



Financial Statements

As of and For the Year Ended June 30, 2020

Deschutes County 9-1-1 County Service District

A Component Unit of Deschutes County, Oregon

Deschutes County 9-1-1 County Service District
A Component Unit of Deschutes County, Oregon
Table of Contents
June 30, 2020

Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
Financial Statements	
Statement of Net Position	10
Statement of Activities.....	11
Balance Sheet – General Fund.....	12
Reconciliation of the Governmental Fund Balance Sheet for the General Fund to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund.....	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the General Fund to the Statement of Activities.....	15
Notes to Financial Statements.....	16
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual –General Fund.....	34
Schedule of Proportionate Share of the Net Pension Liability (Asset).....	35
Schedule of Employer Contributions.....	36
Schedule of Changes in Total OPEB Liability	37
Notes to Required Supplementary Information	38
Other Supplementary Information	
Schedule of Property Tax Transactions	39
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> ..	40
Audit Comments and Disclosures Required by State Regulations.....	42
Independent Auditor’s Report Required by Oregon State Regulations.....	43



Independent Auditor's Report

The Deschutes County Commissioners
Deschutes County 9-1-1 County Service District
A Component Unit of Deschutes County, Oregon
Bend, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of Deschutes County 9-1-1 County Service District (the District), a component unit of Deschutes County, Oregon, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the District, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1, the financial statements of the District are intended to present the financial position and changes in financial position attributable to the District. They do not purport to, and do not present fairly the financial position of Deschutes County, Oregon as of June 30, 2020, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions have not been modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund (budgetary schedule), schedule of proportionate share of the net pension liability (asset), the schedule of employer contributions, and schedule of changes in District's total OPEB liability (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary schedule described above 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 budgetary schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s financial statements. The schedule of property tax transactions (supplementary information) are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2021 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards of Audits of Oregon Municipal Corporations*, we have issued our report dated January 15, 2021 on our consideration of the District’s compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



For Eide Bailly LLP
Boise, Idaho
January 15, 2021

As management of Deschutes County 9-1-1 County Service District (the District), a component unit of Deschutes County, Oregon, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020.

Financial Highlights

- The assets and deferred outflows of resources of Deschutes County 9-1-1 County Service District exceeded its liabilities and deferred inflows of resources at June 30, 2020, by \$11,840,238. Of this amount, \$3,531,910 is unrestricted.
- Total net position increased by \$166,835, from June 30, 2019.
- As of June 30, 2020, Deschutes County 9-1-1 County Service District's governmental funds reported a combined ending fund balance of \$9,202,696.
- As of June 30, 2020, the unassigned fund balance in the General Fund was \$9,202,696 or 82%, of total General Fund Fiscal Year 2020 revenues.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Deschutes County 9-1-1 County Service District's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Deschutes County 9-1-1 County Service District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Deschutes County 9-1-1 County Service District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the fiscal year ended June 30, 2020. Changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items, for example, accrued property taxes and accrued vacation that will result in cash flows in future fiscal periods.

Each of these government-wide financial statements, Statement of Net Position and Statement of Activities, show the functions of the District that are supported primarily by taxes and intergovernmental revenues (governmental activities). The governmental activity of the District is public safety.

The government-wide financial statements can be found on pages 10-11 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 District, like other state and local government entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Each of the funds of the District is classified as governmental funds.

Governmental funds Governmental funds are used to account for essentially the same functions 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 evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. A reconciliation from the Governmental Fund Balance Sheet for the General Fund to the Government-wide Statement of Net Position and a reconciliation from the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance of the General Fund to the Government-wide Statement of Activities have been included in this report.

The District reported activity in one governmental fund during the Fiscal Year ended June 30, 2020.

The District adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with the annual budget.

The General Fund Financial Statements can be found on pages 12 and 14 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16-33 of this report.

Government-wide Financial Analysis

Net position, at a specific point in time, serves as a useful indicator of an entity's financial position. In the case of Deschutes County 9-1-1 County Service District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$11,840,238 at June 30, 2020.

