423)</u>		<u>1,347,830</u>
Capital assets, net	<u>\$ 1,397,253</u>	<u>\$ (49,423)</u>	<u>\$</u>	<u>\$ 1,347,830</u>

Depreciation expense was charged to governmental functions as follows:

Governmental activities:	
General government	\$ 60,414
Total depreciation expense – governmental activities	<u>\$ 60,414</u>

**NOTE 6 – PENSION PLAN**

**A. Plan Description**

Employees of the District are provided with pensions through the Oregon Public Employees Retirement System (OPERS). The Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. The Oregon Public Employees Retirement Fund (Tier 1/Tier 2) is a cost-sharing multiple-employer defined benefit pension plan for qualifying employees hired before August 29, 2003. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to Tier 1/Tier 2 consisting of two programs: a defined benefit pension plan and a defined contribution program (the Individual Account Program or IAP) The OPSRP pension plan provides benefits to employees hired on or after August 29, 2003. OPERS issues publicly available financial reports that may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, or online at <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

**NOTE 6 – PENSION PLAN (Continued)**

**B. Benefits Provided**

**1. OPERS Tier One/Tier Two Retirement Benefit (Chapter 238)**

**Pension Benefits**

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (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.

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

**Disability Benefits**

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

**Benefit Changes after Retirement**

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

**NOTE 6 – PENSION PLAN (Continued)**

**B. Benefits Provided (Continued)**

**2. OPSRP Pension Program (OPSRP)**

**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.

**Disability Benefits**

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

**Benefit Changes after Retirement**

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

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

**NOTE 6 – PENSION PLAN (Continued)**

**B. Benefits Provided (Continued)**

**3. OPSRP Individual Account Program (IAP)**

**Pension Benefits**

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

Upon retirement, an IAP member 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.

**C. Contributions**

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. Employer contributions for the year ended June 30, 2023 were \$213,101, excluding amounts to fund employer specific liabilities.

The rates in effect for the fiscal year ended June 30, 2023 were 25.54 percent for Tier One/Tier Two General Service Members, 22.15 percent for OPSRP Pension Program General Service members, and 6 percent for OPSRP Individual Account Program. The 6 percent for OPSRP Individual Account Program is paid by the employee.

Starting July 1, 2020, Senate Bill 1049 requires a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. If the member earns more than \$2,535 per month 0.75 percent (if OPSRP member) or 2.5 percent (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the new Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.



KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

**NOTE 6 – PENSION PLAN (Continued)**

**C. Contributions (Continued)**

The district participated in the Oregon PERS incentive fund program by making a one-time payment of \$130,000 to establish a side account during the fiscal year ended June 30, 2021. The state matched \$32,500 of the contribution as part of the program. Both the contribution and the match were placed in a PERS “side account” to be used to provide an offset for future contributions to the PERS system. The offset has reduced the district’s employer contribution rates, as a percentage of covered payroll, by 1.4% for the contribution period August 1, 2020 through June 30, 2023. This rate offset percentage will be re-valuated every two years by the OPERS actuaries for the subsequent contribution periods beginning July 1, 2023.

**D. Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2023, the District reported a liability of \$1,328,073 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022 (Measurement Date or MD). 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 the June 30, 2022 measurement date, the District’s proportion was .008673 percent, an increase from its proportion of .008194 percent measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$201,141. At June 30, 2023, the District reported 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	\$ 64,467	\$ 8,282
Changes of assumptions	208,382	1,904
Net difference between projected and actual earnings on investments		237,434
Changes in proportionate share	159,265	3,094
Differences between employer contributions and proportionate share of contributions	113,474	111,413
Total (prior to post-MD contributions)	545,588	362,127
Contributions subsequent to the MD	199,185	
Total	\$ 744,733	\$ 362,127

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2023

**NOTE 6 – PENSION PLAN (Continued)**

**D. Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

\$199,185 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:

