



WASHINGTON COUNTY CONSOLIDATED COMMUNICATIONS AGENCY

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2023

**Prepared by:
WCCCA Finance Department**

**Washington County Consolidated Communications Agency
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Washington County Consolidated Communications Agency

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Introductory Section



Washington County Consolidated Communications Agency

December 14, 2023

Keith Mays, Chair, Members of the Board of Commissioners and WCCCA Stakeholders

We are pleased to submit the Annual Comprehensive Financial Report of Washington County Consolidated Communications Agency (WCCCA or Agency) for the fiscal year ended June 30, 2023. State law requires that every general-purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2023.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Talbot, Korvola and Warwick, LLP has issued an unmodified (“clean”) opinion on the Agency’s financial statements for the year ended June 30, 2023. The Independent Auditor’s Report is located at the front of the financial section of this report.

Management’s Discussion and Analysis (MD&A) immediately follows the Independent Auditor’s Report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

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“Excellence In Emergency Communications”



Washington County Consolidated Communications Agency

Profile of the Government

The Agency is a local government established to provide countywide dispatch operations for 9-1-1 call answering and all fire, emergency medical services (EMS) and law enforcement dispatching. The Agency is an Oregon Revised Statutes (ORS) Chapter 190 Intergovernmental Agency established to provide 9-1-1 service and public safety communications for police, fire, and EMS in Washington County, Oregon. The Agency operates under the authority of ORS 190.010 and is established as a 9-1-1 jurisdiction in accordance with ORS 401.710 to 401.790

As a Chapter 190 organization, the Agency is effectively a partnership established and governed by the following governments: Washington County; City of Hillsboro; City of Beaverton; Tualatin Valley Fire and Rescue; City of Tigard; City of Tualatin; City of Forest Grove; City of Sherwood; City of Cornelius; City of King City; City of Gaston; City of North Plains; Banks Fire District Number 13; City of Durham; City of Banks; Cornelius Rural Fire District; and Gaston Rural Fire District. The Agency's Board of Commissioners is comprised of one representative from each of these participating jurisdictions.

The Agency dispatches emergency services personnel to an area encompassing over 900 square miles. The area includes all of Washington County, a portion of northwest Clackamas County, a portion of Yamhill County surrounding the Cities of Newberg & Dundee and portions of the western area of Multnomah County contiguous with the boundaries of Tualatin Valley Fire and Rescue.

The Board of Commissioners of the Agency is responsible for the appointment of the Director, strategic planning, establishment of Agency service levels and performance standards, adoption of the annual budget, and approval of all contracts over \$150,000.

The Chief Executive Officers (CEO) Board's function is to provide oversight of and assistance to the Director in Agency operational matters; consider and make recommendations to the full Board on budgetary issues; contracts over \$50,000 and up to \$150,000; salary levels, labor negotiations; approve policies and strategies to meet established Agency service levels; serve as the Local Contract Review Board; and provide for an annual audit of the Agency's finances. The CEO Board is comprised of the Chair of the Board of Commissioners, whom shall be the Chair of the Board and the CEO Board, the Chief Administrative Officers or their designees from the two (2) largest Agency members (as determined by the user fee contribution schedule) and two additional Chief Administrative Officer members who shall be appointed at-large by the Voting Board.

On an annual basis, the Agency prepares a budget for its funds, all of which conduct governmental activities. Although not subject to the State of Oregon budget law, the Agency chooses to follow the defined processes established in that law. Anticipated revenues and planned expenditures are

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estimated by management, reviewed by the CEO Board and proposed to the Budget Committee. Once the Budget Committee has approved the appropriations for the upcoming fiscal year, a public hearing is held before the Board of Commissioners (the Board). The Board may make changes within defined limits and adopts the budget for all funds by resolution. Upon adoption, the Agency is required to operate within the established category levels of appropriations as stated in the resolution: personnel services, materials and services, capital outlay. Any changes that are necessary at the category level of the budget must be approved by the Board by resolution.

WCCCA's Board of Commissioners has established a mission statement for the Agency, which reflects WCCCA's commitment to providing quality services to all of its customers: "*WCCCA is committed to providing timely, efficient and compassionate communication services to all citizens through innovation, employee excellence, and partnerships with public-safety providers.*" With this mission in mind, and as a high-reliability, learning organization, WCCCA strives to achieve excellence in emergency communications through support of employees, strategic involvement of member agencies, the efficiency of partnerships, comprehensive training, in-depth attention to quality assurance programs and vision toward the future.

Local Economy

Washington County (the County) has the second largest population of Oregon counties with a population in excess of 600,000 according to Portland State University. The County's population annual growth over the last ten years preceding 2020 was 1.3%. The County's population includes two of the state's largest cities, Hillsboro and Beaverton. If the population of Washington County's unincorporated area was ranked among cities, it would be Oregon's second largest city.

The Washington County area serves as the home to internationally recognized companies such as Intel, Nike and Genentech,. Top metropolitan area employers include Intel, Nike, Providence St. Vincent Hospital, Target Stores, Tektronix, Home Depot, Kaiser Permanente, Rite Aid Corporation, and Tuality Healthcare, exclusive of large government employers. The top taxpayers within Washington County are Intel, Nike Inc., Portland General Electric, Pacific Realty Associates, NW Natural Gas, Comcast Corporation, Verizon Communications, Genentech, Inc., Northwest Fiber and LAM Research Corporation.

As an ORS 190 organization, the Agency is funded primarily by user fees from the participating jurisdictions and the State of Oregon levied 9-1-1 telephone excise taxes. Beginning January 1, 2020, the state mandated 9-1-1 excise tax was raised by \$.25 on all devices with access to 9-1-1 services, including contract cellular phone lines, pre-paid wireless devices and voice over internet

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protocol (VoIP) devices, resulting in a total tax of \$1.00 per month per device/line. In January 2021, an additional \$.25 per line increase went into effect due to HB2449. These increases provide relief to the budgets of our member agencies while allowing WCCCA to create a more financially sustainable long-term financial plan providing for the needs of our internal and external stakeholders and customers. The tax as it is defined in HB2449 is scheduled to sunset on December 31, 2029.

The strength of our Agency resides in its committed partnership base of all participating jurisdictions. Member agencies include municipalities, fire districts, and the County, which are supported by property taxes and a number of other sources of revenue. The Agency annually updates its financial plan and five year forecast to project expenditures and to allow members to plan for the future needs of the Agency. Annual cost increases to our members continues to be in the Agency's focus and a driver in everything that we plan and execute in our commitment to excellence.

Fiscal Year 2022-2023 saw the winding down of the global COVID-19 experience and its economic fallout, in addition to the continuation of an inflationary economy. Given potential financial impacts to government entities reliant upon property taxes and other tax-based revenues, we will be watching closely for changes to governmental revenues on the horizon which could affect our Members, and consequently could also impact WCCCA.

Long-term Financial Planning

Unassigned fund balance in the General Fund at year end was \$9,394,267. The Agency has a policy to maintain an average quarter's operations expenses from the previous fiscal year in order to ensure continued operations in times of crisis or emergency. For FY23, an average quarter's operating expense was about \$4.2 million.

On an annual basis, the Agency develops a long-range financial forecast which is part of the budgeting process and approved by the Board of Commissioners. The forecast includes only the General Fund which encompasses all of the operations of the Agency. The first year of the adopted forecast provides a plan for the Agency to use in developing the ensuing year's budget. This annual financial forecasting provides the Board and management with a long-term view of the financial health of the Agency, and offers strategic approaches to planning for service levels and predictability of the cost to the member governments that direct the Agency.

“WCCCA’s mission is to support the public safety of our community through:

- *Rapid dispatch of appropriate first responders aided with the best information available;*

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- *Ongoing communications innovations and problem-solving partnerships with public safety providers, and*
- *Outstanding assistance to every citizen.”*

With introduction of a new Executive Director in March of 2021, discussions about strategic planning continue to occur. The Executive Boards desire WCCCA to engage in a strategic planning process to set a clear course for WCCCA’s approach to its financial and business future. Staff has taken early steps to begin a vision of internal culture. With a new Executive Director in place and much of the work on our capital projects completing, the timing will be right to continue this process. The plan will include a business model that encompasses technological and operational changes ahead which could change how and what type of service is provided, capital needs, the operation of a successful organization with limited revenues, cost controls and the financial impacts to our members.

In FY23, we have finally moved into a new facility at a new location, thanks to the \$77 million bond placed on the ballot on our behalf by Washington County and approved by the citizens of Washington County in 2016. The new facility provides stability in operations. Additional emphasis will be on long-term capital planning to address needs for the next 10 to 20 years, including life cycle plans, procurement and maintenance of the critical systems relied upon by our citizens and our member agencies and with an eye on the technological horizon. As we create this new plan, we continue to strive to achieve the following goals:

Real Time Public Safety Response Goals

- 1. Answer 9-1-1 calls quickly and effectively:** *Meet or exceed benchmarks for the speed of emergency call answering and the quality of assistance provided to the caller.*
- 2. Optimal timeliness in Fire & EMS dispatch:** *Meet or exceed benchmarks for providing triage, dispatching the right fire/EMS resource efficiently and following through with quality event and location information support. Saving lives is our business.*
- 3. Effective police dispatch:** *Meet or exceed benchmarks for effective police dispatch timeliness, resource management, and information quality. Provide reliable data for members records management systems.*
- 4. Safe, efficient radio management:** *Maintain a robust and current emergency communications system that provides airwaves for what matters most.*



Washington County Consolidated Communications Agency

Ongoing Public Safety Partner Support Goals

5. **Partner with our member agencies in public safety problem solving, excellent service and efficiencies:** *Enhance police and fire responders' ability to perform their duties, protecting and preserving life, controlling disorder, providing for the needs of our citizens, calming and soothing their fears.*
6. **Preparedness which connects all necessary responders during a major emergency:** *Ensure preparedness for catastrophic events within WCCCA, within our communities, working with local and regional response partners.*
7. **Lead the community of users in a robust technology vision:** *Ensure core public-safety grade interoperability enhanced by emerging innovations in voice and data communications.*

Administrative & Structural Support Goals

8. **Support our employees in a culture of excellence:** *Maintain full staffing in an environment respectful of diversity and supportive of employee needs, innovation, and skill development.*
9. **Build on WCCCA's position as an agency providing consolidated cost efficiencies:** *Meet or exceed targets for financial management, efficiency partnerships, and user confidence in WCCCA as a value-added element to the public safety response and service efforts of our members.*

Relevant Financial Policies

The Agency has adopted a comprehensive set of financial policies. Among these, is a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to or in excess of appropriations). In an effort to control user fee increases, the Agency estimates revenues to avoid building excess fund balance or depleting fund balance below policy thresholds. The Agency's financial policies also stress the importance of budget planning to maintain existing service levels. The Agency is constantly in pursuit of new revenue streams to diversify funding and relieve the burden of fees upon its stakeholders and Members.



Washington County Consolidated Communications Agency

Major Initiatives

As anticipated, technology remains at the forefront of our initiatives now, and will continue to drive planning in the future.

In May 2016, the citizens of Washington County voted to approve general obligation bond funds in the amount of \$77,000,000 for the purposes of replacing and upgrading WCCCA's emergency communications systems, including seismic upgrades, where needed. In addition, the bond funds the design and the construction of a new 9-1-1 Dispatch Facility. An agreement between WCCCA and Washington County is in place that guides the project and ensures accountability for expenditures. The Emergency Communication System Upgrade project is at last winding down. Work on preparing new Subscriber Radios for full function has been completed with subscriber radios distributed to WCCCA's Users. Dispatch Center personnel training and equipment upgrades continue.

The new WCCCA 9-1-1 Dispatch Facility construction is completed. All Agency operations are now functioning at the Pinefarm location in Hillsboro and the Agency no longer has a presence at the Evergreen Parkway location in Beaverton. Work remains to be done to perfect some systems in the new building and address some construction issues, but these are not expected to seriously impact Agency operations.

With the move to the new facility and a new Executive Director in place, WCCCA is very much in a transitional phase. While these transitions can create discomfort and even risk, WCCCA staff is committed to ensuring that excellence in emergency communications continues and that those selected to fill these important roles will bring energy, experience, vision and a desire to achieve the highest level of service to WCCCA's stakeholders and citizens.

Other Information

Independent Audit

State of Oregon Revised Statutes, ORS 297.405 to 297.555, require an annual audit of the fiscal affairs of the Agency by independent public accountants selected by the Board of Commissioners. The Agency has complied with this requirement and the independent auditor's report has been included in this report.



Washington County Consolidated Communications Agency

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Washington County Consolidated Communications Agency for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. This was the 25th year that the Agency has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

As we see our major capital initiatives come closer to fruition, we are reminded of the generous support of the citizens of Washington County through their approval of the general obligation bond in May 2016. Because of their faith and trust in us, we have been able to work forward toward providing continued communications and excellent public safety service to our public and to our member agencies. As we evolve into digital radio communications and become comfortable in our new 9-1-1 facility, we understand how fortunate we are to have the modern technology and seismic structure that we need to provide continuous care for our communities in Washington County.

Washington County has provided WCCCA with the financial opportunity to address our capital needs through their work with us on the bond, and they continue beside us, shoulder to shoulder, not only through the administration of the bond, but also in their presence, guidance, support and staff, to ensure that WCCCA accomplishes its capital projects goals which are so critical to our members and our public. We extend our sincere appreciation to Washington County for their partnership with us.

WCCCA's membership is quite unique in how its agencies and stakeholders come together with each other to strategize in the many business and operational functions shared through this Agency. The operational and communication needs of our public safety agencies are critical to their care of the public and WCCCA is able to provide the best service possible with their input and planning alongside us. It goes without saying that their financial support is of utmost importance to the continued operation of WCCCA, given that they fund approximately 62% of our General Fund budget. We recognize their contributions to the Agency's success in its mission and we are grateful for the relationship with them and the resulting success that we share because of it.



Washington County Consolidated Communications Agency

On a personal note, I would like to express my admiration and gratitude to the WCCCA staff. The team at WCCCA regularly work long hours, late nights and holidays in an effort to always be here and always be ready for the next emergency. The personal commitment and work ethic of each member of WCCCA has a direct impact on human life and safety. I'm incredibly proud to be a part of this team, which is often unsung and more often unrecognized. They are crucial to our way of life in Washington County and beyond.