Approximately 70%, \$8,308,328 of the District's net position represents its investment in capital assets. The District uses these capital assets to provide services to citizens and are, therefore, not available for future spending.

Deschutes County 9-1-1 County Service District
A Component Unit of Deschutes County, Oregon
Management's Discussion and Analysis
June 30, 2020

The remaining 30%, \$3,531,910, of Deschutes County 9-1-1 County Service District's net position may be used to meet the District's on-going obligations to citizens and creditors.

The District's net position increased by \$166,835 during the year ended June 30, 2020.

A comparison of the summarized government-wide statements to the prior year is as follows:

Statements of Net Position			
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Change</u>
Assets			
Current and other assets	\$ 9,941,407	\$ 9,439,636	\$ 501,771
Capital assets	8,308,328	8,579,543	(271,215)
Total assets	18,249,735	18,019,179	230,556
Deferred Outflows of Resources	3,004,853	1,918,095	1,086,758
Liabilities			
Current liabilities	161,054	104,258	56,796
Noncurrent liabilities	8,423,780	7,250,968	1,172,812
Total liabilities	8,584,834	7,355,226	1,229,608
Deferred Inflows of Resources	829,516	908,644	(79,128)
Net Position			
Investment in capital assets	8,308,328	8,579,543	(271,215)
Unrestricted	3,531,910	3,093,860	438,050
Total net position	\$ 11,840,238	\$ 11,673,403	\$ 166,835

Deschutes County 9-1-1 County Service District
A Component Unit of Deschutes County, Oregon
Management's Discussion and Analysis
June 30, 2020

Statements of Activities

	Year Ended June 30, 2020	Year Ended June 30, 2019	Change
Program revenues			
Charges for services	\$ 2,247,548	\$ 1,752,080	\$ 495,468
General revenues			
Property taxes	9,144,309	8,572,315	571,994
Investment earnings	233,275	261,714	(28,439)
Total revenues	11,625,132	10,586,109	1,039,023
Expenses			
Public safety	11,458,297	11,214,357	243,940
Change in Net Position	166,835	(628,248)	795,083
Net Position, Beginning of Year	11,673,403	12,301,651	(628,248)
Net Position, End of Year	\$ 11,840,238	\$ 11,673,403	\$ 166,835

Governmental Activities

Governmental activities, the only type of activity of Deschutes County 9-1-1 County Service District, increased net position by \$166,835 during the Fiscal Year ended June 30, 2020.

Financial Analysis of the District's Funds

Deschutes County 9-1-1 County Service District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

General Fund

The focus of Deschutes County 9-1-1 County Service District's governmental funds are to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing Deschutes County 9-1-1 County Service District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending as of the end of the fiscal year.

As of June 30, 2020, \$9,202,696 is the reported combined ending fund balance for Deschutes County 9-1-1 County Service District's governmental funds, an increase of \$560,605 from June 30, 2019. This increase is due primarily to lower than expected expenditures and partially due to higher than anticipated property tax collections and charges for services.

As of June 30, 2020, the unassigned fund balance of Deschutes County 9-1-1 County Service District's General Fund was \$9,202,696. One measure of the General Fund's liquidity is the relationship of the total fund balance to the Fund's total expenditures. The unassigned fund balance as of June 30, 2020, for the General Fund is 85% of total General Fund Fiscal Year 2020 expenditures.

General Fund Budgetary Highlights

General Fund actual revenues exceeded estimated revenues by \$725,879. Property taxes were \$240,710 in excess of budget, due to conservative budgeting practices in the estimated taxable assessed value growth rate. The amount received for services was \$239,311 more than estimated, and the amount received for intergovernmental revenue was \$218,190 more than estimated.

Capital Asset and Debt Administration

Capital Assets

Deschutes County 9-1-1 County Service District's investment in capital assets for its governmental activities as of June 30, 2020, is \$8,308,328, net of accumulated depreciation. This investment in capital assets includes equipment, vehicles, intangibles and construction in progress on an upgrade to its CAD and communication systems.

Additional information on Deschutes County 9-1-1 County Service District's depreciable capital assets is included in Note 3.