2024	76,102
2025	43,228
2026	(55,538)
2027	121,489
2028	(1,820)
	<u>\$ 183,461</u>

**E. Actuarial Assumptions**

The employer contribution rates which became effective July 1, 2021, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

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

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 below are based on the 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

**NOTE 6 – PENSION PLAN (Continued)**

**F. Actuarial Methods and Assumptions Used in Developing Total Pension Liability (Continued)**

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study Report	2020, published July 20, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Actuarial Assumptions:	
Inflation Rate	2.40%
Investment Rate of Return	6.90%
Projected salary increases	3.40% overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

**G. Discount Rate**

The discount rate used to measure the total pension liability was 6.90 percent. 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 was applied to all periods of projected benefit payments to determine the total pension liability.

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

**NOTE 6 – PENSION PLAN (Continued)**

**H. Discount Rate Sensitivity**

Sensitivity of the District’s proportionate share of the net pension liability (asset) to changes in the discount rate: The following presents the District’s proportionate share of the pension liability (asset) calculated using the discount rate of 6.90 percent, as well as what the District’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percent lower (5.90 percent) or 1-percent higher (7.90 percent) than the current rate.

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District’s proportionate share of the net pension liability	\$ 2,355,223	\$ 1,328,073	\$ 468,396

**I. Long-Term Expected Rate of Return**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 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)
Global Equity	30.62	5.85
Private Equity	25.50	7.71
Core Fixed Income	23.75	2.73
Real Estate	12.25	5.66
Master Limited Partnerships	0.75	5.71
Infrastructure	1.50	6.26
Commodities	0.63	3.10
Hedge Fund of Funds - Multistrategy	1.25	5.11
Hedge Fund Equity - Hedge	0.63	5.31
Hedge Fund - Macro	5.62	5.06
US Cash	-2.50	1.76
Assumed Inflation - Mean		2.40

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

**NOTE 6 – PENSION PLAN (Continued)**

**J. Pension Plan Fiduciary Net Position**

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

**K. Changes Subsequent to the Measurement Date**

GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80(f) of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the Employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available. The District is not aware of any changes subsequent to the most recent measurement date that would have a significant effect on the net pension liability.

**NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**A. Oregon Public Employees 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 reside with the Oregon Legislature. The plan is closed to new entrants after August 29, 2003. 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, P.O. Box 23700, Tigard, OR 97281-3700, or online at <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

**B. Benefits Provided**

Because RHIA was created by enabling legislation ORS 238.420, 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 coverage, 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 years or more 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 OPERS, 2) receive both Medicare Parts A and B coverage, and 3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is 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.

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

**NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (Continued)**

**C. Contributions**

OPERS funding policy provides for 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. Employer contribution rates for the period were based on the December 31, 2019 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. The District’s contribution rates for the period were 0.05% for Tier One/Tier Two members, and no contributions are required for OPSRP members. Contributions for the year ended June 30, 2023 were \$133.

**D. OPEB Assets, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2023, the District reported an asset of \$39,980 for its proportionate share of the RHIA net OPEB asset. The net OPEB asset for the plan in total was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to the measurement date (MD) of June 30, 2022. The District’s proportion of the net OPEB asset was based on the District’s contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At the June 30, 2022 measurement date, the District’s proportion was .011252 percent, an increase from its proportion of .005542 percent measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized OPEB income of \$11,604.

