KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

For the fiscal year ended June 30, 2022

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KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT
June 30, 2022

BOARD OF DIRECTORS

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Chuck Brandsness – Board Member
450 Fulton Street
Klamath Falls, OR 97601

Dolores Edson – Board Member
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Keith Endacott

REGISTERED AGENT

Keith Endacott
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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, 2022, 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, 2022, 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 are 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 16, 2022, 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

Dianne E. Spires, Director

WISE & Co., LLP
Klamath Falls, Oregon

September 16, 2022

KLAMATH 9-1-1 EMERGENCY COMMUNICATIONS DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022

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, 2022. 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 WISE & Co., LLP 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, 2022 by $1,396,681. Of this amount $669,428 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 $298,399 during the year.
- At June 30, 2022, the governmental funds reported combined fund balances of $1,535,010, of which $1,117,497 was unassigned and is available for spending at the District's discretion.
- Governmental fund balances increased $246,369 during the year.
- The District's long-term liabilities decreased by $930,741 due primarily to a decrease in the District's share of the net pension liability and principal payments on District debt.

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 $1,396,681 as of June 30, 2022.

The most significant portion of the district's net position represents its investment in capital assets. $727,253 is the balance of capital assets less depreciation and reduced by the Zion building loan.

The unrestricted portion of the District's net position, $669,428 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			
	2022		2021	
Current and other assets	$	1,706,008	$	1,437,531
Capital assets		1,397,253		1,450,506
Total assets		3,103,261		2,888,037
Deferred outflows of resources		841,295		966,345
Long-term liabilities		1,705,842		2,636,583
Other liabilities		81,694		64,428
Total liabilities		1,787,536		2,701,011
Deferred inflows of resources		760,339		55,089
Net position:				
Net investment in capital assets		727,253		625,506
Unrestricted		669,428		472,776
Total net position	$	1,396,681	$	1,098,282

Analysis of the District's Operations - The table below provides a summary of the District's operations for the year ended June 30, 2022. Governmental activities increased the District's net position by $298,399. 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			
	2022		2021	
Revenues:				
Program revenues:				
Charges for services	$	31,787	$	29,785
Operating grants				250,000
General revenues:				
Property taxes		1,497,337		1,387,506
Intergovernmental		760,314		607,253
Miscellaneous		12,644		5,678
Loss on disposal of assets		(422)		
Interest income		151		567
Total revenues		2,301,811		2,280,787
Expenses:				
General government		2,003,412		2,031,380
Total expenses		2,003,412		2,031,380
Increase in net position		298,399		249,407
Beginning net position,		1,098,282		848,875
Ending net position	$	1,396,681	$	1,098,282

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 $1,535,010. Of this amount, $417,513 constitutes nonspendable, restricted and assigned fund balance, with a remaining unassigned fund balance of $1,117,497.

General Fund – The General Fund is the chief operating fund of the District. As of June 30, 2022, the unassigned fund balance is $1,117,497. This balance increased $247,715 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 $350,035, an increase of $35 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 $60,000 were transferred from personal services to capital outlay.

In the general fund, actual revenues were slightly more than the final budget, yielding a favorable budget variance of $17,026. General fund expenditures were approximately 86% of the final budget, yielding a favorable budget variance of $331,780.

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2022, amounts to $1,397,253 (net of accumulated depreciation). This investment in capital assets includes building and equipment.

Capital Assets at Year-End
Net of Accumulated Depreciation

	Governmental Activities	
	2022	2021
Building	$ 1,319,105	$ 1, 352,928
Equipment	78,148	97,578
	$ 1,397,253	$ 1,450,506

Capital asset events in the current fiscal year include the purchase of computer equipment for $7,991.

Debt Administration

At the end of the current fiscal year, the District's long-term debt is $1,705,842.

Outstanding Debt at Year End

	Governmental Activities	
	2022	2021
Governmental activities:		
Zion loan	$ 670,000	$ 825,000
Compensated absences	55,272	60,766
Transition liability		81,472
Net pension liability	980,570	1,750,816
Total	$ 1,705,842	$ 2,636,583

The District's long-term debt decreased by $930,741 due primarily to a decrease in the District's share of the net pension liability and principal payments on the Zion loan. 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 rate of 1.25 over a 2-year period reaching the full rate increase as of January 1, 2021. 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
Expense - Personnel: The District had available funds and approved to recognize its employees for the essential services they provide. Approval of a payment of a one-time bonus for current employees as of April 20, 2022, as outlined in Resolution 22-02.

Capital Outlay: One-time payment of an additional $100,000 to Zion's Bank for the building loan.