Respectfully submitted,

Michael Stout
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

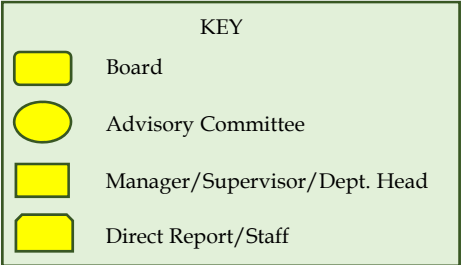
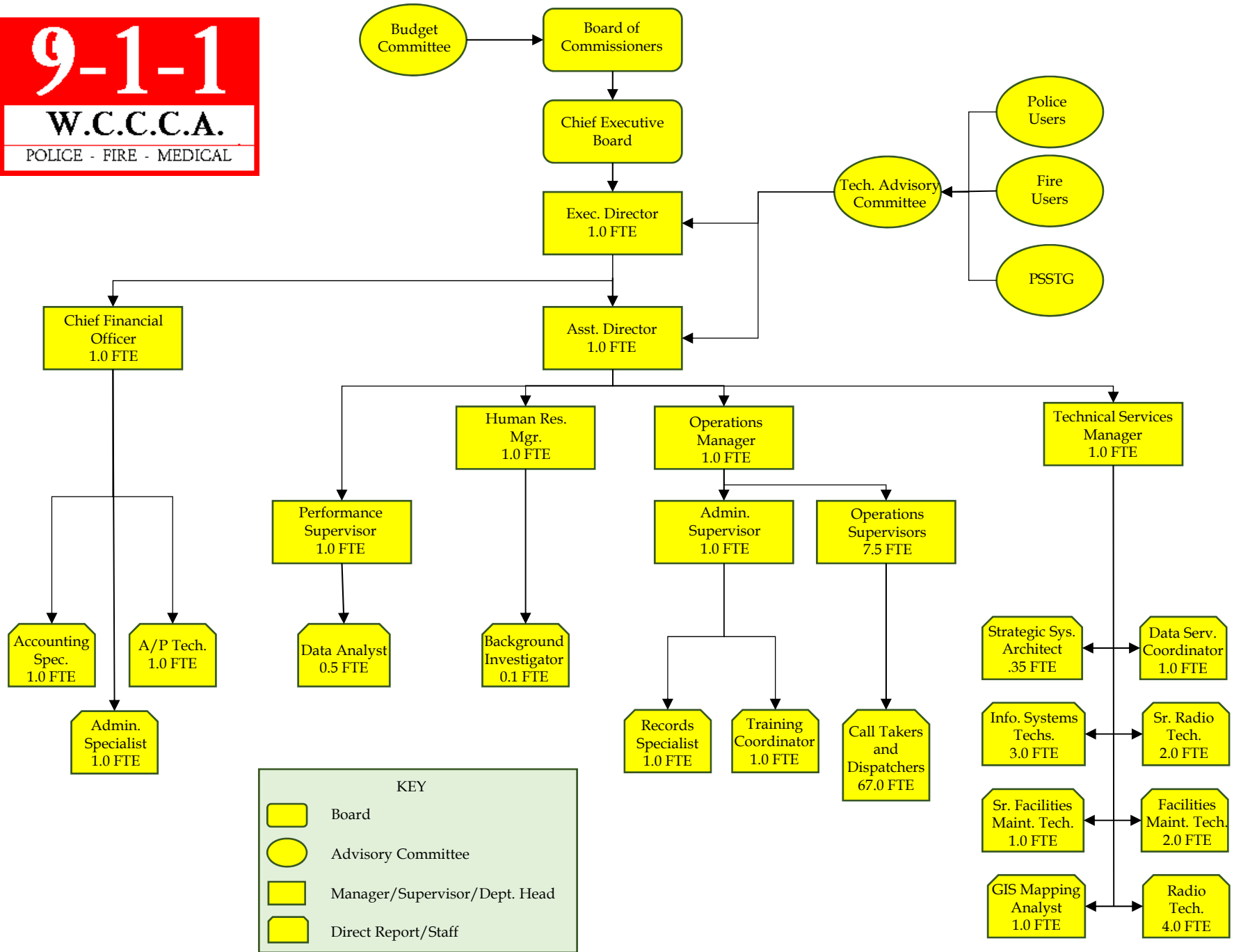
**Washington County
Consolidated Communications Agency
Oregon**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



Board of Commissioners

Participating Agency

City of Cornelius
City of Beaverton
Washington County
Tualatin Valley Fire & Rescue
City of Hillsboro
City of Tualatin
City of Tigard
City of Sherwood
City of Forest Grove
City of Gaston
King City
City of North Plains
City of Durham
City of Banks
Banks Fire Protect. Dist. #13
Cornelius Rural Fire District
Gaston Rural Fire District

Board Representative

Angeles Godinez, City Councilor
Alan Juilfs, Deputy Chief
Erin Calvert, Assistant County Administrator
Bob Wyfles, Board of Directors
David Downey, Fire Chief
Cyndy Hillier, Councilor
Kathy McAlpine, Police Chief
Keith Mays, Chair
Michael Marshall, Councilor
Bill Martin, Mayor
Shawna Thompson, Councilor
Robert Kindel, jr., Councilor
Chuck Van Meter, Councilor
Niki Walters, Councilor
Rodney Linz, Fire Chief
vacant
David Morris, Fire Chief

Community Members on the Agency's Budget Committee

Appointed By

Tualatin Valley Fire & Rescue
City of Forest Grove
City of Sherwood
City of Beaverton
City of North Plains
Banks Fire District
City of Hillsboro
City of Tigard
Washington County

Representative

vacant
Cleo Howell
vacant
John Dugger
Bill Reid
Tonya Witham
Michelle Wareing
Lisa Shaw
John Styer

Chief Executive Officers Board

Participating Agency

City of Sherwood
City of Tigard
Washington County
Tualatin Valley Fire & Rescue
King City

Board Representative

Keith Mays, Board Chair
Kathy McAlpine, Police Chief
Erin Calvert, Assistant County Administrator
Deric Weiss, Fire Chief
Ernie Happala, Police Chief

Executive Management

Mark Buchholz
Jennifer Reese
Michael Stout
Ron Polluconi
Kimberli Foster
Jennifer Kilcoin

Executive Director
Assistant Director
Chief Financial Officer, Budget Officer
Technical Services Manager
Operations Manager
Human Resources Manager

Financial Section



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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Washington County Consolidated Communications Agency
Beaverton, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Washington County Consolidated Communications Agency (the Agency), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency 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

The Agency's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency'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.

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency'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 Required Supplementary Information, such as Management's Discussion and Analysis, and the pension and other postemployment benefit schedules and notes in the 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 Required Supplementary Information in accordance with GAAS, 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The Other Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 GAAS. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

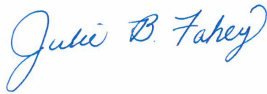
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical sections, as listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Oregon Minimum Standards

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated December 14, 2023 on our consideration of the Agency's compliance with certain provisions of laws and regulations, including 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.



For Talbot, Korvola & Warwick, LLP
Portland, Oregon
December 14, 2023

Management's Discussion & Analysis

As management of Washington County Consolidated Communications Agency (WCCCA or the Agency), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2023. Please read it in conjunction with the accompanying Basic Financial statements and the Notes to the Basic Financial Statements.

Financial Highlights

- The assets and deferred outflows of resources of the Agency exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$38,501,319.
- The Agency's total net position increased by \$3,692,973.
- At the close of the fiscal year, the Agency reported a combined fund balance of \$10,476,229, an increase of \$836,957 in comparison with the prior year. Approximately 90% (\$9,394,267) is available for spending at the Agency's discretion (unassigned fund balance).
- At the end of the fiscal year, the General Fund unassigned fund balance was \$9,394,267 or approximately 54% of total General Fund expenditures.

Overview of the Financial Statements

The discussion and analysis provided are intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements consist of three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) the Notes to the Basic Financial Statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents financial information on all the Agency's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the Agency is improving or deteriorating.

The *Statement of Activities* presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected 9-1-1 telephone excise taxes and earned but unused vacation leave).

In the government-wide financial statements, the Agency's activities are shown in one category: *Governmental Activities*. The governmental activities of the Agency include emergency communications and dispatch operations and are primarily supported through charges for services to other governments and 9-1-1 telephone excise taxes. The Agency has no business-type activities.

The government-wide financial statements can be found on pages 31 and 32 of this report.

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 Agency, 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 Agency are governmental funds. The Agency has no proprietary funds or fiduciary funds.

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 near-term inflows and outflows 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 assessing the Agency'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 impact of the Agency's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, other financing sources (uses), and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Agency maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, other financing sources (uses), and changes in fund balances for the General Fund and the Capital Projects Fund, both of which are considered to be major funds.

The Agency adopts annual appropriated budgets for both funds. Budgetary information has been provided for each fund of the Agency to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 33 and 35 of this report.

Notes to the Basic Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements start on page 38 of this report.

Required Supplementary Information. The required supplementary information provides additional information of the Agency's net pension (asset)/liability, contributions to Oregon Public Employees Retirement System (PERS) and changes in total Postemployment Benefits Other Than Pensions (OPEB) liability and can be found beginning on page 66.

Other Supplementary Information. The other supplementary information provides additional information of the Agency's Capital Projects Fund budget to actual schedule on page 75.

Other Information. The Statistical Section of this report offers information regarding the Agency's economic condition and can be found beginning on page 76.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial assets. In the case of the Agency, assets and deferred outflows exceeded liabilities and deferred inflows by \$38,501,319 as of the end of the most recent fiscal year.

	Governmental Activities		Increase (Decrease) from 2022
	June 30,		
	2023	2022	
Assets			
Current and other assets	\$ 16,740,734	\$ 15,276,458	\$ 1,464,276
Capital assets	43,356,944	40,848,339	2,508,605
Total assets	<u>60,097,678</u>	<u>56,124,797</u>	<u>3,972,881</u>
Deferred outflows of resources	<u>4,750,049</u>	<u>5,523,175</u>	<u>(773,126)</u>
Liabilities			
Current liabilities	5,236,388	4,135,876	576,070
Noncurrent liabilities	17,465,702	15,515,315	2,474,829
Total Liabilities	<u>22,702,090</u>	<u>19,651,191</u>	<u>3,050,899</u>
Deferred inflows of resources	<u>3,644,318</u>	<u>7,188,435</u>	<u>(3,544,117)</u>
Net position			
Net investment in capital assets	40,779,629	38,234,436	2,545,193
Restricted	896,203	1,154,880	(258,677)
Unrestricted	<u>(3,174,513)</u>	<u>(4,580,970)</u>	<u>1,406,457</u>
Total net position	<u>\$ 38,501,319</u>	<u>\$ 34,808,346</u>	<u>\$ 3,692,973</u>

The largest portion of the Agency's net position reflects its net investment in capital assets (e.g. communications towers and equipment, leasehold improvements, and furniture, fixtures and computer equipment). Net investment in capital assets increased by approximately \$2.5 million partly due to the increases to work in progress on infrastructure of \$777 thousand, offset by routine depreciation expense. The Agency uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Investment in capital assets is to be reported net of related debt. The only debt of the Agency is associated with implementation of lease accounting under GASB Statement No. 87.

Unrestricted net position is a negative \$3.2 million, a \$1.4 change from fiscal year 2022. Negative unreserved net position is a result of net pension liability, OPEB liabilities and asset retirement obligations exceeding assets, all of which will be paid through future contributions.

Current and other assets consist mainly of cash and investments, and 9-1-1 taxes and accounts receivable, which are used to meet the Agency's ongoing obligations to its participating governments. Cash and investments increased approximately \$930 thousand over the prior year due to revenue streams exceeded expenses.

Deferred outflows of resources consist of amounts recorded for pension, OPEB and asset retirement obligations.

Liabilities of the Agency consist of current and long-term portions of accounts payable, accrued salaries and benefits payable, transition liability, net pension liability, total other postemployment benefits liability and unearned revenue. The largest increase in the current portion of the liabilities was Accounts Payable increased \$380,423. This was largely due to a payment of nearly \$357,000 in process. The Agency's unearned revenue accounts for 14% of total liabilities and is the amount of the Agency's first quarter billing to participating governments for the ensuing

fiscal year. The net pension liability is 49% of the total liabilities in the amount of \$11,046,659 an increase of \$2.3 million due to actuarial assumptions and interest earnings. Lease liability is \$2,577,315 and accounts for 14.3% of the noncurrent liabilities, a decrease of \$36,588 from the prior year. See Notes I-D-14, III-C and IV-G for more information on lease liability.

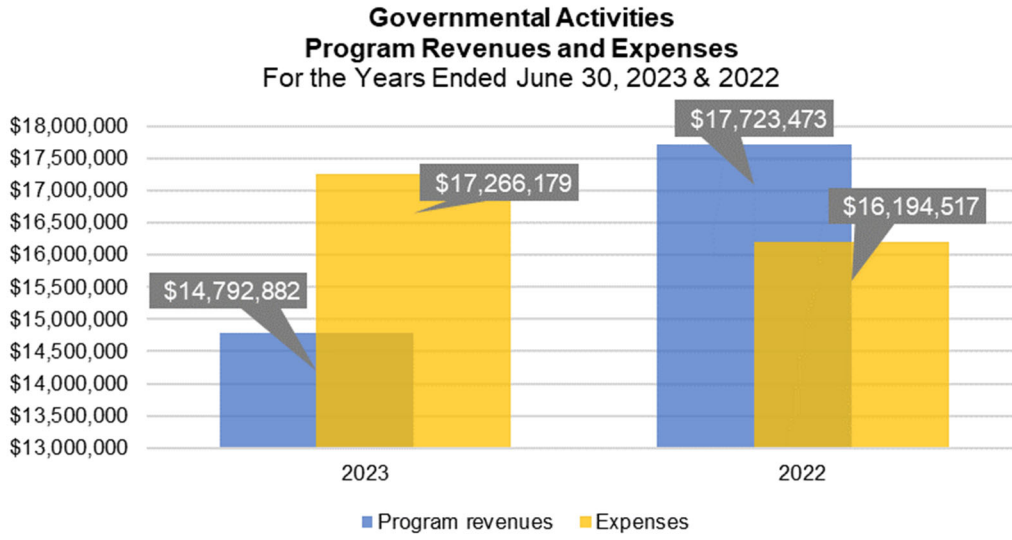
Deferred inflows of resources consist of amounts recorded for pension and OPEB.