At June 30, 2023, deferred outflows and deferred inflows of resources were reported from the following sources related to OPEB:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 1,083
Changes of assumptions	313	1,333
Net difference between projected and actual earnings on investments		3,049
Changes in proportionate share		9,479
Total (prior to post-MD contributions)	313	14,944
Contributions subsequent to the MD	113	
Total	\$ 426	\$ 14,944

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2023

**NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (Continued)**

**D. OPEB Assets, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

\$113 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as either a reduction in the net OPEB liability or an increase in the net OPEB asset in the year ended June 30, 2024. Other amounts reported as deferred (inflows) outflows of resources related to OPEB will be recognized in OPEB expense (income) as follows:

Year Ending June 30:

2024	(8,928)
2025	(4,755)
2026	(1,924)
2027	977
	\$ (14,631)

**E. Actuarial Methods and Assumptions**

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial methods and assumptions:

Mortality rates for healthy retirees and beneficiaries were based on Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Mortality rates for active members were based on Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Mortality rates for disabled retirees were based on Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

All other actuarial methods and assumptions are consistent with those disclosed for the OPERS Pension Plan. See Note 6 for additional information on actuarial assumptions and methods, the long-term expected rate of return, and the discount rate.

**F. Sensitivity of the District’s proportionate share of the net OPEB liability (asset) to changes in the discount rate**

The following presents the District’s proportionate share of the net OPEB liability (asset) calculated using the discount rate of 6.90 percent, as well as what the District’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percent-point lower (5.90 percent) or 1-percent point higher (7.90 percent) than the current rate.

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
District’s proportionate share of the net OPEB liability (asset)	\$ (36,034)	\$ (39,980)	\$ (43,364)

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

**NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (Continued)**

**G. OPEB Plan Fiduciary Net Position**

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

**H. Changes in Plan Provisions Subsequent to Measurement Date**

There are no known changes in plan provisions subsequent to the measurement date of June 30, 2022 that would have a significant effect on the net OPEB asset.

**NOTE 8 – LONG-TERM DEBT**

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2023

	July 1, 2022	Increases	Decreases	June 30, 2023	Due Within One Year
Governmental Activities:					
General obligation bond	\$ 670,000	\$	\$ 55,000	\$ 615,000	\$ 60,000
Other liabilities:					
Compensated absences	55,272	116,598	85,893	85,977	42,989
Net pension liability	980,570	347,503		1,328,073	
Total other liabilities	1,035,842	105,385	881,125	1,414,050	42,989
Government-wide total	<u>\$ 1,705,842</u>	<u>\$ 105,385</u>	<u>\$ 1,036,125</u>	<u>\$ 2,029,050</u>	<u>\$ 102,989</u>

Interest expense in the amount of \$14,539 is included in the direct expenses of the emergency communications function of the government-wide statement of activities.

**General Obligation Bond**

In 2020, the District issued \$880,000 in general obligation bonds to re-finance the loan for the District’s office building. General obligation bonds are direct obligations and pledge the full faith and credit of the District. The debt bears interest at 2.17% and is payable from all legally available sources. Annual principal and semiannual interest payments are due through 2033.



KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

**NOTE 8 – LONG-TERM DEBT (Continued)**

The annual funding requirement to amortize to maturity general obligation bonds outstanding as of June 30, 2023 is as follows:

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	60,000	13,346	73,346
2025	60,000	12,043	72,043
2026	60,000	10,742	70,742
2027	60,000	9,436	69,436
2028	65,000	8,138	73,138
2029-2033	310,000	19,205	329,205
Total	<u>\$ 615,000</u>	<u>\$ 72,910</u>	<u>\$ 687,910</u>

In the event of default, the lender may exercise any remedy available at law or in equity; however this does not include acceleration of any amounts due.

**NOTE 9 – JOINT VENTURE**

The District, in conjunction with twenty-two other participants in Klamath County, formed an intergovernmental entity known as the Klamath Interoperable Radio Group (KIRG) in 2016. KIRG’s Board is composed of members from seven of the participating entities. The purpose of KIRG is to own, maintain, finance and operate the county-wide interoperable radio communications system. The KIRG collects yearly maintenance dues from each participant. The District does not have an equity interest in the KIRG. KIRG’s financial statements are available upon request from its offices at 2543 Shasta Way, Klamath Falls, OR 97601.