Budget Transfer: The District faced challenges in filling open positions resulting in a projected high carry over in the 2021-2022 fiscal year budget to Personnel Services. The District made a transfer within the General Fund of $60,000 from Personnel Services to Capital Outlay: Bank Loan Principal to fund the additional payment.

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 July – Dec 2022 -1.42% and Jan – June 2023 is -1.27%.

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 thru June 30, 2024. Upon receiving this report, the District paid out retro wages from July 1, 2021 thru June 30, 2022 and initiated the contract increase in wage for our contract employees and adjustments to our wage scale in policy. The increase to personal services is reflective of this.

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 looking to upgrade its CAD program and has begun working on a CAD replacement project.

There is no change to the Districts 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, 2022

	Governmental Activities
ASSETS	
Cash and investments	$ 1,404,009
Receivables	
Property taxes	89,445
Due from other governments	176,049
Prepaid items	17,473
Capital assets (net of depreciation)	1,397,253
Net other post-employment benefit (OPEB) asset	19,032
Total Assets	3,103,261
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - pension related	839,216
Deferred outflows - OPEB related	2,079
Total deferred outflows of resources	841,295
LIABILITIES	
Accounts payable	12,743
Accrued payroll and taxes	68,354
Accrued interest payable	597
Long term liabilities	
Due within one year	80,272
Due in more than one year	645,000
Net pension liability	980,570
Total Liabilities	1,787,536
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pension related	753,086
Deferred inflows - OPEB related	7,253
Total deferred inflows of resources	760,339
NET POSITION	
Net investment in capital assets	727,253
Unrestricted	669,428
Total net position	$ 1,396,681

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, 2022

Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Governmental activities:				
Emergency communications	$ 2,003,412	$ 31,787	$ -	$ (1,971,625)
Total Governmental Activities	$ 2,003,412	$ 31,787	$ -	$ (1,971,625)

General Revenues	
Property taxes	1,497,337
Intergovernmental	760,314
Interest income	151
Loss on disposal of capital assets	(422)
Miscellaneous	12,644
Total General Revenues	2,270,024
Change in Net Position	298,399
Net position-beginning of year	1,098,282
Net position-end of year	$ 1,396,681

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, 2022

ASSETS	General Fund	Equipment Reserve Fund	Other Governmental Fund	Total Governmental Funds
Cash and investments	$ 1,003,969	$ 350,035	$ 50,005	$ 1,404,009
Receivables				
Property taxes	89,445			89,445
Due from other governments	176,049			176,049
Prepaid items	17,473			17,473
Total assets	$ 1,286,936	$ 350,035	$ 50,005	$ 1,686,976
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 12,743	$	$	$ 12,743
Payroll liabilities	68,353			68,353
Total liabilities	81,096			81,096
Deferred Inflows of Resources				
Unavailable revenue	70,870			70,870
Fund Balances				
Nonspendable	17,473			17,473
Assigned		350,035	50,005	400,040
Unassigned	1,117,497			1,117,497
Total fund balances	1,134,970	350,035	50,005	1,535,010
Total liabilities, deferred inflows of resources and fund balances	$ 1,286,936	$ 350,035	$ 50,005	$ 1,686,976

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, 2022

Fund balances of governmental funds		$ 1,535,010
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds		
Governmental capital assets	2,238,566	
Less: accumulated depreciation	(841,313)	
		1,397,253
Certain receivables are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the funds		
Property taxes		70,870
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		
Net other post-employment benefit (OPEB) asset		19,032
Deferred outflows and inflows related to pensions and OPEB are applicable to future periods and therefore are not reported in the funds		
Deferred outflows of resources related to pensions		839,216
Deferred outflows of resources related to OPEB		2,079
Deferred inflows of resources related to pensions		(753,086)
Deferred inflows of resources related to OPEB		(7,253)
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		
Long term debt		(670,000)
Accrued interest		(598)
Compensated absences		(55,272)
Net pension liability		(980,570)
Net position of governmental activities		$ 1,396,681

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, 2022

	General Fund	Equipment Reserve Fund	Other Governmental Fund	Total Governmental Funds
Revenues:				
Property taxes	$ 1,503,542	$	$	$ 1,503,542
Intergovernmental	760,314			760,314
Charges for services	31,787			31,787
Miscellaneous	12,644			12,644
Interest Income	111	35	5	151
Total revenues	2,308,398	35	5	2,308,438
Expenditures				
Current				
Public safety	1,881,392			1,881,392
Capital outlay	7,991			7,991
Debt service				
Principal	155,000			155,000
Interest	17,686			17,686
Total expenditures	2,062,069			2,062,069
Excess of revenues over expenditures	246,329	35	5	246,369
Other financing sources (uses)				
Transfers in	0	-		-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	246,329	35	5	246,369
Fund balances-beginning of year	888,641	350,000	50,000	1,288,641
Fund balances-end of year	$ 1,134,970	$ 350,035	$ 50,005	$ 1,535,010