Governmental Activities. Governmental program activities, which represent all the Agency's activities, increased net position by \$3,692,973. Key elements of the increase in net position for the Agency are as follows:

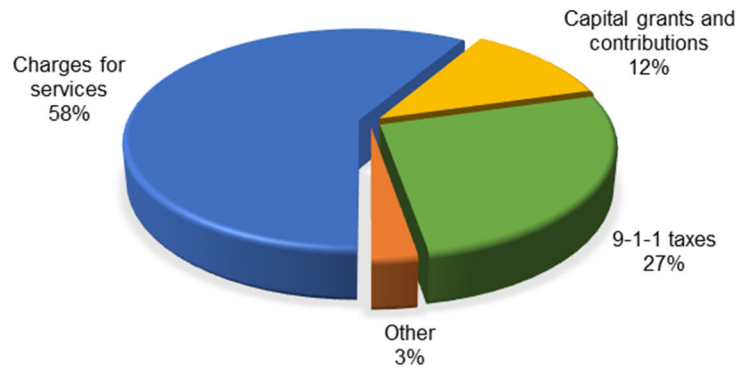
	Governmental Activities		Increase (Decrease) from 2022
	For the Years Ended June 30, 2023	2022	
Revenues			
Program revenues			
Charges for services	\$ 12,260,875	\$ 11,776,560	\$ 484,315
Capital grants and contributions	2,532,007	5,946,913	(3,414,906)
General revenues			
9-1-1 taxes	5,597,601	5,643,555	(45,954)
Earnings on investments	264,290	48,393	215,897
Miscellaneous	304,379	325,404	(21,025)
Total revenues	<u>20,959,152</u>	<u>23,740,825</u>	<u>(2,781,673)</u>
Expenses			
Public safety	17,211,779	16,169,528	1,042,251
Interest expense	54,400	24,989	29,411
Total expenses	<u>17,266,179</u>	<u>16,194,517</u>	<u>1,071,662</u>
Excess of revenues over expenditures before contributions	<u>3,692,973</u>	<u>7,546,308</u>	<u>(3,823,924)</u>
Net position, beginning	<u>34,808,346</u>	<u>27,262,038</u>	<u>7,546,308</u>
Net position, ending	<u>\$ 38,501,319</u>	<u>\$ 34,808,346</u>	<u>\$ 3,692,973</u>

**Governmental Activities
Program Revenues & Expenses**
For the Years Ended June 30, 2023 & 2022

	<u>2023</u>	<u>2022</u>
Program revenues	\$14,792,882	\$17,723,473
Expenses	\$17,266,179	\$16,194,517



**Governmental Activities
Revenue by Source**
For the Years Ended June 30, 2023



Capital grants consist of bond proceeds from the County as needed for capital projects; these decreased \$3,414,906 as capital spending decreased compared to the prior year. Charges for services increased by approximately \$484,000 due to rates charged to member agencies, and tax revenue remained stable. Public safety expense increased approximately \$1 million compared to the prior year, due to increased personnel services.

Financial Analysis of the Agency’s Funds

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At June 30, 2023, the Agency’s governmental funds reported ending fund balance by category of:

Fund balances:	
Non-spendable	\$ 371,695
Restricted	710,267
Unassigned	9,394,267
	<hr/>
Total fund balance	<u>\$ 10,476,229</u>

At June 30, 2023, the Agency’s governmental funds reported combined ending fund balances of \$10,476,229, an increase of \$836,957 in comparison with the prior year, primarily due to savings from vacant positions.

General Fund. The General Fund is the operating fund of the Agency. At the end of the current fiscal year, 96% of the General Fund balance was unassigned. As a measure of the General Fund’s liquidity, it may be useful to compare the total fund balance to total fund expenditures. Total, unassigned fund balance represents 54% of total General Fund expenditures.

During the current fiscal year, the fund balance of the Agency’s General Fund remained fairly stable to the prior year. The Agency maintains most of its cash in Oregon’s Local Government Investment Pool (LGIP). During an environment of increasing interest rates, LGIP increased its yield. The Agency also had more cash than prior years, resulting in increased interest income for both the General Fund and the Capital Projects Fund.

Capital Projects Fund. The fund balance remained fairly stable to the prior year. The Capital Projects Fund has been used to account for the Radio Systems Upgrade project, which is drawing to a close, resulting in less revenue and expenditures.

General Fund Budgetary Highlights

Actual results of operations of the General Fund varied in comparison to budget for reasons as follows:

- Total revenues exceeded budget by \$475,926 primarily due to tax revenue and charges for services coming in greater than expected; however, this was offset by miscellaneous revenue coming in significantly under budget.

- Personnel services actual expenditures were approximately \$1.7 million less than budget because the Agency continues to experience significant vacancy savings in budgeted positions.
- Materials and services actual expenditures were \$718 thousand less than budget due primarily to timing of technology and hardware purchases which relate to the planned relocation of the Agency to a new facility.
- Capital outlay appropriations were under spent by \$224 thousand due to timing of expenditures for the relocation project.

Capital Assets

The Agency’s investment in capital assets includes leasehold improvements, vehicles, furniture, fixtures, equipment, and work in progress. As of June 30, 2023, the Agency had invested \$43,356,944 in capital assets, net of accumulated depreciation, as shown in the following table:

Capital assets, net of accumulated depreciation/amortization	Governmental Activities June 30,		Increase (Decrease) from 2022
	2023	2022	
Leasehold improvements	\$ 497,507	\$ 376,400	\$ 121,107
Vehicles	191,414	131,253	60,161
Furniture, fixtures, and equipment	4,761,267	3,211,672	1,549,595
Work in progress	37,906,756	37,129,014	777,742
Total capital assets, net of accumulated depreciation	<u>\$ 43,356,944</u>	<u>\$ 40,848,339</u>	<u>\$ 2,508,605</u>

Investment in capital assets increased by approximately \$2.5 million due to the increases to furniture, fixtures and equipment, offset by routine depreciation expense. The Agency uses these capital assets to provide services to citizens.

Additional information on the Agency’s capital assets can be found in Footnote III. B on page 46 of this report.

Long-Term Debt

According to the intergovernmental agreement that established WCCCA , the Agency is unable to borrow and retain debt. In accordance with GASB 87, the Agency shows lease liability from office equipment and site leases for radio facilities as debt on its various financial statements. Additional information on the Agency’s lease liabilities can be found on page 63 of this report

Economic Factors; Next Year’s Budget and Participating Governments Rates

As always, the economic environment of the nation, the State of Oregon, and the local economy influence and inform the Agency’s financial health. Washington County Consolidated Communications Agency (WCCCA, Agency) is on the brink of some exciting and profound changes which will take place within the Fiscal Year 2023-24 budget. Despite the rapid evolution of the Agency, WCCCA is committed to providing timely, efficient and compassionate communication services to all citizens through innovation, employee excellence and partnerships with public safety providers.

Call-Taking and Dispatching are at the heart of WCCCA. Nearly 80% of ongoing, General Fund expenditures are salary and wage expenses and roughly two-thirds of those expenses originate in our Operations Department. Filling vacant

positions, compensating our employees appropriately and getting new hires up the long training curve are key considerations in budgeting this large chunk of WCCCA's budget.

For FY24, the aggregate annual membership rate increased about 3.8% from the previous year's budgeted membership fees. The four-year average of aggregate member increases is less than 2.2%. The Agency is conscientious about the increase in member fees and strives to minimize the impact of fee increases on members. Because the Agency has a relatively small membership base, the gap between 9-1-1 tax funding and operational expenses exponentially effects the membership fees. The Agency's partners strategize with us to determine fiscal directions and plans to maintain the Agency's services to the public and our members, keeping in mind the potential for funding fluctuations that may impact service levels. The Agency strives to maintain service levels for our crucial services. No changes in service levels are anticipated in FY24.

Traditionally 9-1-1 tax revenue received by the Agency has remained consistent, with a slight increase each year over the previous year. This revenue is generated from landline, wireless and pre-paid devices which can access the 9-1-1 system. As a result of a legislative increase in the excise tax assessment for FY22 and FY23, the Agency has increased the budgeted revenue for 9-1-1 taxes in FY24 by \$400,000.

An annual financial planning process is conducted before the Board at their direction. While the plan requires consideration of the financial stresses of the partners, it also addresses the upward pressures on program expenses of the Agency.

As the state of Oregon works toward funding and building Next Generation 9-1-1 infrastructure to which we will connect, we are looking forward to the changes that will be upon us in the Next Generation 9-1-1 Center. It's likely that in the next few years 9-1-1 dispatching will look different than it does today. Data will become a focal element of the 9-1-1 function. Those changes could bring about a work force that is comprised of new skill sets, necessitating reorganization, strategizing in new ways and opening new avenues of partnership with our public safety neighbors. Through networking locally, at the state level and nationally as well, we strive to educate ourselves and prepare for the capabilities that will be made possible to us in voice and data transmissions. Information transfer and dissemination is going to become a "larger than ever" portion of the services provided at WCCCA.

Requests for Information

This financial report is designed to provide a general overview of Washington County Consolidated Communications Agency's finances for all those with an interest in the Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Administration, Washington County Consolidated Communications Agency at 5900 NE Pinefarm Court, Hillsboro, Oregon 97124.

Basic Financial Statements

Washington County Consolidated Communications Agency
Statement of Net Position
As of June 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 9,986,593
Receivables:	
9-1-1 taxes	2,862,487
Accounts	3,334,023
Prepays	371,695
Net OPEB asset	185,936
Capital assets not being depreciated:	
Work in progress	37,906,756
Capital assets, net of accumulated depreciation and amortization:	
Leasehold improvements	497,507
Vehicles	191,414
Furniture, fixtures, and equipment	4,761,267
	<u>60,097,678</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to asset retirement obligations	294,611
Deferred amounts related to pension	4,253,618
Deferred amounts related to OPEB	201,820
	<u>4,750,049</u>
LIABILITIES	
Accounts payable	811,154
Accrued salaries and benefits payable	646,233
Interest payable	33,377
Unearned revenue	3,221,182
Noncurrent liability	
Due within one year	524,442
Due in more than one year	3,889,684
Asset retirement obligation	2,529,359
Net pension liability	11,046,659
	<u>22,702,090</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pension	3,479,365
Deferred amounts related to OPEB	164,953
	<u>3,644,318</u>
NET POSITION	
Net investment in capital assets	40,779,629
Restricted for capital acquisitions	710,267
Restricted for OPEB	185,936
Unrestricted	(3,174,513)
	<u>\$ 38,501,319</u>

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

Washington County Consolidated Communications Agency

Statement of Activities

For the Year Ended June 30, 2023

	Governmental Activities
EXPENSES	
Public safety - dispatch service	\$ 17,211,779
Interest	54,400
Total expenses	<u>17,266,179</u>
PROGRAM REVENUES	
Public Safety	
Charges for services	12,260,875
Capital grants and contributions	<u>2,532,007</u>
Total program revenues	<u>14,792,882</u>
Net program revenues	<u>(2,473,297)</u>
GENERAL REVENUES AND CONTRIBUTIONS	
9-1-1 taxes	5,597,601
Investment earnings	264,290
Miscellaneous	<u>304,379</u>
Total general revenues and contributions	<u>6,166,270</u>
Change in net position	<u>3,692,973</u>
NET POSITION, June 30, 2022	<u>34,808,346</u>
NET POSITION, June 30, 2023	<u><u>\$ 38,501,319</u></u>

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

Washington County Consolidated Communications Agency

Governmental Funds

Balance Sheet

At June 30, 2023

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and investments	\$ 9,095,285	\$ 891,308	\$ 9,986,593
Receivables:			
9-1-1 taxes receivable	2,862,487	-	2,862,487
Accounts receivable	3,316,052	17,971	3,334,023
Prepays	371,695	-	371,695
Total assets	\$ 15,645,519	\$ 909,279	\$ 16,554,798
LIABILITIES			
Accounts payable	612,142	199,012	\$ 811,154
Accrued salaries and benefits payable	646,233	-	646,233
Unearned revenue	3,221,182	-	3,221,182
Total liabilities	4,479,557	199,012	4,678,569
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	1,400,000	-	1,400,000
FUND BALANCES			
Non-spendable	371,695	-	371,695
Restricted for capital acquisitions	-	710,267	710,267
Unassigned	9,394,267	-	9,394,267
Total fund balances	9,765,962	710,267	10,476,229
Total liabilities, deferred inflows of resources and fund balances	\$ 15,645,519	\$ 909,279	\$ 16,554,798

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

Washington County Consolidated Communications Agency

Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position

At June 30, 2023

Total fund balances	\$	10,476,229
Capital assets are not financial resources and, therefore, are not reported in the governmental funds.		43,356,944
A portion of the Agency's 9-1-1 taxes are a receivable at year end but are not available soon enough to pay for current period expenditures and, therefore, are not reported as revenue in the governmental funds.		1,400,000
Interest payable on long-term lease liabilities that is not recorded as a governmental fund liability.		(33,377)
Net OPEB asset (\$185,936), deferred outflows (\$2,373) and deferred inflows (\$40,857) related to PERS OPEB are not reported in the governmental funds.		147,452
Compensated absences not payable in the current year are not recorded as governmental fund liabilities.		(1,018,754)
The transition liability amounts not payable in the current year are not recorded as governmental fund liabilities.		(230,893)
The lease liability amounts in the current year are not payable are not recorded as governmental fund liabilities.		(2,577,315)
The net pension liability and deferred amounts related to pension do not provide (use) current resources and, therefore, are not reported in the governmental funds.		(10,272,406)
The total OPEB liability (\$587,164) and deferred amounts related to OPEB (Deferred outflows of resources \$199,447 and Deferred inflows of resources \$124,096) do not provide (use) current resources and, therefore, are not reported in the governmental funds.		(511,813)
The total Asset Retirement Obligation (ARO) liability and deferred amounts related to ARO do not provide (use) current resources and, therefore, are not reported in the government funds.		(2,234,748)
Total net position	\$	38,501,319