Long-term Debt

Deschutes County 9-1-1 County Service District has no long-term debt; therefore, the District has not been separately rated by any of the bond rating agencies.

Key Economic Factors and Budgets Information for the Future

- In May 2016, the voters approved authorization to form a new district upon withdrawal of territory from the existing District, effective July 1, 2017. Upon the withdrawal and formation, the assets and liabilities of the District were transferred to the new district. The permanent tax rate for the new District is higher than that of the former District thereby eliminating the need to rely on serial levies.
- The District's Assessed Valuation of Taxable Property increased from fiscal year 2020 to fiscal year 2021 by 5.4% to approximately \$27.3 billion.

Request for Information

This financial report is designed to provide a general overview to those parties interested in Deschutes County 9-1-1 County Service District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Deschutes County Finance Department, 1300 NW Wall Street, Suite 200, Bend, Oregon 97703.

Deschutes County 9-1-1 County Service District
A Component Unit of Deschutes County, Oregon
Statement of Net Position
June 30, 2020

	<u>Primary Government - Governmental Activities</u>
Assets	
Current Assets	
Cash and investments	8,968,943
Property taxes receivable	200,695
Accounts receivable	716,628
Prepaid PERS expense	<u>55,141</u>
Total current assets	<u>9,941,407</u>
Capital Assets	
Construction in process	1,190,818
Land improvements	254,783
Equipment and vehicles	10,440,399
Intangible assets	2,847,265
Accumulated depreciation	<u>(6,424,937)</u>
Total capital assets	<u>8,308,328</u>
Total assets	<u>18,249,735</u>
Deferred Outflows of Resources	
Net pension liability:	
Differences between expected and actual experience	345,620
Changes in assumptions or other inputs	850,223
Changes in proportionate share	197,305
Contributions subsequent to the measurement date	<u>1,611,706</u>
Total deferred outflows of resources	<u>3,004,853</u>
Liabilities	
Current liabilities - due within one year	
Accounts payable	161,054
Compensated leave	668,572
Noncurrent liabilities - due in more than one year	
Compensated leave	20,678
Net pension liability	6,267,240
Total OPEB liability	<u>1,467,290</u>
Total liabilities	<u>8,584,834</u>
Deferred Inflows of Resources	
Net pension liability:	
Changes in proportionate share	19,607
Net difference between projected and actual earnings on investments	177,670
Changes between employer's contributions and proportionate share of contributions	122,237
Total OPEB liability:	
Differences between expected and actual experience	211,026
Changes in assumptions or other inputs	<u>298,976</u>
Total deferred inflows of resources	<u>829,516</u>
Net Position	
Investment in capital assets	8,308,328
Unrestricted	<u>3,531,910</u>
Total net position	<u><u>\$ 11,840,238</u></u>

Deschutes County 9-1-1 County Service District
A Component Unit of Deschutes County, Oregon
Statement of Activities
Year Ended June 30, 2020

	Primary Government - Governmental Activities
Expenses	
Public safety	\$ 11,458,297
Program Revenues	
Charges for services	2,247,548
Net program expenses	9,210,748
General Revenues	
Property taxes levied for general purposes	9,144,309
Interest on investments	233,275
Total general revenues	9,377,583
Change in Net Position	166,835
Net Position, Beginning of Year	11,673,403
Net Position, End of Year	\$ 11,840,238

Deschutes County 9-1-1 County Service District
A Component Unit of Deschutes County, Oregon
Balance Sheet – General Fund
June 30, 2020

Assets	
Cash and investments	\$ 8,968,943
Property taxes receivable	200,695
Accounts receivable	<u>716,628</u>
Total assets	<u>\$ 9,886,266</u>
Liabilities	
Accounts payable	<u>\$ 161,054</u>
Deferred Inflows of Resources	
Unavailable revenue - property taxes	170,572
Unavailable revenue - services performed	<u>351,944</u>
Total deferred inflows of resources	<u>522,516</u>
Fund Balance	
Unassigned	<u>9,202,696</u>
Total fund balance	<u>9,202,696</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 9,886,266</u>