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, 2022

Net change in fund balances of governmental funds	$ 246,369
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	7,991
Deduct: Depreciation expense	(60,823)
Deduct: Undepreciated cost of assets disposed	(422)
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	(6,204)
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	155,000
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	(52,259)
Change in other post-employment benefit related amounts	3,104
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	5,494
Add: Interest expense accrual	149
Change in net position of governmental activities	$ 298,399

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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.

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.

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, 2022, 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, 2022 was .0800 per $1000 of assessed property value. The taxable value to finance general government services amounted to $6,502,850,344 and to finance the operating levy, $6,528,021,053.

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

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.

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.

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.

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 30th, 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 15th.

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, 2022 bank balances of $1,381,188 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 $25,515 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, 2022.

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	$ 70,870
Total	$ 70,870

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.

NOTE 5 – CAPITAL ASSETS

A summary of changes in capital assets follows:

	07/01/21	Increases	Decreases	06/30/22
Governmental Activities:				
Capital assets being depreciated:				
Building	$ 1,691,160	$	$	$ 1,691,160
Equipment	543,632	7,991	(4,217)	547,406
Total capital assets being depreciated	2,234,792	7,991	(4,217)	2,238,566
Less accumulated depreciation for:				
Building	(338,232)	(33,823)		(372,055)
Equipment	(446,054)	(27,000)	3,796	(469,258)
Total accumulated depreciation	(784,286)	(60,823)	3,796	(841,313)
Total capital assets being depreciated, net	1,450,506	(52,832)	(421)	1,397,253
Capital assets, net	$ 1,450,506	$ (52,832)	$ (421)	$ 1,397,253

Depreciation expense was charged to governmental functions as follows:

Governmental activities:	
General government	$ 60,823
Total depreciation expense – governmental activities	$ 60,823

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*.

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.

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.

2. OPSRP Pension Program (OPSRP) (Continued)

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.

NOTE 6 – PENSION PLAN (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, 2022 were $232,850, excluding amounts to fund employer specific liabilities.

The rates in effect for the fiscal year ended June 30, 2022 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.

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 a $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, 2022, the District reported a liability of $980,570 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021 (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, 2021 measurement date, the District's proportion was .008194 percent, an increase from its proportion of .008023 percent measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of $318,179. At June 30, 2022, 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	$ 91,788	$
Changes of assumptions	245,466	2,581
Net difference between projected and actual earnings on investments		725,909
Changes in proportionate share	132,194	20,406
Differences between employer contributions and proportionate share of contributions	151,613	4,190
Total (prior to post-MD contributions)	621,061	753,086
Contributions subsequent to the MD	218,155	
Total	$ 839,216	$ 753,086

NOTE 6 – PENSION PLAN (Continued)

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

$218,155 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, 2023. 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:		
2023	$	(5,245)
2024		(2,532)
2025		(33,553)
2026		(128,082)
2027		37,388
	$	(132,025)

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 2018 Experience Study which reviewed experience for the four-year period ending on December 31, 2018.

NOTE 6 – PENSION PLAN (Continued)

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

Valuation Date	December 31, 2019
Measurement Date	June 30, 2021
Experience Study Report	2018, published July 24, 2019
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.

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	$ 1,925,606	$ 980,570	$ 189,919

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

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.

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, 2022 were $277.

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

At June 30, 2022, the District reported an asset of $19,032 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, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to the measurement date (MD) of June 30, 2021. 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, 2021 measurement date, the District's proportion was .005542 percent, an increase from its proportion of .003991 percent measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized OPEB income of $3,104.