Washington County Consolidated Communications Agency

Governmental Funds

Statement of Revenues, Expenditures, Other Financing Sources (Uses), and Changes in Fund Balances

For the Year Ended June 30, 2023

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Taxes	\$ 5,570,657	\$ -	\$ 5,570,657
Investment earnings	231,420	32,870	264,290
Charges for services	12,260,875	-	12,260,875
Intergovernmental	-	2,532,007	2,532,007
Miscellaneous	304,379	-	304,379
Total revenues	18,367,331	2,564,877	20,932,208
EXPENDITURES			
Current - Public Safety			
Personnel services	14,110,027	-	14,110,027
Materials and services	2,792,860	-	2,792,860
Capital outlay	265,503	2,856,248	3,121,751
Debt Service			
Principal	65,551	-	65,551
Interest	46,012	-	46,012
Total expenditures	17,279,953	2,856,248	20,136,201
Excess of revenues over expenditures	1,087,378	(291,371)	796,007
OTHER FINANCING SOURCES (USES)			
Issuance of Leases	40,950	-	40,950
Total other financing sources (uses)	40,950	-	40,950
Changes in fund balances	1,128,328	(291,371)	836,957
Fund balances, June 30, 2022	8,637,634	1,001,638	9,639,272
Fund balances, June 30, 2023	\$ 9,765,962	\$ 710,267	\$ 10,476,229

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

Washington County Consolidated Communications Agency

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the Year Ended June 30, 2023

Net change in fund balances	\$	836,957
Governmental funds report capital additions as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which outlays for capital acquisitions (\$3,164,232) exceeded depreciation and amortization expense (\$655,627).		2,508,605
Net OPEB expense adjustments are reported in the Statement of Activities, but do not provide current financial resources and are not reported in the governmental funds.		27,889
9-1-1 taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities, these are recognized as revenue when assessed.		26,944
Interest payable is recognized as an expense when incurred in the Statement of Activities.		(8,388)
Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities, compensated absences are recognized as an expense when incurred.		(87,047)
Transition liability expenditures are recognized in the governmental funds when they are paid. In the Statement of Activities, expense is recognized as the transition liability is amortized.		45,222
The issuance of long-term debt (e.g. lease agreements) provides current financial resources to government funds to purchase of the right to use asset.		(40,950)
Pension expenditures are recognized in the governmental funds when they are paid. In the Statement of Activities, OPEB is recognized as an expense when incurred.		611,048
Asset Retirement Obligations (ARO) are reported in the Statement of Activities, but do not represent the use of current financial resources and are therefore not reported in the governmental funds.		(304,845)
Lease expense adjustments are reported in the Statement of Activities, but do not represent the use of current financial resources and are therefore not reported in the governmental funds.		(77,538)
Change in net position	\$	<u>3,692,973</u>

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

Washington County Consolidated Communications Agency

General Fund

Statement of Revenues, Expenditures, Other Financing Sources,
and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2023

	Budgeted Amounts		Variance with Final Budget
	Original and Final	Actual	
REVENUES			
Taxes	\$ 5,400,000	\$ 5,570,657	\$ 170,657
Investment earnings	30,000	231,420	201,420
Charges for services	11,107,826	12,260,875	1,153,049
Miscellaneous	1,353,579	304,379	(1,049,200)
Total revenues	<u>17,891,405</u>	<u>18,367,331</u>	<u>475,926</u>
EXPENDITURES			
Personnel services	15,772,850	14,110,027	1,662,823
Materials and services	3,511,751	2,792,860	718,891
Capital outlay	489,000	265,503	223,497
Debt service			
Principal Retirement	-	65,551	(65,551)
Interest/Fiscal Charges	-	46,012	(46,012)
Contingency	3,744,233	-	3,744,233
Total expenditures	<u>23,517,834</u>	<u>17,279,953</u>	<u>6,237,881</u>
over expenditures	<u>(5,626,429)</u>	<u>1,087,378</u>	<u>(6,713,807)</u>
OTHER FINANCING SOURCES			
Issuance of Debt	-	40,950	40,950
Changes in fund balances	<u>(5,626,429)</u>	<u>1,128,328</u>	<u>6,754,757</u>
Fund balances, June 30, 2022	<u>7,821,355</u>	<u>8,637,634</u>	<u>816,279</u>
Fund balances, June 30, 2023	<u>\$ 2,194,926</u>	<u>\$ 9,765,962</u>	<u>\$ 7,571,036</u>

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

Washington County Consolidated Communications Agency

Notes to the Basic Financial Statements

For Year Ended June 30, 2023

I. Summary of significant accounting policies

A. Reporting Entity

Washington County Consolidated Communications Agency (Agency) was formed in 1985, under the authority of Oregon Revised Statutes (ORS) Chapter 190 by the execution of an intergovernmental agreement between Washington County, the cities of Beaverton, Hillsboro, Cornelius, and North Plains, and Tualatin Valley Fire and Rescue. The Agency subsequently entered into intergovernmental agreements with the cities of Durham, King City, Sherwood, Tigard, Gaston, Tualatin, Forest Grove, and Banks; and the Fire Districts of Cornelius Rural Fire, Gaston Rural Fire, and Banks Fire Protection District #13.

The Agency is a municipal corporation that is recognized by the participating governments as the "9-1-1 Jurisdiction" defined in ORS 403.100 to 403.250 for purposes of operating as the public safety answering point of the emergency 9-1-1 telephone system. The agreement obligates the participating governments to contribute emergency 9-1-1 telephone system excise tax revenues received by the State of Oregon to the Agency. The Agency provides consolidated public safety communications for the participating governments and for other governments under contract.

The agreement also obligates the participating governments to fund any capital and operating expenses/expenditures in excess of emergency telephone system excise tax proceeds, contract revenues, and other revenues. The Agency may be terminated by mutual agreement of the parties. Any participant may terminate its participation upon notification to all other participants at least one year prior to the fiscal year end. A termination is effective as of the end of the fiscal year. Upon dissolution or termination of the Agency, the assets the Agency has purchased, or to which it has taken legal title, are to be distributed or sold, and the proceeds distributed to the participating governments in proportion to their financial support averaged over the preceding three years. Any equipment on loan from participants is to be returned.

The Agency is the primary, special purpose government responsible for emergency communications within its boundaries. The Agency is not considered a component unit of any of the participating governments. All significant activities and funds of the Agency have been included in the basic financial statements. The Agency's financial statements represent those of a stand-alone government with no component units. The power and authority given to the Agency by the participating governments are vested in a Board of Commissioners made up of appointed officials from the participating governments. The Board has authority to select a Director who is responsible for conducting the affairs of the Agency, and works directly under the guidance of a Chief Executive Officers Board (CEO). The Agency has a two-tiered board, in which the CEO is a separate authority comprised of representatives who are elected by the participating governments and whose duties include guidance and approval of a number of Agency business elements, as well as review and recommendation of key issues to the Board of Commissioners.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the Agency. All activities are governmental activities which are financed primarily through 9-1-1 taxes and charges for services to other governments. There are no internal activities and therefore no eliminations are necessary to present the government-wide financial statements.

The statement of activities presents the degree to which direct expenses of the Agency's public safety program are offset by program revenues. Direct expenses are those that are clearly identifiable with the public safety function of the Agency. Program revenues include: (1) charges to other governments for emergency communications and services provided; (2) operating grants and contributions and (3) capital grants and contributions. 9-1-1 taxes, investment earnings and other items not properly included as program revenues are reported instead as general revenues.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. 9-1-1 taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue as soon as all eligibility requirements have been met. The Agency's contract with its participating governments calls for quarterly user fees to be paid in advance of each quarter. The full amount of the first quarter user participation fees for the ensuing fiscal year has been recorded as unearned revenue.

The governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within two months of the end of the current fiscal period. Significant revenues that are measurable and available under the modified accrual basis of accounting are user participation fees, 9-1-1 tax revenues, intergovernmental revenue and interest, and therefore have been recognized in the current fiscal period. In the current fiscal year, the first quarter user participation fees for the ensuing fiscal year (as noted above) were recorded as unearned revenue in the governmental fund financial statements as the revenue is unearned at fiscal year end.

Under the modified accrual basis of accounting, expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences, the transition liability, asset retirement obligation and pension and OPEB contributions are recorded only when payment is due.

Major individual governmental funds are reported as separate columns in the fund financial statements.

The Agency reports the following major governmental funds:

- The General Fund is the Agency's primary operating fund. It accounts for all financial resources of the Agency, except those required to be accounted for in another fund, either legally or by Board direction.
- The Capital Projects Fund, a capital projects fund type, accounts for the restricted revenue of the shared local option levy tax funds accumulated for Agency equipment.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Investments

The Agency's cash and investments are considered to be cash on hand, demand deposits, and short-term highly liquid investments with original maturities of three months or less from the date of acquisition. The Agency invests all available cash solely with the Oregon State Treasurer's Local Government Investment Pool. These investments are classified as a cash equivalent and are carried at cost, which approximates fair value.

2. Receivables

Receivables include member fees for 9-1-1 call taking, dispatch and maintenance services and emergency telephone system excise taxes (9-1-1). Management has determined that all receivables are fully collectible and therefore no allowance is deemed necessary.

3. Prepaids

In both government-wide and fund financial statements, certain payments are presented as a prepaid asset. These payments reflect costs applicable to future accounting periods which are recorded as prepaid expenses. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Inventory

Inventory consists of radios purchased as part of the radio infrastructure upgrade, held as future replacements for radios currently in service, and are valued at cost using the first in/first out (FIFO) method.

5. Net OPEB Asset

Other assets consist of assets exceeding liabilities related to PERS Retiree Health Insurance Account (RHIA) benefits. Deferred outflows and inflows related to RHIA are included in deferred amounts related to OPEB on the statement of net position.

6. Unearned Revenue

Participating governments pay quarterly user fees for services in advance of each quarter. Unearned revenue includes the amount of prepaid user fees outstanding at year-end.

7. Capital Assets

Capital assets are stated at cost. Donated assets are recorded at acquisition value at the date of donation. The Agency defines capital assets as assets with an initial cost of more than \$5,000 and an estimated useful life of greater than one year. Replacements which improve or extend the lives of property are capitalized. Maintenance, repairs and equipment replacements of a routine nature are charged to expenses/expenditures as incurred and are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

Leasehold improvements	15 years
Vehicles	5 years
Furniture, fixtures, and equipment	5 - 10 years

8. *Deferred Inflows of Resources Related to Unavailable Revenue*

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

9. *Compensated Absences*

Vacation. The Agency's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related taxes and benefits, where applicable.

The balance is liquidated by the General Fund generally and is reported on the Statement of Net Position.

Sick Leave. Accumulated sick leave lapses when employees leave the employment of the Agency and, upon separation from service, no monetary obligation exists.

10. *Transition Liability*

The transition liability is an actuarially determined liability recorded in the statement of net position based on the Agency's entry into the OPERS State and Local Government Rate Pool. The transition liability is reduced each year by contributions to OPERS and increased for interest charged by OPERS.

11. *Net Pension Liability*

For purposes of measuring the net pension liability (assets), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Oregon Public Employees Retirement System (OPERS). Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

12. *Other Postemployment Benefits (OPEB) Liability*

The Agency's OPEB obligation is recognized as a liability and the related deferred outflow and inflow of resources and expense are actuarially determined. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

13. Asset Retirement Obligation

The asset retirement obligations (ARO) and deferred outflows of resources related is the liability associated with the retirement of Agency owned capital assets that have a substantial cost to the Agency. The obligation will be paid from operating income; no assets have been set aside to fund this obligation.

14. Lease Liability and Right to Use Asset

Lease liability consist of amounts recorded in compliance with GASB 87, Leases. The Government has recorded the Lease Liability and associated Intangible, right to use, asset.

At the commencement of a lease, the Agency initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized using the straight-line basis over the same useful lives as the asset category of the underlying assets. If the asset's life is equivalent to the lease term, the Agency's right to use asset is amortized over the life of the lease from implementation through lease term end.

Key estimates and judgements related to lease include how the Agency determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The Agency uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Agency generally uses its incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Agency is reasonably certain to exercise.

The Agency monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

15. Net Position

Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted is the amount restricted by external creditors, grantors, contributors, or laws and regulations imposed by other governments.

Unrestricted is the amount of all net position that does not meet the definition of "invested in capital assets" or "restricted" net position.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

16. Fund balances in the governmental fund financial statements.

On the balance sheet – governmental funds, assets in excess of liabilities are reported as fund balances and are segregated into separate classifications indicating the extent to which the Agency is bound to honor constraints on specific purposes for which the funds can be spent.

Nonspendable – amounts that cannot be spent because they are either not in spendable form or are legally required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments, including the State and Federal government. The Agency has restricted amounts, shown on the Governmental Funds Balance Sheet, with the majority of it available for use to complete major capital projects.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Agency Board of Commissioners (the highest level of decision-making authority). Once committed by Commissioner action (by resolution), the limitation imposed by this action remains in place until a similar action is taken to remove or revise the limitation.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes; and any excess of nonspendable, restricted, and committed fund balance over total fund balance in a governmental fund other than the general fund. Under the Agency's policy, the Executive Director or management staff may assign amounts for specific purposes.

Unassigned – total fund balance in the general fund in excess of nonspendable, restricted, committed, and assigned fund balance. The general fund is the only fund that can report a positive unassigned fund balance amount.

E. Participation Fees

The Agency generally charges the participating governments of the intergovernmental agreement an amount sufficient to cover budgeted expenditures less anticipated revenues from other sources. The Board of Commissioners sets the participating governments' fees for the ensuing fiscal year during the budget process.