Deschutes County 9-1-1 County Service District
A Component Unit of Deschutes County, Oregon
Reconciliation of the of the Governmental Fund Balance Sheet for the General Fund to the
Statement of Net Position
June 30, 2020

Total fund balance for governmental funds	\$ 9,202,696
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Prepaid PERS expenses are not financial resources and, therefore, are not reported in the fund.	55,141
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the Balance Sheet.	8,308,328
Contributions to the pension plan subsequent to measurement date - pension liability	1,611,706
Some of the District's receivables will be collected after year-end, but are not currently available resources and, therefore, are unavailable in the General Fund.	522,516
Compensated absences are reported as expenditures in the period paid and, therefore, are not reported as obligations on the Balance Sheet.	(689,250)
Net pension liability is not due and payable in the current period and, therefore, is not reported on the Balance Sheet.	(6,267,240)
Differences between expected and actual experience - pension liability	345,620
Changes between employer contributions and proportionate share of contributions - pension liability	(122,237)
Changes in proportionate share - pension liability	177,698
Net change in proportionate share - pension liability	(177,670)
Change in assumptions and other inputs - pension liability	850,223
Other post-employment benefits are not due and payable in the current period and, therefore, are not reported on the Balance Sheet.	(1,467,290)
Differences between expected and actual experience - OPEB liability	(211,026)
Change in assumptions and other inputs - OPEB liability	(298,976)
Net Position of Governmental Activities	\$ 11,840,238

Deschutes County 9-1-1 County Service District
A Component Unit of Deschutes County, Oregon
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund
Year Ended June 30, 2020

Revenues	
Property taxes	\$ 9,154,329
Investment earnings	233,275
Charges for services	603,098
Intergovernmental revenue	<u>1,292,506</u>
Total revenues	<u>11,283,209</u>
Expenditures	
Public safety	10,052,812
Capital outlay	<u>669,792</u>
Total expenditures	<u>10,722,604</u>
Net Change in Fund Balance	560,605
Fund Balance, Beginning of Year	<u>8,642,091</u>
Fund Balance, End of Year	<u><u>\$ 9,202,696</u></u>

Deschutes County 9-1-1 County Service District

A Component Unit of Deschutes County, Oregon

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the General Fund to
the Statement of Activities
Year Ended June 30, 2020

Net Change in Fund Balance - Total Governmental Fund	\$ 560,605
Amounts reported for governmental activities in the Statement of Activities are different because:	
Some expenses reported in the Statement of Activities (e.g. the change in prepaid PERS expenses, accrued compensated absences and total OPEB liability) do not require the use of current financial resources and, therefore, are not reported as expenditures	(432,020)
Accounting for the District's defined benefit cost-sharing pension plan.	
Contributions to pension plan made subsequent to measurement date	1,119,063
Pension expense	(1,151,521)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciated expense.	
Capital outlay	683,015
Depreciation	(954,230)
Revenue is recognized under the modified accrual basis of accounting only to the extent it has been collected within sixty days of year-end. On the accrual basis, Statement of Activities, such revenue is recognized regardless of when collected.	
	<u>341,923</u>
Total of reconciling items	<u>(393,770)</u>
Changes in Net Position of Governmental Activities	<u>\$ 166,835</u>

Note 1 - Organization and Summary of Significant Accounting Policies

The District

The Deschutes County 9-1-1 Service District (the District), a component unit of Deschutes County, Oregon, was established under ORS 401.720 on April 13, 1988, for the purpose of providing emergency communication (9-1-1) services for Deschutes County (the County). The County Board of Commissioners is the governing body of the District.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District has no business-type activities or fiduciary funds.

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

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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. It is the District's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered 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 District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues received after this period, are considered unavailable. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and other post-employment benefits are recorded only when payment is due.

Property taxes associated with the fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

As a general rule, the effect of any interfund activity has been eliminated from the government-wide financial statements.

The District reports the following governmental funds:

General Fund - The General Fund is utilized to account for the transactions of the District. Property taxes and law enforcement contracts are its principal sources of revenue. Expenditures are for the operation and administration of the District.