**NOTE 10 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Special District Insurance Services (SDIS) formed in 1985 by the Special Districts Association of Oregon. SDIS is a public entity risk pool currently operating as a common risk management and insurance program for approximately 900 special districts in the State of Oregon. SDIS is self-sustaining through member contributions and reinsures through commercial companies for the excess of certain claim amounts. The District has a claim upon cash balances held on its behalf by SDIS, but the amount cannot be determined. Claim liabilities of the District within SDIS, if any, also cannot be determined. The District has not significantly reduced coverage or had any losses in excess of coverage in any of the past three fiscal years.

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2023

**NOTE 11 – FUND BALANCES**

Amounts for specific purposes by fund and fund balance classifications for the year ended June 30, 2023, are as follows:

Classification/Fund	Purpose	Amount
Nonspendable General Fund	Prepaid expenses	\$ 13,661
Assigned Equipment Reserve Fund	Equipment	850,087
Facilities Maintenance Fund	Facilities	50,010
Unassigned General Fund		<u>985,808</u>
Total fund balances		<u>\$ 1,899,566</u>

**NOTE 12 - INTER-FUND TRANSFERS**

Transfers are used to move revenues from the General Fund to the Equipment Reserve Fund to plan for future capital outlay purchases. Transfers for the year ended June 30, 2023 were:

	Transfers In	Transfers Out
General Fund	\$	\$ 500,000
Capital Projects Funds: Equipment Reserve Fund	<u>500,000</u>	
	<u>\$ 500,000</u>	<u>\$ 500,000</u>

**NOTE 13 – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES**

The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements during the year ended June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The Statement requires recognition of certain subscription assets and liabilities for SBITAs that previously were recorded as expense based on the payment provisions of the contract. SBITAs were evaluated and implementation of this standard did not have a material affect on the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 1,557,635	\$ 1,557,635	\$ 1,463,808	\$ (93,827)
Intergovernmental	770,324	770,324	772,632	2,308
Charges for services	29,828	29,828	32,481	2,653
Miscellaneous	4,500	4,500	9,742	5,242
Interest Income	850	850	117	(733)
<b>Total revenues</b>	<b>2,363,137</b>	<b>2,363,137</b>	<b>2,278,780</b>	<b>(84,357)</b>
Expenditures				
Personal services				
Salaries and wages	1,326,352	1,076,352	1,060,237	16,115
Payroll taxes and benefits	442,718	442,718	337,117	105,601
PERS retirement	240,781	240,781	201,141	39,640
<b>Total personal services</b>	<b>2,009,851</b>	<b>1,759,851</b>	<b>1,598,495</b>	<b>161,356</b>
<b>Materials and services</b>	<b>362,193</b>	<b>362,193</b>	<b>235,256</b>	<b>126,937</b>
<b>Capital Outlay</b>	<b>109,309</b>	<b>109,309</b>	<b>80,530</b>	<b>28,779</b>
<b>Total expenditures</b>	<b>2,481,353</b>	<b>2,231,353</b>	<b>1,914,281</b>	<b>317,072</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(118,216)</b>	<b>131,784</b>	<b>364,499</b>	<b>232,715</b>
Other financing sources (uses)				
Transfers out	(250,000)	(500,000)	(500,000)	-
<b>Total other financing sources (uses)</b>	<b>(250,000)</b>	<b>(500,000)</b>	<b>(500,000)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(368,216)</b>	<b>(368,216)</b>	<b>(135,501)</b>	<b>232,715</b>
<b>Fund balances-beginning of year</b>	<b>635,302</b>	<b>635,302</b>	<b>1,134,970</b>	<b>499,668</b>
<b>Fund balances-end of year</b>	<b>\$ 267,086</b>	<b>\$ 267,086</b>	<b>\$ 999,469</b>	<b>\$ 732,383</b>