II. Stewardship, compliance, and accountability

A. Budgetary Information

The Agency budgets all funds on the modified accrual basis of accounting. As an organization formed by intergovernmental agreement pursuant to Oregon Revised Statutes (ORS) Chapter 190, the Agency does not levy property taxes and is exempt from State of Oregon Local Budget Law. The Agency, however, chooses to follow the local budget law process as outlined in ORS Chapter 294.

The Board of Commissioners adopts the original budget by resolution prior to the beginning of the Agency's fiscal year (July 1 through June 30), authorizing appropriation levels for each fund. Total personnel services, materials and services, capital outlay, and other expenditures for each fund are the levels of control established by the resolution. For instances of unexpected resources from grant funds or other governments, for which the revenues are dedicated to a specific purpose, an appropriation resolution of the Board is used to increase the budget. Unexpected additional resources may be added to the budget using a supplemental budget and appropriation resolution.

Budgets may be modified by resolution of the Board of Commissioners transferring appropriation between categories. Appropriations lapse at fiscal year-end.

III. Detailed notes on all activities and funds

A. Cash and Investments

The Agency maintains separate accountability by fund for cash and investment accounts. The types of investments in which the Agency may invest are restricted by State of Oregon statutes and a Board adopted investment policy.

Cash and investments at June 30, 2023, were comprised of the following:

Deposits with financial institutions	\$	1,153,896
Oregon Local Government Investment Pool		8,832,697
Total cash and investments	\$	<u>9,986,593</u>

1. Deposits with Financial Institutions

Deposits with financial institutions are in a public funds checking account that is insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). The total carrying amount of deposits at June 30, 2023, was \$1,153,896. The total bank balance per the bank statement was \$1,268,116 of which \$1,018,116 was not insured by the FDIC as of June 30, 2023. The uninsured cash deposits are part of the Public Funds Collateralization Program. Oregon Revised Statutes (ORS) 295 governs the collateralization process for bank depositories and local governments.

ORS 295 created a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100 percent protected. In general, bank depositories are required to pledge collateral valued at least 10 percent of their quarter-end public fund deposits if they are well capitalized or 110 percent of their quarter-end public fund deposits if they are adequately capitalized, undercapitalized or assigned to pledge that amount by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

2. Interest Rate Risk

To limit exposure, the Agency's investment policy designates maturity limitations dependent upon whether the funds being invested are considered short-term operating funds or long-term funds. All operating funds are to have maturities not to exceed 18 months.

The Agency did not have any investments other than with the Oregon State Treasurer's Local Government Investment Pool as of June 30, 2023, which has a weighted average maturity of 150 days as relates to the underlying investments.

3. Credit Risk

The Oregon State Treasurer's Local Government Investment Pool (LGIP) is subject to regulatory oversight by the Oregon Secretary of State and is not required to be categorized by risk. The LGIP is not rated. Cost of pool shares approximates the Agency's fair value position in the LGIP. The Agency's investment in the LGIP made up 100% of the portfolio at June 30, 2023.

The Oregon State Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board which is not registered with the U.S. Securities and Exchange Commission as an investment company. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

Other permissible investments include general obligations of the United States Government and its agencies, obligations of the State of Oregon and local government securities that have a rating of A or better by Moody's Investor Service, Oregon and local commercial paper rated A-2 and P-2 or better, corporate commercial paper that are rated A-1 or P-1 or better, guaranteed banker's acceptances, certificates of deposits, and repurchase agreements. The Agency had none of these investments as of June 30, 2023.

4. Custodial Credit Risk

Custodial credit risk is the risk that, in the event of failure of the counterparty, the Agency will not be able to recover the value of its investments that are in the possession of an outside party. State statutes govern the Agency's investment policies. At June 30, 2023, the Agency did not have any investments exposed to custodial credit risk.

B. Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

CAPITAL ASSETS

	<u>Balance, June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2023</u>
Governmental activities:				
Capital assets, not being depreciated:				
Work in progress	\$ 37,129,014	\$ 2,581,831	\$ 1,804,089	\$ 37,906,756
Capital assets, being depreciated:				
Leasehold improvements	2,808,739	345,625	(162,910)	2,991,454
Vehicles	428,347	116,557	(41,617)	503,287
Furniture, fixtures and equipment	13,795,709	1,883,358	(2,821,008)	12,858,059
Total capital assets, being depreciated	<u>17,032,795</u>	<u>2,345,540</u>	<u>(3,025,535)</u>	<u>16,352,800</u>
Less accumulated depreciation for:				
Leasehold improvements	(2,432,339)	(224,518)	162,910	(2,493,947)
Vehicles	(297,094)	(56,396)	41,617	(311,873)
Furniture, fixtures and equipment	(13,179,273)	(239,506)	2,821,008	(10,597,771)
Total accumulated depreciation	<u>(15,908,706)</u>	<u>(520,420)</u>	<u>3,025,535</u>	<u>(13,403,591)</u>
Total capital assets being depreciated, net	<u>1,124,089</u>	<u>1,825,120</u>	<u>-</u>	<u>2,949,209</u>
Right to use assets, being amortized				
Equipment	2,718,971	40,950	-	2,759,921
Total right to use assets, being amortized	<u>2,718,971</u>	<u>40,950</u>	<u>-</u>	<u>2,759,921</u>
Less accumulated amortization for:				
Right to use assets				
Equipment	(123,735)	(135,207)	-	(258,942)
Total accumulated amortization	<u>(123,735)</u>	<u>(135,207)</u>	<u>-</u>	<u>(258,942)</u>
Total capital assets being amortized, net	<u>2,595,236</u>	<u>(94,257)</u>	<u>-</u>	<u>2,500,979</u>
Total capital assets, net	<u>\$ 40,848,339</u>	<u>\$ 4,312,695</u>	<u>\$ 1,804,089</u>	<u>\$ 43,356,944</u>

Depreciation and amortization expense in the amount of \$655,627 was charged to the public safety function.

Capital assets do not include items provided by the participating governments that are currently being used by the Agency, but to which the Agency has not taken legal title under the terms of the intergovernmental agreement or other contract. The building which houses the Agency and the radio system's central electronic controller are the only two assets of this type.

On July 21, 2016, Washington County issued \$77 million of general obligation bonds to fund the replacement of the emergency communications system, including capital equipment and facilities. For the year ended June 30, 2023, related distributions received from the County were approximately \$2.5 million. In addition to distributions to the Agency, the bonds are funding the Agency's building replacement which falls under Washington County, who owns the building in which the Agency operates and is in the process of planning to construct a new facility for the Agency.

C. Changes in Long-term Liabilities

Changes in Long-term Liabilities

	Balance, June 30, 2022	Increases	Decreases	Balance, June 30, 2023	Due within 1 year
Governmental activities:					
Compensated Absences	\$ 931,707	\$ 1,106,245	\$ 1,019,198	\$ 1,018,754	\$ 352,987
Transition Liability	276,115	-	45,222	230,893	33,433
OPEB Liability	548,319	38,845	-	587,164	62,286
Lease Liability	2,613,903	40,950	77,538	2,577,315	75,736
Subtotal	4,370,044	1,186,040	1,141,958	4,414,126	524,442
Net Pension Liability	8,745,500	2,301,159	-	11,046,659	-
Asset Retirement Obligation	2,399,771	129,588	-	2,529,359	-
Total Governmental activity long-term liabilities	<u>\$ 15,515,315</u>	<u>\$ 3,616,787</u>	<u>\$ 1,141,958</u>	<u>\$ 17,990,144</u>	<u>\$ 524,442</u>

IV. Other information

A. Risk Management

The Agency is exposed to various risks of loss related to torts, theft or damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Agency, through its General Fund, purchases commercial insurance. Deductibles are generally at \$2,500 or less with the exception of natural disasters which have different deductibles. Settled claims have not exceeded commercial coverage in any of the last three fiscal years.

B. Deferred Compensation Plan Defined Contribution Pension Plan

The Agency Section 457 Plan is a single-employer defined contribution plan. Plan benefit terms have been established by the Agency in 2002. The Agency makes matching contributions on behalf of participating employees. No assets are accumulated in trusts or equivalent arrangements by the Agency which meet the criteria in GASB 73, paragraph 101. The plan assets are administered by a private third-party.

Plan assets are held in each employee's name and are immediately vested. There are 72 participants in the plan.

Contributions. The employee may voluntarily contribute to the plan at a rate of their election, which is matched by the Agency to a maximum of 1% gross wages for each pay period. Employer contributions were \$77,943 for the year ended June 30, 2023. There was no payable to the administrator at June 30, 2023.

C. Participation in Public Employees' Retirement System

Aggregate Pension Amounts - OPERS	
Pension liabilities	\$ (11,046,659)
Deferred outflows of resources	4,253,618
Deferred inflows of resources	(3,479,365)
Pension expense/expenditures	1,260,185

1. Pension Plan

The Oregon Public Employees Retirement System (OPERS) is a cost-sharing, multiple-employer defined benefit plan that provides statewide defined benefit and defined contribution retirement plans for units of state government, political subdivisions, community colleges and school districts. The Agency has joined this pool. The system provides retirement and disability benefits, post-employment healthcare benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

Plan Description. Employees of the Agency are provided with pensions through OPERS. All benefits of OPERS are established by the legislature pursuant to ORS Chapters 238 and 238A. The authority to establish and amend the benefit provisions of the plan rests with the Oregon Legislature. OPERS produces an independently audited CAFR that can be obtained at <https://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx>.

2. Description of Benefit Terms

Benefits provided under Chapter 238-Tier One/Tier Two.

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. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalence of benefits to which he or she is entitled.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2021. The limit will be equal to \$210,582 as of January 1, 2022 and will be indexed with inflation in later years.

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.

- b. 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:
- Member was employed by an OPERS employer at the time of death,
 - Member died within 120 days after termination of OPERS-covered employment,
 - Member died as a result of injury sustained while employed in an OPERS-covered job, or
 - Member was on an official leave of absence from an OPERS-covered job at the time of death.
- c. 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 (55 for police and fire members) when determining the monthly benefit.
- d. 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 COLA is capped at 2.0 percent.

Benefits provided under Chapter 238A – OPSRP. OPSRP pension program provides benefits to members hired on or after August 29, 2003. This portion of the OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age.

- a. 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.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2021. The limit will be equal to \$210,582 as of January 1, 2022 and will be indexed with inflation in later years.

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.

- b. 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.
- c. 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.

- d. **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 is 2.0 percent.

3. Actuarial Valuations

The basis for the Agency's proportion is actuarially determined by comparing the Agency's projected long-term contribution effort to the Plan with the total projected long-term contribution effort of all employers. The contribution rate for every employer has at least two major components; Normal Cost rate and Unfunded Actuarial Liability (UAL) Rate. The employer contribution rates effective July 1, 2021, through June 30, 2023, were set using the entry age normal credit actuarial cost method.

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

Actuarial Methods and Assumptions

<u>Actuarial Methods and Assumptions</u>	<u>Pension</u>
Valuation date	December 31, 2020
Measurement date	June 30, 2022
Experience Study	2020, published July 20, 2021
Actuarial assumptions	
Actuarial assumptions	Entry Age Normal
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Cost-living-adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<p>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.</p> <p>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.</p> <p>Disabled Retirees: 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.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered

years. The methods and assumptions shown above are based on the 2020 Experience Study, which reviewed experience for the four-year period ending on December 31, 2020.

Discount Rate. The discount rate used to measure the total pension (asset)/liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Depletion Date Projection. GASB Statement No. 68 generally requires that a blended discount rate be used to measure the total pension liability. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. GASB Statement No. 68 does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made.

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

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

Based on these circumstances, it is PERS' independent actuary's opinion that the detailed depletion date projections outlined in GASB Statement No. 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Assumed Asset Allocation

Asset Class/Strategy	OIC Policy Range		OIC Target Allocation	Actual Allocation ²
	Low	High		
Debt Securities	15.0 %	25.0 %	20.0 %	19.8 %
Public Equity	25.0	35.0	30.0	21.2
Real Estate	7.5	17.5	12.5	13.6
Private Equity	15.0	27.5	20.0	28.0
Risk Parity	0.0	3.5	2.5	2.0
Real Assets	2.5	10.0	7.5	7.9
Diversifying Strategies	2.5	10.0	7.5	4.9
Opportunity Portfolio ¹	0.0	5.0	0.0	2.6
Total			100.0 %	100.0 %

¹ Opportunity Portfolio is an investment strategy and it may be invested up to 5% of total plan net assets.

² Based on actual investment value at 6/30/2022.

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 OPERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. 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. For more information on the Plan's portfolio, assumed arithmetic and geometric means, see PERS' audited financial statements at: <https://www.oregon.gov/pers/Documents/Financials/ACFR/2022-Annual-Comprehensive-Financial-Report.pdf>

Long-term Expected Rate of Return ¹

Asset Class	Target Allocation	Annual Arithmetic Return ²	20-Year Annualized Geometric Mean	Annual Standard Deviation
Global Equity	30.62%	7.11%	5.85%	17.05%
Private Equity	25.50	11.35	7.71	30.00
Core Fixed Income	23.75	2.80	2.73	3.85
Real Estate	12.25	6.29	5.66	12.00
Master Limited Partnership	0.75	7.65	5.71	21.30
Infrastructure	1.50	7.24	6.26	15.00
Commodities	0.63	4.68	3.10	18.85
Hedge Fund of Funds - Multistrategy	1.25	5.42	5.11	8.45
Hedge Fund Equity - Hedge	0.63	5.85	5.31	11.05
Hedge Fund - Macro	5.62	5.33	5.06	7.90
US Cash	-2.50 ³	1.77	1.76	1.20
Assumed Inflation - Mean			2.40%	1.65%

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted by the OCI Meeting on June 2, 2021, which the board uses in setting the discount rate.

² The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

³ Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

4. Contributions

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered-employee 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 Plan.

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. The rates in effect for the fiscal year ended June 30, 2023, were: (1) Tier One/Tier Two – 25.08% and (2) OPSRP general service – 21.47%. The Agency's contributions for the year ended June 30, 2023, were \$1,905,276.

5. Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pension

At June 30, 2023, the Agency reported a liability of \$11,046,659 for its proportionate share of the plan net pension liability. The net pension liability was measured as of June 30, 2022, the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The Agency's proportionate share was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating members of the cost sharing pool, actuarially determined. At June 30, 2023 and 2022, the Agency's proportion was 0.07214377 percent and 0.07308331 percent, respectively.

For the year ended June 30, 2023, the Agency recognized pension expense of \$1,260,185 for the defined benefit portion of the pension plan. At June 30, 2023, the Agency 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	\$ 536,226	\$ 68,889
Changes in assumptions	1,733,280	15,835
Net differences between projected and actual earnings on investments	-	1,974,929
Changes in proportionate share	21,664	369,202
Differences between employer contributions and employer's proportionate share of system contributions	57,172	1,050,510
	<hr/>	<hr/>
	2,348,342	3,479,365
Contributions after measurement date	1,905,276	-
	<hr/>	<hr/>
Total	<u>\$ 4,253,618</u>	<u>\$ 3,479,365</u>

Deferred outflows of resources related to pensions of \$1,905,276 resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense / (income) as follows:

Year ending June 30,	Amount
2023	\$ (212,805)
2024	(462,838)
2025	(1,070,933)
2026	708,543
2027	(92,990)
Total	<u>\$ (1,131,023)</u>

6. Sensitivity of the Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the Agency's proportionate share of the net pension liability calculated using the discount rate of 6.9 percent, as well as what the Agency's share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Discount Rate	1% Increase
Agency's proportionate share of net pension liability	\$ 19,590,294	\$ 11,046,659	\$ 3,896,031

7. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report. This report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the OPERS website at www.oregon.gov/pers.

8. OPSRP Individual Account Program (IAP)

Pension Benefits. Participants in OPERS defined benefit pension plans also participated in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of the five previous 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.

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

Contributions. The Agency has chosen to pay the employees' contributions to the plan. Six percent of covered payroll is paid for general service employees. For fiscal year June 30, 2023, the Agency paid \$500,313.

D. Other Postemployment Benefits (OPEB)

The other postemployment benefits (OPEB) for the Agency combines two separate plans. The Agency provides an implicit rate subsidy for retiree Health Insurance Continuation (HIC) premiums (Single Employer Plan), and contributions to the State of Oregon's PERS Retirement Health Insurance Account (cost-sharing multiple-employer defined benefit plan).

The tables below present the aggregate balance of the Agency's net OPEB liability/(asset), OPEB expense, and net deferred inflows and outflows as of June 30, 2023:

Aggregate OPEB Amounts - All Plans	
OPEB liability	\$ 587,164
OPEB asset	185,936
Deferred outflows of resources	201,820
Deferred inflows of resources	164,953
OPEB expense/expenditures	13,290

Single Employer Plan

1. Plan Description

As required by ORS 243.303, the Agency provides eligible retirees under age 65 and their dependents the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the full amount of the premiums. The Implicit Rate Subsidy Plan has no assets accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. This single-employer plan does not issue a separately available financial report.

As of the valuation date of July 1, 2022, the following employees were covered by the benefits terms:

Active employees	93
Inactive employees entitled to, but not yet receiving benefits	0
Inactive employees (or their beneficiaries) currently receiving benefits	7
	<hr/>
	100
	<hr/> <hr/>

2. Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The Agency's total OPEB liability of \$587,164 was determined by an actuarial valuation as of July 1, 2022, with a measurement date of June 30, 2022.

For the fiscal year ended June 30, 2023, the Agency recognized OPEB expense from this plan of \$40,265. At June 30, 2023, the Agency reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 129,054	\$ 3,015
Changes in assumptions	14,333	121,081
	<u>143,387</u>	<u>124,096</u>
Contributions after measurement date	56,060	-
Total	<u>\$ 199,447</u>	<u>\$ 124,096</u>

3. Amortization of Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Deferred outflows of resources related to OPEB of \$56,060 resulting from the Agency's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30,	Amount
2024	\$ (1,912)
2025	(1,912)
2026	(1,912)
2027	5,330
2028	8,428
Thereafter	<u>11,269</u>
Total	<u>\$ 19,291</u>

4. Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2022, valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	July 1, 2022
Measurement date	June 30, 2022
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Discount rate	3.54 percent
Projected salary increases	3.40 percent
Withdrawal, retirement, and mortality rates	December 31, 2021 Oregon PERS valuation
Election and Lapse Rates	35% of eligible employees, 60% of male members and 35% of females members, will elect spouse coverage; 5% annual lapse rate

5. Changes in the Total OPEB Liability

Changes in the Total OPEB Liability

Balance as of June 30, 2022	\$ 548,319
Changes for the year:	
Service cost	30,004
Interest on total OPEB liability	12,173
Effect of economic/demographic gains or losses	123,230
Effect of assumptions changes or inputs	(96,871)
Benefit payments	(29,691)
	<u>587,164</u>
Balance as of June 30, 2023	<u>\$ 587,164</u>

6. Sensitivity of the Total OPEB Liability

The following presents the Agency's total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

Discount Rate	1% Decrease	Current Rate	1% Increase
Total OPEB liability	\$ 627,134	\$ 587,164	\$ 549,777

Healthcare Cost Trend	1% Decrease	Current Rate	1% Increase
Total OPEB liability	\$ 536,681	\$ 587,164	\$ 646,643

Oregon PERS Retirement Health Insurance Account

1. Plan Description

The Agency contributes to the PERS 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 PERS. ORS 238.420 established this trust fund and authorizes the Oregon Legislature to establish and amend the benefit provisions. PERS issues a publicly available financial report that includes financial statements and required supplementary information which can be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, telephone (503) 598-7377, or by URL: <https://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible employees. 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 RHIA established by the City, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. The plan is closed to new entrants after January 1, 2004.

2. Net OPEB Asset/Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the Agency reported an asset of \$185,936 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation date as of December 31, 2020. The Agency's proportionate share of the RHIA net OPEB asset has been determined based on the Agency's contributions to the RHIA program (as reported by PERS) during the measurement period ending on the corresponding measurement date. The Agency's proportionate share at June 30, 2023 and June 30, 2022, was 0.05232690% and 0.04462508%, respectively.

For the year ended June 30, 2023, the Agency recognized income of \$26,975. At June 30, 2023, the Agency reported deferred outflows and deferred inflows of resources related to the OPEB from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 5,039
Changes in assumptions	1,456	6,198
Net differences between projected and actual earnings on investments	-	14,180
Changes in proportionate share	-	15,440
	<u>1,456</u>	<u>40,857</u>
Contributions after measurement date	917	-
Total	<u>\$ 2,373</u>	<u>\$ 40,857</u>

Of the deferred outflows of resources amount above, \$917 is reported is resulting from Agency contributions following the measurement date will be recognized as a reduction of net OPEB liability/asset in the year ended June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense/income as follows:

Year ending June 30,	Amount
2024	\$(22,450)
2025	(12,543)
2026	(8,948)
2027	4,540
Thereafter	<u>-</u>
Total	<u><u>\$(39,401)</u></u>

3. Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2020, valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

RHIA OPEB Plan	
Valuation date	December 31, 2020
Measurement date	June 30, 2022
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Experience Study	2020, published July 20, 2021
Retiree healthcare participation	Healthy retirees: 27.5% Disabled retirees: 15%
Mortality	<p>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.</p> <p>Active members: Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled Retirees: Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

4. Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2022 was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payment of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

5. Depletion Date Projection

GASB 75 generally requires that a blended discount rate be used to measure the total OPEB liability. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position (fair value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher)

municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses.

6. Assumed Asset Allocation

Asset Class/Strategy	OIC Policy Range		OIC Target Allocation	Actual Allocation ²
	Low	High		
Debt Securities	15.0 %	25.0 %	20.0 %	19.8 %
Public Equity	25.0	35.0	30.0	21.2
Real Estate	7.5	17.5	12.5	13.6
Private Equity	15.0	27.5	20.0	28.0
Risk Parity	0.0	3.5	2.5	2.0
Real Assets	2.5	10.0	7.5	7.9
Diversifying Strategies	2.5	10.0	7.5	4.9
Opportunity Portfolio ¹	0.0	5.0	0.0	2.6
Total			100.0 %	100.0 %

¹ Opportunity Portfolio is an investment strategy and it may be invested up to 5% of total plan net assets.

² Based on actual investment value at 6/30/2022.

7. 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 OPERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. 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. For more information on the Plan's portfolio, assumed arithmetic and geometric means, see PERS' audited financial statements at:

<https://www.oregon.gov/pers/Documents/Financials/ACFR/2022-Annual-Comprehensive-Financial-Report.pdf>

Long-term Expected Rate of Return ¹

Asset Class	Target Allocation	Annual Arithmetic Return ²	20-Year Annualized Geometric Mean	Annual Standard Deviation
Global Equity	30.62%	7.11%	5.85%	17.05%
Private Equity	25.50	11.35	7.71	30.00
Core Fixed Income	23.75	2.80	2.73	3.85
Real Estate	12.25	6.29	5.66	12.00
Master Limited Partnership	0.75	7.65	5.71	21.30
Infrastructure	1.50	7.24	6.26	15.00
Commodities	0.63	4.68	3.10	18.85
Hedge Fund of Funds - Multistrategy	1.25	5.42	5.11	8.45
Hedge Fund Equity - Hedge	0.63	5.85	5.31	11.05
Hedge Fund - Macro	5.62	5.33	5.06	7.90
US Cash	-2.50 ³	1.77	1.76	1.20
Assumed Inflation - Mean			2.40%	1.65%

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted by the OIC Meeting on June 2, 2021.

² The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

³ Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy

8. Sensitivity of the Net OPEB Asset

The following presents the Agency's net OPEB asset, as well as what the asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

	1% Decrease	Discount Rate	1% Increase
Agency's proportionate share of net OPEB asset	\$ 167,581	\$ 185,936	\$ 201,671

The RHIA plan is unaffected by health care cost trends since the benefit is limited to a \$60 monthly payment toward Medicare companion insurance premiums. Consequently, disclosure of a healthcare cost trend analysis is not applicable.

E. Related Party Transactions

The Agency has a lease agreement with Washington County for the central dispatch facility. The lease requires payment of one dollar per year and renews automatically unless one of the parties takes action to terminate it.

The Agency is dependent on participating governments, which are all Oregon municipal corporations, for most of its revenues. The Agency also is involved in various transactions for goods and services provided to these participating governments. These transactions are summarized as follows:

	Charges for Services			
	State 9-1-1 Excise Taxes	Fees	Maintenance	Total
Participants:				
Washington County	\$ 2,233,478	\$ 2,879,800	\$ 3,193	\$ 2,882,993
City of Hillsboro	1,003,736	2,019,132	5,479	2,024,611
Tualatin Valley Fire and Rescue	-	2,423,019	8,880	2,431,899
City of Beaverton	906,069	1,519,294	4,663	1,523,958
City of Tigard	515,075	759,522	2,222	761,744
City of Forest Grove	244,379	551,246	741	551,987
City of Tualatin	257,897	391,835	-	391,835
City of Sherwood	188,503	249,595	1,509	251,104
City of Cornelius	127,570	194,182	-	194,182
City of King City	47,890	25,364	-	25,364
Banks Fire District No. 13	-	35,191	380	35,571
City of Gaston	6,233	27,673	-	27,673
City of North Plains	31,869	15,276	-	15,276
City of Durham	17,998	12,078	-	12,078
City of Banks	16,904	8,815	-	8,815
Subtotal related party transactions	5,597,601	11,112,024	27,068	11,139,092
Non-related parties:				
Clackamas County 800 Radio Group	-	963,181	17,505	980,686
Miscellaneous other contracts	-	133,999	7,098	141,097
Subtotal non-related party transactions	-	1,097,180	24,603	1,121,782
Total	\$ 5,597,601	\$ 12,209,204	\$ 51,671	\$ 12,260,875

F. Asset Retirement Obligation

An Asset Retirement Obligation (ARO) is a legally enforceable liability associated with the retirement of a tangible capital asset that has a substantial cost to a government. An ARO is recognized when the liability is incurred and reasonably estimable. Incurrence of a liability requires both an internal obligating event and an external obligating event resulting from normal operations. An internal obligating event includes acquiring or placing a capital asset into operation. An external obligating event requires federal, state, or local laws or regulations, a binding contract, or issuance of a court judgement requiring specific actions to retire an asset.

The Agency operates and maintains cell towers on leased land with varying initial and renewal lease terms. Currently, the Agency does not foresee terminating these lease agreements or decommissioning these towers into the foreseeable future. However, if a lease were to terminate and Agency were to decommission these towers there are specific decommissioning requirements within the lease agreements.

The Agency developed an estimate to support these potential decommissioning costs and presents a liability at June 30, 2023, of \$2,529,359 and a deferred outflow of \$294,611. The obligation will be paid from operating income; no assets have been set aside to fund this obligation.

G. Leases

Agency as Lessee

At June 30, 2023, the Agency used its lease policy to evaluate financial agreements that are potential leases in which the Government serves as the lessee. At June 30, 2023, the Agency has 12 lease payables in which it is acting as Lessee for Communication Towers and two leases for copier equipment. The Agency's schedule of future payments included in the measurement of the lease payable is as follows:

Lease Type	Start Date	Initial Term	Extensions up to:	Lease Payable at 6/30/23
Communications Tower	5/10/2006	20 years		\$ 10,920
Communications Tower	6/21/2017	5 years	25 years	382,816
Communications Tower	3/16/2006	20 years		171,559
Communications Tower	2/10/2017	10 years	20 years	344,534
Communications Tower	2/6/2018	5 years	25 years	315,780
Communications Tower	1/1/2018	5 years	15 years	114,140
Communications Tower	4/28/2008	10 years	10 years	19,017
Communications Tower	8/25/2017	5 years	25 years	390,314
Communications Tower	7/1/2006	10 years	20 years	113,732
Communications Tower	12/2/2005	20 years		171,559
Communications Tower	7/12/2018	5 years	25 years	397,273
Communications Tower	5/31/2006	10 years	20 years	107,458
Equipment	2/15/2023	5 years		26,408
Equipment	3/2/2023	3 years		11,805
Total \$				2,577,315

	Lease Payables		
	Principal	Interest	Total Requirements
2024	\$ 75,736	\$ 46,551	\$ 122,033
2025	80,264	44,792	125,055
2026	93,355	42,939	136,294
2027	91,203	41,032	132,235
2028	89,515	39,180	128,695
2029-2033	496,720	171,382	668,103
2034-2038	560,758	124,104	684,862
2039-2043	585,624	75,788	661,413
2044-2048	504,141	21,656	525,796
	<u>\$ 2,577,315</u>	<u>\$ 607,425</u>	<u>\$ 3,184,486</u>

H. Implementation of New Government Accounting Standards Board Pronouncements

At June 30, 2023, the Agency implemented the following GASB Statements:

GASB 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. This statement requires recognition of certain subscription assets and liabilities for arrangements that previously were classified as operating expense and recognized as outflows of resources based on the payment provisions of the contract. It establishes a single model for SBITA accounting based on the foundational principle that SBITAs are financings of the rights to use an underlying information technology software asset.