At June 30, 2022, 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	$	$ 530
Changes of assumptions	374	283
Net difference between projected and actual earnings on investments		4,523
Changes in proportionate share	1,428	1,917
Total (prior to post-MD contributions)	1,802	7,253
Contributions subsequent to the MD	277	
Total	$ 2,079	$ 7,253

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)

$277 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, 2023. 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:	
2023	$ (1,294)
2024	(1,694)
2025	(1,033)
2026	(1,429)
	$ (5,451)

E. Actuarial Methods and Assumptions

The total OPEB liability in the December 31, 2019 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)	$ (16,831)	$ (19,032)	$ (20,913)

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, 2021 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, 2022

	July 1, 2021	Increases	Decreases	June 30, 2022	Due Within One Year
Governmental Activities:					
General obligation bond	$ 825,000	$	$ 155,000	$ 670,000	$ 55,000
Other liabilities:					
Compensated absences	60,766	105,385	110,879	55,272	25,272
Net pension liability	1,750,816		770,246	980,570	
Total other liabilities	1,811,592	105,385	881,125	1,035,842	25,272
Government-wide total	$ 2,636,592	$ 105,385	$ 1,036,125	$ 1,705,842	$ 80,272

Interest expense in the amount of $17,537 is included in the direct expenses of the emergency communications function of the government-wide statement of activities.

General Obligation Bond

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 2034.

NOTE 8 – LONG-TERM DEBT (Continued)

The annual funding requirement to amortize to maturity general obligation bonds outstanding as of June 30, 2022 is as follows:

June 30	Principal	Interest	Total
2023	$ 55,000	$ 14,539	$ 79,539
2024	60,000	12,912	72,912
2025	60,000	11,610	71,610
2026	60,000	10,307	70,307
2027	60,000	8,897	68,897
2028-2032	335,000	34,376	369,376
2033-2034	40,000	179,114	219,114
Total	$ 670,000	$ 271,755	$ 941,755

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.

NOTE 11 – FUND BALANCES

Amounts for specific purposes by fund and fund balance classifications for the year ended June 30, 2022, are as follows:

Classification/Fund	Purpose	Amount
Nonspendable		
General Fund	Prepaid expenses	$ 17,473
Assigned		
Equipment Reserve Fund	Equipment	350,035
Facilities Maintenance Fund	Facilities	50,005
Unassigned		
General Fund		1,117,497
Total fund balances		$ 1,535,010

NOTE 12 – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, Leases for the year ended June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were evaluated and incorporated into the District's accounting for leases in the current year.

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, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	$ 1,503,903	$ 1,503,903	$ 1,503,542	$ (361)
Intergovernmental	753,200	753,200	760,314	7,114
Charges for services	29,369	29,369	31,787	2,418
Miscellaneous	3,900	3,900	12,644	8,744
Interest Income	1,000	1,000	111	(889)
Total revenues	2,291,372	2,291,372	2,308,398	17,026
Expenditures				
Personal services				
Salaries and wages	1,253,279	1,193,279	1,101,794	91,485
Payroll taxes and benefits	442,382	442,382	326,817	115,565
PERS retirement	220,514	220,514	212,653	7,861
Total personal services	1,916,175	1,856,175	1,641,264	214,911
Materials and services	327,348	327,348	240,128	87,220
Capital Outlay	150,326	210,326	180,677	29,649
Total expenditures	2,393,849	2,393,849	2,062,069	331,780
Excess of revenues over (under) expenditures	(102,477)	(102,477)	246,329	348,806
Net change in fund balances	(102,477)	(102,477)	246,329	348,806
Fund balances-beginning of year	635,302	635,302	888,641	253,339
Fund balances-end of year	$ 532,825	$ 532,825	$ 1,134,970	$ 602,145

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

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
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%

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
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%

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
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY

Year Ended June 30,	(a) District's proportion of the net OPEB liability (asset)	(b) District's proportionate share of the net OPEB liability (asset)	(c) District's covered payroll	(b/c) District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
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
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.

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 are reflected in the June 30, 2014 total pension liability, resulting in a net pension asset reported by the District for fiscal year 2015.

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, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Interest Income	$ 400	$ 400	$ 35	$ (365)
Total revenues	400	400	35	(365)
Expenditures				
Capital Outlay	-	-		-
Net change in fund balances	400	400	35	(365)
Fund balances-beginning of year	350,000	350,000	350,000	-
Fund balances-end of year	$ 350,400	$ 350,400	$ 350,035	$ (365)

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, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Interest Income	$ 150	$ 150	$ 5	$ (145)
Total revenues	150	150	5	(145)
Other financing sources (uses)				
Transfers out		0	0	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	150	150	5	(145)
Fund balances-beginning of year	50,002	50,002	50,000	(2)
Fund balances-end of year	$ 50,152	$ 50,152	$ 50,005	$ (147)

STATE OF OREGON COMPLIANCE SECTION

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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, 2022, and have issued our report thereon dated September 16, 2022. 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.

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 16, 2022.

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.

WISE & Co., LLP

Dianne E Spires

Dianne E. Spires, Director
September 16, 2022