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

Year Ended June 30,	(a) District's proportion of the net pension liability (asset)	(b) District's proportionate share of the net pension liability (asset)	(c) District's covered payroll	(b/c) District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.00867341%	\$ 1,328,073	\$ 787,749	168.59%	84.50%
2022	0.00819431%	980,570	871,325	112.54%	87.60%
2021	0.00802264%	1,750,816	761,097	230.04%	75.80%
2020	0.00684632%	1,184,249	879,250	134.69%	80.20%
2019	0.00680478%	1,030,835	769,983	133.88%	82.10%
2018	0.00759127%	1,023,306	674,817	151.64%	83.10%
2017	0.00798006%	1,197,992	653,400	183.35%	80.50%
2016	0.00874915%	502,329	634,267	79.20%	91.90%
2015	0.00950377%	(215,423)	619,450	-34.78%	103.60%
2014	0.00950377%	484,991	577,683	83.95%	91.97%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Statutory Required Contributions	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 213,101	\$ 213,101	\$	\$ 787,749	27.05%
2022	232,850	232,850		871,325	26.72%
2021	278,443	278,443		761,097	36.58%
2020	192,313	192,313		879,250	21.87%
2019	130,294	130,294		769,983	16.92%
2018	117,814	117,814		674,817	17.46%
2017	96,452	96,452		653,400	14.76%
2016	96,251	96,251		634,267	15.18%
2015	82,509	82,509		619,450	13.32%
2014	76,150	76,150		577,683	13.18%

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE OF THE  
NET OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY

Year Ended June 30,	(a)	(b)	(c)	(b/c)	Plan fiduciary net position as a percentage of the total OPEB liability
	District's proportion of the net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	District's covered payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	
2023	0.01125146%	\$ (39,980)	\$ 787,749	-5.08%	194.60%
2022	0.00554236%	(19,032)	871,325	-2.18%	183.90%
2021	0.00399128%	(8,133)	761,097	-1.07%	150.10%
2020	0.00694721%	(13,425)	879,250	-1.53%	144.40%
2019	0.00631525%	(7,050)	769,983	-0.92%	124.00%
2018	0.00629866%	(2,629)	674,817	-0.39%	108.90%
2017	0.00654690%	1,778	653,400	0.27%	94.20%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Statutory Required Contributions	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 133	\$ 133	\$	\$ 787,749	0.02%
2022	277	277		871,325	0.03%
2021	148	148		761,097	0.02%
2020	285	285		879,250	0.03%
2019	3,443	3,443		769,983	0.45%
2018	3,058	3,058		674,817	0.45%
2017	3,179	3,179		653,400	0.49%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2023

**NOTE 1 – BUDGETS**

Annual appropriated budgets are adopted for all funds. These budgets are adopted using the modified accrual basis of accounting. All appropriations lapse at the end of the fiscal year. The Board of Directors legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. The level of control established by the resolution for each fund is at the object group level (i.e. personal services, materials and services, capital outlay, and inter-fund transfers). Appropriations lapse as of year-end.

**NOTE 2 – CHANGES IN BENEFIT TERMS OR ASSUMPTIONS RELATED TO PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS**

Assumptions:

The PERS Board has adopted assumption changes that affect the measurement of the total pension liability as follows: For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 percent. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay. For June 30, 2021, the long-term expected rate of return was lowered to 6.90 percent, and the inflation rate was lowered from 2.5 to 2.4 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated.

The Oregon PERS Board has adopted assumption changes that affect the measurement of the total OPEB liability as follows: For June 30, 2018, the changes include the lowering of the long-term expected rate of return to 7.20 percent. For June 30, 2021, the changes include the lowering of the long-term expected rate of return from 7.20 to 6.90 percent and the inflation rate from 2.5 to 2.4 percent. In addition, healthy retiree participation and healthy mortality assumptions used to measure the total OPEB liability were changed to reflect an updated trends and mortality improvement scale for all groups.