As a result of implementing this GASB, the Agency has no SBITA agreements to report.

Required Supplementary Information

Washington County Consolidated Communications Agency

Schedule of the Agency's Proportionate Share of the Net Pension (Asset)/Liability
Last Ten Fiscal Years

Oregon Public Employee Retirement Pension Plan (OPERS)

Fiscal Year¹ Ending June 30,	Agency's proportion of the net pension (asset)/ liability (percent)	Agency's proportionate share of the net pension (asset)/ liability	Agency's covered payroll	Agency's proportionate share of the net pension (asset)/ liability as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension (asset)/liability
2023	0.07214377 %	\$ 11,046,659	\$ 8,766,115	126.02%	84.50%
2022	0.07308331	8,745,500	8,063,384	108.46	87.60
2021	0.07507900	16,384,820	7,430,472	220.51	75.79
2020	0.07473440	12,927,261	7,380,533	175.15	80.23
2019	0.07519957	11,391,744	7,503,657	151.82	82.07
2018	0.07828842	10,553,309	7,151,402	147.57	83.12
2017	0.08516355	12,785,026	6,941,076	184.19	80.53
2016	0.09080452	5,213,506	6,761,313	77.11	91.90
2015	0.09330689	(2,115,001)	6,342,592	-33.35	103.57
2014	0.09330689	4,761,587	6,284,821	75.76	92.00

¹ Measurement date is one year in arrears.

Washington County Consolidated Communications Agency

Schedule of the Agency's Pension Plan Contributions
Last Ten Fiscal Years

Oregon Public Employee Retirement Pension Plan (OPERS)

Fiscal Year Ending June 30,	Contractually required contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Agency's covered payroll	Contributions as a percentage of covered employee payroll
2023	\$ 1,905,276	\$ 1,905,276	\$ -	\$ 8,867,530	21.49%
2022	1,822,261	1,822,261	-	8,766,115	20.79
2021	1,664,823	1,664,823	-	8,063,384	20.65
2020	1,561,389	1,561,389	-	7,430,472	21.01
2019	1,215,215	1,215,215	-	7,380,533	16.47
2018	1,188,166	1,188,166	-	7,503,657	15.83
2017	949,904	949,904	-	7,151,402	13.28
2016	924,640	924,640	-	6,941,076	13.32
2015	820,785	820,785	-	6,761,313	12.14
2014	762,490	762,490	-	6,342,592	12.02

Washington County Consolidated Communications Agency

Schedule of the Changes in the Agency's Total OPEB Liability and Related Ratios Last Ten Fiscal Years

Implicit Rate Subsidy Plan

Fiscal Year ¹ Ending June 30,	Beginning Total OPEB Liability	Service cost	Interest	Assumption changes	Economic/ demographic (gains) or losses	Benefit payments	Ending Total OPEB Liability	Covered Employee Payroll	Total OPEB Liability as a percentage of Covered Employee Payroll
2023	\$ 548,319	\$ 30,004	\$ 12,173	\$ (96,871)	\$ 123,230	\$ (29,691)	\$ 587,164	\$ 8,766,115	6.70%
2022	540,792	29,123	12,201	2,055	-	(35,852)	548,319	8,063,384	6.80
2021	501,204	24,191	17,706	7,142	29,896	(39,347)	540,792	7,430,472	7.28
2020	480,792	21,329	18,759	15,444	-	(35,120)	501,204	7,380,533	6.79
2019	520,009	25,257	19,123	(53,890)	(7,320)	(22,387)	480,792	7,503,657	6.41
2018	532,549	27,546	15,695	(36,837)	-	(18,944)	520,009	7,151,402	7.27
2017	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²	532,549	6,941,076	7.67
2016	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²	6,761,313	N/A ²
2015	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²	6,342,592	N/A ²
2014	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²	6,284,821	N/A ²

¹ Measurement date is one year in arrears.

² Actuarial information for these earlier fiscal years is not available.

Washington County Consolidated Communications Agency

Schedule of Proportionate Share of Net OPEB Liability/ (Asset)
Last Ten Fiscal Years

Other Post Employment Benefits PERS RHIA Plan

Fiscal Year¹ Ending June 30,	Proportion of the net OPEB liability/asset	Proportionate share of the net OPEB liability (asset)	Covered Payroll	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/asset
2023	0.05232690%	\$ (185,936)	\$ 8,766,115	2.12%	194.6%
2022	0.04462508%	(153,243)	8,063,384	1.90%	183.9%
2021	0.03727997%	(75,962)	7,430,472	1.02%	150.1%
2020	0.06624451%	(128,008)	7,380,533	1.73%	144.4%
2019	0.06600722%	(73,682)	7,503,657	0.98%	124.0%
2018	0.06710024%	(28,004)	7,151,402	0.39%	108.9%
2017	0.06959268%	18,899	6,941,076	-0.27%	94.2%
2016	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²
2015	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²
2014	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²

¹ Measurement date is one year in arrears.

² Actuarial information for these earlier fiscal years is not available.

Washington County Consolidated Communications Agency

Schedule of Contributions
Last Ten Fiscal Years

Other Post Employment Benefits PERS RHIA Plan

Fiscal Year Ending June 30,	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2023	\$ 917	\$ 917	\$ -	\$ 8,867,530	0.010%
2022	1,290	1,290	-	8,766,115	0.015%
2021	1,194	1,194	-	8,063,384	0.015%
2020	2,371	2,371	-	7,430,472	0.032%
2019	32,867	32,867	-	7,380,533	0.445%
2018	31,682	31,682	-	7,503,657	0.422%
2017	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²
2016	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²
2015	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²
2014	N/A ²	N/A ²	N/A ²	N/A ²	N/A ²

² Actuarial information for these earlier fiscal years is not available.

Washington County Consolidated Communications Agency
Notes to Required Supplementary Information - Pension

Note 1: Information Provided

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Oregon Public Employees Retirement System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Note 2: Significant Factors

Changes in Assumptions

There were no changes to actuarial methods, economic or demographic assumptions since the December 31, 2020 actuarial valuation.

Note 3: Contribution rates

Rates in effect during the periods covered by the Required Supplemental Information are below:

Period	Tier1/Tier 2 Payroll	OPSRP General Services Payroll	OPSRP Police and Fire Payroll
7/1/2021-6/30/2023	25.08%	21.47%	25.83%
7/1/2019-6/30/2021	25.22%	19.29%	23.92%
7/1/2017-6/30/2019	21.75%	14.74%	19.51%
7/1/2015-6/30/2017	17.53%	11.79%	15.90%
7/1/2013-6/30/2015	14.10%	11.78%	14.51%

Washington County Consolidated Communications Agency
Notes to Required Supplementary Information - OPEB

Single Employer OPEB Plan

Changes in Assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used during each period.

FY2019	3.87%
FY2020	3.50%
FY2021	2.21%
FY2022	2.16%
FY2023	3.54%

There are no assets accumulated in a trust that meet the criteria of GASB 75, to pay related benefits.

OPERS Retirement Health Insurance Account

Changes in Assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used during each period.

FY2019	7.20%
FY2021	7.20%
FY2022	6.90%
FY2023	6.90%

There were no changes to the actuarial methods, economic or demographic assumptions since the December 31, 2020 actuarial valuation.

Other Supplementary Information

Major Governmental Fund

Capital Projects Fund – Accounts for the restricted revenue of the shared local option level tax funds accumulated to replace Agency equipment.

Washington County Consolidated Communications Agency

Capital Projects Fund

Schedule of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget</u>
	<u>Original and Final</u>	<u>Actual</u>	
REVENUES			
Investment earnings	\$ -	\$ 32,870	\$ 32,870
Intergovernmental	4,200,000	2,532,007	(1,667,993)
Total revenues	<u>4,200,000</u>	<u>2,564,877</u>	<u>(1,635,123)</u>
EXPENDITURES			
Capital outlay	4,200,000	2,856,248	1,343,752
Operating contingency	1,000,000	-	1,000,000
Total expenditures	<u>5,200,000</u>	<u>2,856,248</u>	<u>2,343,752</u>
Changes in fund balances	<u>(1,000,000)</u>	<u>(291,371)</u>	<u>708,629</u>
Fund balances, June 30, 2022	<u>1,270,156</u>	<u>1,001,638</u>	<u>268,518</u>
Fund balances, June 30, 2023	<u>\$ 270,156</u>	<u>\$ 710,267</u>	<u>\$ 440,111</u>

Statistical Section

This part of the Agency's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information says about the Agency's overall financial health.

Financial Trends – These schedules contain trend information to help the reader understand how the Agency's financial performance and well-being have changed over time.

Revenue Capacity – This schedule contains information to help the reader assess the Agency's most significant local revenue sources, charges for services, which are paid through contracts with participating governments.

Debt Capacity – This schedule presents information to help the reader assess the Agency's level of debt reflected in the financial statements.

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the Agency's financial activities take place.

Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in the Agency's financial report relates to the services the Agency provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

Washington County Consolidated Communications Agency

Net Position by Component Last Ten Fiscal Years

	As of June 30,									
	2014	Restated 2015	2016	2017	Restated 2018	2019	2020	2021	2022	2023
Government Activities:										
Investment in capital assets	\$ 5,113,490	\$ 3,949,524	\$ 3,616,090	\$ 4,304,180	\$ 26,423,619	\$ 39,949,800	\$ 25,149,526	\$ 32,124,699	\$ 38,234,436	\$ 40,779,629
Restricted	370,219	635,915	352,190	600,779	770,890	928,539	868,098	1,190,632	1,154,880	896,203
Unrestricted	(399,030)	2,211,473	(1,793,752)	(3,650,752)	(3,653,830)	(2,960,578)	(3,048,409)	(6,053,293)	(4,580,970)	(3,174,513)
Total net position	<u>\$ 5,084,679</u>	<u>\$ 6,796,912</u>	<u>\$ 2,174,528</u>	<u>\$ 1,254,207</u>	<u>\$ 23,540,679</u>	<u>\$ 37,917,761</u>	<u>\$ 22,969,215</u>	<u>\$ 27,262,038</u>	<u>\$ 34,808,346</u>	<u>\$ 38,501,319</u>

Washington County Consolidated Communications Agency

Changes in Net Position Last Ten Fiscal Years

	For the Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
EXPENSES										
Public safety - dispatch service	\$ 13,607,448	\$ 11,063,282	\$ 18,152,021	\$ 15,054,499	\$ 14,993,832	\$ 13,967,529	\$ 16,488,850	\$ 18,720,797	\$ 16,169,528	\$ 17,211,779
Interest	-	-	-	-	-	-	-	-	24,989	54,400
Total expenditures	<u>13,607,448</u>	<u>11,063,282</u>	<u>18,152,021</u>	<u>15,054,499</u>	<u>14,993,832</u>	<u>13,967,529</u>	<u>16,488,850</u>	<u>18,720,797</u>	<u>16,194,517</u>	<u>17,266,179</u>
PROGRAM REVENUES										
Charges for services	9,048,027	9,461,175	9,828,236	10,265,973	11,015,612	11,239,496	11,825,201	11,304,532	11,776,560	12,260,875
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	194,400	350,000	1,072,717	22,812,685	14,223,953	9,129,174	6,693,335	5,946,913	2,532,007
Total program revenues	<u>9,048,027</u>	<u>9,655,575</u>	<u>10,178,236</u>	<u>11,338,690</u>	<u>33,828,297</u>	<u>25,463,449</u>	<u>20,954,375</u>	<u>17,997,867</u>	<u>17,723,473</u>	<u>14,792,882</u>
Net program revenues (expense)	<u>(4,559,421)</u>	<u>(1,407,707)</u>	<u>(7,973,785)</u>	<u>(3,715,809)</u>	<u>18,834,465</u>	<u>11,495,920</u>	<u>4,465,525</u>	<u>(722,930)</u>	<u>1,528,956</u>	<u>(2,473,297)</u>
GENERAL REVENUES AND CONTRIBUTIONS										
9-1-1 taxes	2,558,815	2,556,776	2,818,260	2,905,401	3,025,198	3,116,690	3,691,750	4,721,269	5,643,555	5,597,601
Investment earnings	27,074	24,939	32,529	53,106	92,571	165,151	161,375	63,602	48,393	264,290
Miscellaneous	423,333	538,225	500,612	350,586	334,238	203,285	244,553	230,882	325,404	304,379
Total general revenues	<u>3,009,222</u>	<u>3,119,940</u>	<u>3,351,401</u>	<u>3,309,093</u>	<u>3,452,007</u>	<u>3,485,126</u>	<u>4,097,678</u>	<u>5,015,753</u>	<u>6,017,352</u>	<u>6,166,270</u>
Contributions of capital assets	-	-	-	-	-	-	(22,036,100)	-	-	-
CHANGE IN NET POSITION	<u><u>\$ (1,550,199)</u></u>	<u><u>\$ 1,712,233</u></u>	<u><u>\$ (4,622,384)</u></u>	<u><u>\$ (406,716)</u></u>	<u><u>\$ 22,286,472</u></u>	<u><u>\$ 14,981,046</u></u>	<u><u>\$ (13,472,897)</u></u>	<u><u>\$ 4,292,823</u></u>	<u><u>\$ 7,546,308</u></u>	<u><u>\$ 3,692,973</u></u>