Budget Policy

The District prepares a budget for all funds, which meets the requirements of state laws. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Appropriations are established on a programmatic basis. Budget categories are: public safety, debt service, transfers, and contingency. The detailed budget document contains more specific detailed information for the above-mentioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations resolution. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Appropriations lapse as of year-end.

Reporting Entity

The District's financial statements include the accounts of all District operations. The criteria for including organizations as component units with the District's reporting entity, as set forth in GASB 61, *The Financial Reporting Entity: Omnibus*, include whether:

- The organization is legally separate (can sue and be sued in its own name).
- The District holds the corporate powers of the organization.
- The District appoints a voting majority of the organization's board.
- The District is able to impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the District.
- There is fiscal dependency by the organization on the District.

There were no specific agencies which required consideration under criterion in the current fiscal year for inclusion in the District's reporting entity.

Under the above criterion, the District is includable as a component unit of the financial statements of Deschutes County, since the District's governing board is comprised of the Deschutes County Commissioners. The District also has a seven-member executive board that oversees operations.

Cash, Investments in External Investment Pool and Investment Income

Cash and investments are comprised of funds held by the Deschutes County Treasurer, in the County's cash and investment pool. The District's cash and investments participate in this pool rather than specific, identifiable securities. The District's share of County pooled cash and investments can be drawn upon demand, and therefore, the entire amount on deposit with the County is considered cash and cash equivalents. Interest earned on pooled investments is allocated monthly based on the average daily balance of the District in relation to total investments in the pool. It is not practical to determine the investment risk, collateral, or insurance coverage for the District's share of these pooled investments. This pool generally includes demand deposits, investments in the Oregon State Treasurer's Local Government Investment Pool (LGIP), obligations of the United States Treasury and United States Government agencies and instrumentalities, certain high-grade commercial paper and corporate bonds. This policy is in accordance with ORS 294.035 which specifies the types of investments authorized for municipal corporations.

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

Information about the pooled cash and investments is included in the County's annual financial report and may be obtained by contacting the Deschutes County Finance Department, 1300 NW Wall Street, Suite 200, Bend, Oregon, 97703.

Accounts Receivable

The District considers all receivables as fully collectible; therefore, no allowance for uncollectible accounts has been established.

Capital Assets

Capital assets, which include land improvements, equipment, vehicles, intangibles and construction in progress are reported in the government-wide financial statements. In the governmental fund statements, capital assets are charged to expenditures as purchased. Capital assets are recorded at historical cost. Per GASB 72, *Fair Value Measurement and Application*, donated assets are recorded at acquisition value as of the date of the donation.

Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life greater than one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position and is calculated on the straight-line basis over the following estimated useful lives:

Asset	Years
Land improvements	10 - 15 years
Equipment, vehicles and intangibles	5 years

Deferred Outflows / Inflows of Resources

In addition to assets, the Government-wide Statement of Net Position and/or the Governmental Fund Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows arising from the District’s participation in the Oregon Public Employees Retirement System (OPERS) comprise this statement element.

In addition to liabilities, the Government-wide Statement of Net Position and/or the Governmental Fund Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources, as a result of the accounting for the District’s post-employment retirement plans, are reported on the Government-wide Statement of Net Position. Deferred inflows of resources are reported on the Governmental Fund Balance Sheet of the General Fund as a result of reporting using the modified accrual method. The government fund reports unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

Compensated Absences

Accumulated vested vacation pay is accrued as it is earned. Accrued vacation payable is recorded at actual accrued hours times current pay rates plus related fringe benefits. The amount represents a reconciling item between the fund-level and government-wide presentations.

Sick pay, which does not vest, is recognized when leave is taken.

Pension Plans

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the OPERS cost-sharing multiple employer defined benefit pension plan (benefit plan) and additions to/deductions from the benefit plan’s fiduciary net position have been determined on the same basis as they are reported by the benefit plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments of the plan are reported at fair value.

Other Post-Employment Benefits Obligation (Total OPEB liability)

The total OPEB liability is recognized as a long-term liability in the government-wide Statement of Net Position. The liability reflects the present value of expected future payments for post-employment benefits other than pension.