Benefit Terms:

Senate Bill 822 was enacted during the 2013 Oregon regular legislative session to lower the cap on the cost-of-living adjustment (COLA) from 2 percent to 1.5 percent for 2013, and eliminated the tax remedy benefit for recipients who do not pay Oregon state income taxes because they do not reside in Oregon. Senate Bill 861 was enacted during the 2013 Oregon special legislative session, further lowering the postretirement COLA for years beyond 2013 to 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000. The combined impact of these Senate Bills is reflected in the June 30, 2014 total pension liability, resulting in a net pension asset reported by the District for fiscal year 2015.

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2023

**NOTE 2 – CHANGES IN BENEFIT TERMS OR ASSUMPTIONS RELATED TO PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)**

Benefit Terms (Continued):

The Oregon Supreme Court (Court) ruled in *Moro v. State of Oregon* on April 30, 2015, that certain provisions of Senate Bill 822 and Senate Bill 861 were unconstitutional. The Court ruled that benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. OPERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire. The impact of the Court's decision is reflected in the June 30, 2015 total pension liability, which contributes to the net pension liability reported by the District for fiscal year 2016.

Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2020, annual salary in excess of \$195,000 (as indexed in future years) will be excluded when determining member benefits. As a result, future benefits for certain active members are now projected to be lower than prior to the legislation.



**SUPPLEMENTARY INFORMATION**

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL - EQUIPMENT RESERVE FUND  
 For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Interest Income	\$ 300	\$ 300	\$ 52	\$ (248)
Total revenues	300	300	52	(248)
Other financing sources (uses)				
Transfers in	250,000	500,000	500,000	-
Total other financing sources (uses)	250,000	500,000	500,000	-
Net change in fund balances	250,300	500,300	500,052	(248)
Fund balances-beginning of year	350,000	350,000	350,035	35
Fund balances-end of year	<u>\$ 600,300</u>	<u>\$ 850,300</u>	<u>\$ 850,087</u>	<u>\$ (213)</u>

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL - FACILITY MAINTENANCE AND REPAIRS FUND  
 For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Interest Income	\$ 50	\$ 50	\$ 5	\$ (45)
Total revenues	50	50	5	(45)
Other financing sources (uses)				
Transfers out	(50)	(50)		50
Total other financing sources (uses)	(50)	(50)		50
Net change in fund balances			5	5
Fund balances-beginning of year	50,025	50,025	50,005	(20)
Fund balances-end of year	<u>\$ 50,025</u>	<u>\$ 50,025</u>	<u>\$ 50,010</u>	<u>\$ (15)</u>

**STATE OF OREGON COMPLIANCE SECTION**



**CAPSTONE**  
CERTIFIED PUBLIC ACCOUNTANTS, LLC

Bend, OR · Redmond, OR · Sisters, OR · Eugene, OR · Prineville, OR · Lakeview, OR  
Medford, OR · Klamath Falls, OR · Sandpoint, ID · Bonners Ferry, ID · Seattle, WA

**INDEPENDENT AUDITORS' REPORT  
REQUIRED BY OREGON STATE REGULATIONS**

We have audited the basic financial statements of the Klamath 9-1-1 Emergency Communications District (the District) as of and for the year ended June 30, 2023, and have issued our report thereon dated September 1, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, 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:

- ◆ Deposits 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.
- ◆ Authorized investment of surplus funds (ORS Chapter 294).
- ◆ Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

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

ORS 294.426 contains statutory publication requirements for notice of budget committee meetings. Although the District published notice of its budget committee meeting for the June 20, 2024 budget on its website, there was no newspaper publication as required.

OAR 162-10-0230 Internal Control

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

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.

Our consideration of internal control over financial reporting was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did identify deficiencies in internal control that were reported to the Board of Directors in a separate letter dated September 1, 2023.

This report is intended solely for the information and use of the Board of Directors and Management of the Klamath 9-1-1 Emergency Communications District and the Oregon Secretary of State Audits Division and is not intended to be and should not be used by anyone other than these specified parties.

Capstone Certified Public Accountants., LLC



Dianne E. Spires, Partner  
September 1, 2023