Washington County Consolidated Communications Agency

Fund Balances, Governmental Funds Last Ten Fiscal Years

	As of June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
GENERAL FUND										
Non-spendable	\$ 294,240	\$ 39,839	\$ 40,541	\$ 150,876	\$ 58,276	\$ 207,192	\$ 215,344	\$ 397,279	\$ 271,719	\$ 371,695
Unassigned	3,831,148	3,884,566	3,965,856	3,750,943	4,508,904	5,858,200	7,476,537	7,258,577	8,365,916	9,394,267
Total general fund	<u>\$ 4,125,388</u>	<u>\$ 3,924,405</u>	<u>\$ 4,006,397</u>	<u>\$ 3,901,819</u>	<u>\$ 4,567,180</u>	<u>\$ 6,065,392</u>	<u>\$ 7,691,881</u>	<u>\$ 7,655,856</u>	<u>\$ 8,637,635</u>	<u>\$ 9,765,962</u>
ALL OTHER GOVERNMENTAL FUNDS										
Restricted, reported in:										
Capital projects fund	\$ 370,219	\$ 635,915	\$ 352,190	\$ 600,777	\$ 770,890	\$ 928,539	\$ 740,090	\$ 1,114,670	\$ 1,001,637	\$ 710,267
Total all other governmental funds	<u>\$ 370,219</u>	<u>\$ 635,915</u>	<u>\$ 352,190</u>	<u>\$ 600,777</u>	<u>\$ 770,890</u>	<u>\$ 928,539</u>	<u>\$ 740,090</u>	<u>\$ 1,114,670</u>	<u>\$ 1,001,637</u>	<u>\$ 710,267</u>

Washington County Consolidated Communications Agency

Changes in Fund Balances, Governmental Funds Last Ten Fiscal Years

	For the Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Taxes	\$ 2,560,815	\$ 2,566,276	\$ 2,760,760	\$ 2,876,401	\$ 2,995,198	\$ 3,092,690	\$ 3,364,750	\$ 4,546,269	\$ 5,545,499	\$ 5,570,657
Intergovernmental	218,688	288,432	568,688	1,072,717	22,812,685	14,223,953	9,129,174	6,693,335	5,946,913	2,532,007
Investment earnings	27,075	24,939	32,529	53,106	92,571	165,151	161,375	63,602	48,393	264,290
Charges for services	9,048,027	9,461,175	9,828,236	10,265,973	11,015,612	11,239,496	11,825,201	11,304,532	11,776,560	12,260,875
Grants	-	194,400	-	-	-	-	-	-	-	-
Miscellaneous	204,645	249,793	305,570	350,586	334,238	203,285	244,553	230,882	325,404	304,379
Total revenues	12,059,250	12,785,015	13,495,783	14,618,783	37,250,304	28,924,575	24,725,053	22,838,620	23,642,769	20,932,208
EXPENDITURES										
Public safety	11,872,734	12,445,635	12,567,944	12,835,884	13,642,441	13,139,234	13,862,236	15,002,727	16,105,542	16,902,887
Capital outlay	37,059	274,667	1,129,572	1,638,890	22,772,391	14,129,480	9,424,777	7,497,338	6,668,481	3,121,751
Debt service	-	-	-	-	-	-	-	-	130,057	111,563
Total expenditures	11,909,793	12,720,302	13,697,516	14,474,774	36,414,832	27,268,714	23,287,013	22,500,065	22,774,023	20,136,201
Excess (deficiency) of revenues over expenditures	149,457	64,713	(201,733)	144,009	835,472	1,655,861	1,438,040	338,555	868,746	796,007
OTHER FINANCING SOURCES (USES)										
Issuance of Debt	-	-	-	-	-	-	-	-	-	40,950
Transfers in	-	250,000	250,000	250,000	150,000	150,000	-	-	-	-
Transfers out	-	(250,000)	(250,000)	(250,000)	(150,000)	(150,000)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	40,950
Net change in fund balances	\$ 149,457	\$ 64,713	\$ (201,733)	\$ 144,009	\$ 835,472	\$ 1,655,861	\$ 1,438,040	\$ 338,555	\$ 868,746	\$ 836,957
Debt Service as a Percentage of Non-Capital Expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.81%	0.66%

Washington County Consolidated Communications Agency

Principal Contract Revenue Payers Last Ten Fiscal Years

	For the Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Washington County	\$ 2,028,264	\$ 2,143,902	\$ 2,350,589	\$ 2,461,901	\$ 2,645,367	\$ 2,676,852	\$ 2,740,879	\$ 2,707,343	\$ 2,857,550	\$ 2,882,996
Tualatin Valley Fire & Rescue	1,587,534	1,666,547	1,797,370	2,055,447	2,205,483	2,258,691	2,382,372	2,241,573	2,307,667	2,431,899
City of Hillsboro	1,567,470	1,661,963	1,628,101	1,723,938	1,843,349	1,854,519	1,919,738	1,873,514	1,930,046	2,024,611
City of Beaverton	1,147,549	1,203,975	1,262,403	1,303,350	1,363,927	1,383,543	1,489,527	1,457,291	1,469,068	1,523,957
City of Tigard	572,358	602,656	583,600	585,839	640,830	661,408	715,891	691,316	714,803	761,744
City of Forest Grove	357,190	372,361	424,425	438,674	489,089	490,214	511,123	506,225	536,347	551,987
City of Tualatin	312,673	327,794	329,417	331,967	362,766	370,828	378,512	361,368	367,201	391,835
City of Sherwood	221,105	235,088	198,587	205,461	226,514	217,654	231,418	236,209	231,840	251,104
City of Cornelius	152,213	153,695	151,343	165,127	167,811	196,940	200,761	191,185	186,501	194,182
Washington County Fire District #2	62,179	64,340	64,873	-	-	-	-	-	-	-
City of Banks & Banks FD#13	34,740	35,994	36,856	39,233	40,775	40,272	41,480	41,827	46,494	44,386
City of Gaston	24,192	24,916	25,664	26,634	27,648	25,324	26,085	26,085	26,867	27,673
City of King City	20,024	21,072	21,314	22,044	22,907	23,212	23,908	23,908	25,309	25,364
City of North Plains	12,270	12,624	12,923	15,776	13,572	13,980	14,399	14,399	14,831	15,276
City of Durham	12,784	13,168	13,564	14,076	14,388	11,384	11,384	11,384	11,726	12,078
C800 Radio Group	672,133	630,756	610,952	620,474	706,030	750,898	892,306	767,763	898,832	980,686
Total	\$ 8,784,678	\$ 9,170,851	\$ 9,511,981	\$ 10,009,941	\$ 10,770,456	\$ 10,975,719	\$ 11,579,783	\$ 11,151,390	\$ 11,625,082	\$ 12,119,778

Source: The Agency's basic financial statements, current and prior.

Washington County Consolidated Communications Agency

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	<u>Lease Obligations</u>	<u>Total Outstanding Debt</u>	<u>Debt per capita¹</u>	<u>Percentage of Personal Income¹</u>
2023	\$ 2,577,315	\$ 2,577,315	\$ N/A	\$ N/A
2022	2,613,903	2,613,903	4.29	N/A
2021	-	-	-	-
2020	-	-	-	-
2019	-	-	-	-
2018	-	-	-	-
2017	-	-	-	-
2016	-	-	-	-
2015	-	-	-	-
2014	-	-	-	-

(1) Population based on Demographic and Economic Statistics.

Current year population and income and prior year's income not available at the time of this writing.

Washington County Consolidated Communications Agency

Demographic and Economic Statistics Last Ten Fiscal Years

For the Year Ended June 30,	Population ⁽¹⁾	Per Capita Income (Washington County) ⁽³⁾	Total Personal Income (Washington County) (in thousands) ⁽³⁾	Unemployment Rate (%) (Washington County) ⁽²⁾
2023	(A)	(A)	(A)	(A)
2022	609,219	(A)	(A)	3.3%
2021	605,036	\$73,380	\$44,040,839	4.5
2020	620,080	71,537	42,980,422	5.3
2019	613,410	64,043	38,527,576	3.7
2018	606,280	60,971	36,442,209	3.6
2017	595,860	57,787	34,161,728	3.7
2016	583,595	55,017	32,175,890	4.5
2015	507,510	53,899	30,877,272	5.0
2014	560,465	50,569	28,446,967	5.8
2013	550,990	46,757	25,969,097	6.6

(A) Information is not available at the time of this report.

Notes: Information regarding the median age and education level of the Agency's population is not available.

Sources: Estimated information provided by:

- (1) Portland State University Population Research Center as of July 1st of each year.
- (2) State of Oregon Employment Department as of June 30th of each year.
- (3) U.S. Department of Commerce, Bureau of Economic Analysis

Washington County Consolidated Communications Agency

Major Employment Sectors
Current Year and Nine Years Ago

	<u>June 2023</u>	<u>% of total</u>	<u>June 2014</u>	<u>% of total</u>
For Washington County, Oregon:				
Total nonfarm employment	309,398		264,934	
Total private	284,482		243,146	
Natural resources and mining	3,166	1%	3,148	1%
Agriculture, Forestry, Fishing and Hunting	3,008		2,924	
Mining, Quarrying and Oil and Gas Extraction	158		224	
Construction	18,955	6%	13,322	5%
Manufacturing	53,543	17%	45,162	17%
Trade, transportation and utilities	54,053	17%	47,145	18%
Wholesale trade	14,515		12,758	
Retail trade	2,925		30,172	
Transportation, warehousing and utilities	7,065		4,215	
Information	7,095	2%	7,470	3%
Financial activities	14,137	5%	14,104	5%
Professional and business services	56,227	18%	50,007	19%
Professional and technical services	16,744		13,682	
Management of companies and enterp.	17,688		12,828	
Administration and support services	21,796		22,906	
Waste management	1,020		591	
Education and health services	39,665	13%	31,712	12%
Leisure and hospitality	26,696	9%	22,499	9%
Other services	10,085	3%	8,568	3%
Unclassified	859	0%		0%
Government	24,916	9%	21,789	8%
Federal government	960		709	
State government	2,848		2,965	
Local government	21,108		18,114	

Source: State of Oregon Employment Department, Oregon Labor Market Information System

Washington County Consolidated Communications Agency

Principal Taxpayers Within the County
Current Year and Nine Years Ago

	<u>For year ended June 30, 2023</u>			<u>For year ended June 30, 2014</u>		
	<u>Rank</u>	<u>Assessed Value (thousands)</u>	<u>% of Total</u>	<u>Rank</u>	<u>Assessed Value (thousands)</u>	<u>% of Total</u>
Intel	1	\$ 1,895,003	27.8%	1	\$ 1,269,465	33.4%
Nike, Inc.	2	1,464,501	21.5%	2	566,111	14.9%
Portland General Electric	3	1,124,598	16.5%	3	412,348	10.9%
Northwest Natural Gas Co	4	468,313	6.9%	5	299,588	7.9%
Pacific Realty Associates	5	440,232	6.5%	4	308,313	8.1%
Verizon Communications	6	360,262	5.3%			
Genentech Inc	7	328,239	4.8%			
Comcast Corporation	8	274,530	4.0%	6	267,863	7.0%
Lam Research Corporation	9	230,443	3.4%			
Northwest Fiber	10	223,357	3.3%			
Frontier Communications				7	249,585	6.6%
Fred Meyer Stores, Inc.				8	149,478	3.9%
Maxim Integrated Products Ltd				9	142,394	3.7%
PPR Washington Square LLC				10	134,846	3.5%
Total		<u>\$ 6,809,477</u>	<u>100.0%</u>		<u>\$ 3,799,991</u>	<u>100.0%</u>

Source: Washington County, Oregon

Washington County Consolidated Communications Agency

Full-time Equivalent Agency Employees by Function Last Ten Fiscal Years

	For the Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety										
Dispatchers	62.0	60.0	58.0	63.0	59.0	59.0	56.0	62.8	64.0	59.0
Operations Supervisors	6.0	6.0	7.0	6.0	6.0	5.0	5.0	9.0	8.5	6.0
Technical Services	10.5	10.5	11.9	12.9	12.9	11.5	12.5	12.4	12.4	13.0
Performance Management	4.5	4.5	4.5	4.5	4.5	3.5	-	-	-	-
Administration and Other	5.1	6.1	6.1	6.1	5.1	6.0	11.8	7.6	7.5	12.5
Total	88.1	87.1	87.5	92.5	87.5	85.0	85.3	91.7	92.4	90.5

Source: The Agency's Administration/Human Resources

Washington County Consolidated Communications Agency

Operating Indicator by Function
Last Ten Fiscal Years

	For the Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety										
Dispatch service calls	457,858	493,688	505,794	507,291	515,690	514,466	480,541	441,916	421,515	478,827

Source: The Agency's Information Technology

Washington County Consolidated Communications Agency

Capital Asset Statistics by Function
Last Ten Fiscal Years

	For the Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety										
Communications Network	3	3	3	3	3	4	5	6	6	6
Radio Towers	13	13	13	13	13	16	22	22	22	22
Radios, Mobile and Portable	7,830	7,688	7,812	7,884	7,777	7,171	11,226	10,634	9,733	9,752

Source: The Agency's Radio Services

Independent Auditor's Report
on
Compliance and Internal Control
over
Financial Reporting Based
on an
Audit of Financial Statements
Performed in Accordance
with
Oregon State Regulations



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
OREGON STATE REGULATIONS**

Board of Commissioners
Washington County Consolidated Communications Agency
Beaverton, Oregon

We have audited the financial statements of the governmental activities and each major fund of Washington County Consolidated Communications Agency (the Agency), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 14, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Agency'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 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- 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 Agency 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 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
OREGON STATE REGULATIONS (Continued)**

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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

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

Purpose of This Report

This report is intended solely for the information and use of the Board of Commissioners, Oregon Secretary of State Audits Division, and management and is not intended to be and should not be used by anyone other than these specified parties.

Talbot, Kowolot & Warwick, LLP

Portland, Oregon
December 14, 2023