Property Taxes/Unavailable Revenue

Property taxes are assessed on a July 1 - June 30 fiscal year basis. The taxes are levied as of July 1 based on assessed values as of January 1. Property tax payments are due in three equal installments, on November 15, February 15 and May 15. A discount of 3% is available if taxes are paid in full by November 15 and a discount of 2% on the unpaid balance is available if taxes are paid in full by February 15. Property taxes attach as an enforceable lien July 1 and are considered delinquent if not paid by the following May 15. The Deschutes County Treasurer is the tax collection agent for the District. The District's 2020 fiscal year tax levy was \$9,244,903.

Tax revenue is considered available for expenditure upon receipt by the County, which serves as the intermediary collecting agency. Uncollected property taxes are shown on the government funds balance sheet as receivables. Collections within sixty days subsequent to year-end have been accrued and the remaining taxes receivable are recorded as deferred revenue on the modified accrual basis of accounting since they are not deemed available to finance operations of the current period.

Fund Balance Reporting

The Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

1. Nonspendable such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned).
2. Restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's governing board (the District's highest level of decision-making authority). Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.
4. Assigned fund balance classification is intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Assignments are made by the District Administrator based on the District Governing Board's direction.
5. Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

The District reduces restricted amounts first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available. The District reduces committed amounts first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for the purpose for which amounts in any of those unrestricted fund balance classifications could be used.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Tax Abatements

The District participates in a number of property tax abatement programs. All such abatement programs are authorized by Oregon revised statutes or by local resolution or ordinance. Some programs are initiated by the District and others by other local governments and state agencies. As the amount of taxes abated during fiscal year 2020 is immaterial, no additional disclosure has been made.

Note 2 - Cash and Investments

As of June 30, 2020, the District had a deposit of \$8,968,943 with the Deschutes County Treasurer. All of the District's deposits were adequately insured or collateralized by securities held by the pledging financial institution in the financial institution's name during the year.

Note 3 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020, is as follows:

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020
Construction in progress	\$ 1,855,944	\$ 669,791	\$(1,334,917)	\$ 1,190,818
Land improvements	254,783	-	-	254,783
Software	1,814,617	1,032,648	-	2,847,265
Equipment and vehicles	10,124,906	315,493		10,440,399
Total	<u>14,050,250</u>	<u>2,017,932</u>	<u>(1,334,917)</u>	<u>14,733,265</u>
Less accumulated depreciation				
Land improvements	(81,895)	(18,199)	-	(100,094)
Software	(1,782,241)	(118,203)	-	(1,900,444)
Equipment	(3,606,571)	(817,828)	-	(4,424,399)
Total accumulated depreciation	<u>(5,470,707)</u>	<u>(954,230)</u>	<u>-</u>	<u>(6,424,937)</u>
	<u>\$ 8,579,543</u>	<u>\$ 1,063,702</u>	<u>\$(1,334,917)</u>	<u>\$ 8,308,328</u>

Note 4 - Participation in Public Employees Retirement System

Plan descriptions: Employees of the District are provided with pensions through the Oregon Public Employees Retirement System, (OPERS), which is a cost-sharing multiple-employer defined benefit plan. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. The ORS Chapter 238 Defined Benefit Pension Plan, known as Tier 1/Tier 2 is closed to new members hired on or after August 29, 2003. A second program, the Chapter 238A-OPERS Pension Program (OPSRP-DB), is described in the second portion of this note. Membership in the programs is delineated based on date of hire.

OPERS issues a publicly available financial report which can be obtained at <https://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx>

Benefits Provided Under the Programs

	Chapter 238-Tier One and Tier Two	Chapter 238A-OPERS Pension Program (OPSRP-DB)
<i>Pension Benefits</i>	The OPERS retirement allowance is payable monthly for life. The allowance may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus an annuity (for members who were contributing before August 21, 1981,) or a money match computation if a greater benefit results.	<p>The ORS 238A Defined Benefit 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:</p> <p>Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police or fire member, the individual must have been employed continuously as a police or fire member for at least five years immediately preceding retirement.</p> <p>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 65, or age 58 with 30 years of retirement credit.</p> <p>A member of the 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.</p>

<i>Disability Benefits</i>	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.	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 the last full month of employment before the disability occurred.
<i>Benefit Changes after Retirement</i>	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.	No ability to change.
<i>Cost of Living Adjustments</i>	Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The cap on the COLA in fiscal year 2021 and beyond will vary based on the amount of the annual benefit.	Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2021 and beyond will vary based on the amount of the annual benefit.

Contributions

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Ultimate authority for setting and changing the laws governing contributions rests with the Oregon legislature.

Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation, which became effective July 1, 2019. The state of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced. Employer contributions for the year ended June 30, 2020, were \$716,449, excluding amounts to fund employer specific liabilities, or employer specific side-accounts. The rates, presented as a percentage of covered payroll, for the District in effect for the fiscal year ended June 30, 2020, were:

	Chapter 238 - Tier One / Tier Two	Chapter 238A - OPERS Pension Program (OPSRP - DB)
General Service	20.07%	14.26%
Police and Fire	26.67%	18.89%

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

At June 30, 2020, the District reported a liability of \$6,267,240 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 and rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on the District's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers.

Rates of every employer have at least two major components:

1. Normal Cost Rate: The economic value, stated as a percent of payroll, for the portion of each active member's total projected retirement benefit that is allocated to the upcoming year of service. The rate is in effect for as long as each member continues in OPERS-covered employment. The current value of all projected future Normal Cost Rate contributions is the Present Value of Future Normal Costs (PVFNC). The PVFNC represents the portion of the projected long-term contribution effort related to future service.
2. UAL Rate: If system assets are less than the actuarial liability, an Unfunded Actuarial Liability (UAL) exists. UAL can arise in a biennium when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises in a given biennium over a fixed period of time if future experience follows assumptions. The UAL Rate is the upcoming year's fixed component of the cumulative amortization schedules, stated as a percent of payroll.

The employer's PVFNC depends on both the normal cost rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to three different payrolls, each with a different normal cost rate: (1) Tier 1/Tier 2 payroll, (2) OPSRP general service payroll, and (3) OPSRP police and fire payroll.

Since many governments in Oregon have sold pension obligation bonds and deposited the proceeds with OPERS (referred to as side accounts or transitional liability or surplus), adjustments are required. After each employer's projected long-term contribution effort is calculated, that amount is reduced by the value of the employer's side account, transitional liability/surplus, and the pre-SLGRP liability/surplus (if any). This is done as those balances increase/decrease the employer's projected long-term contribution effort because side accounts are effectively pre-paid contributions.

Looking at both rate components, the projected long-term contribution effort is the sum of the PVFNC and UAL. The PVFNC part of the contribution effort pays for the value of future service while the UAL part of the contribution effort pays for the value of past service not already funded by accumulated contributions and investment earnings. Each of the two contribution effort components are calculated at the employer-specific level. The sum of these components across all employers is the total projected long-term contribution effort.

As the County's share in the Oregon Public Employees Retirement System is .663%, which is an increase of 4.83% from its proportion presented on June 30, 2019 and the County's allocation to the District is 5.463% and the District's share of OPERS is .036% which is an increase of .098% and .002%, respectively, from the prior year.

Deschutes County 9-1-1 County Service District
A Component Unit of Deschutes County, Oregon
Notes to Financial Statements
June 30, 2020

For the year ended June 30, 2020, the District recognized a pension expense of \$1,585,048. At June 30, 2020, the District reports deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Net difference between projected and actual earnings on investments	\$ -	\$ 177,670
Differences between expected and actual experience	345,620	-
Changes in proportionate share	197,305	19,607
Changes of assumptions or other inputs	850,223	-
Changes between employer's contributions and proportionate share of contributions	-	122,237
Contributions subsequent to measurement date	1,611,706	-
Total	\$ 3,004,854	\$ 319,514

The District's contributions made subsequent to the measurement date will be recognized in the District's pension expense in the following year. The net amount of the District's remaining deferred outflows of resources and deferred inflows of resources that will be recognized in the District's pension expense in the subsequent five years in the aggregate are shown in the table below.

<u>Subsequent fiscal years</u>	<u>Amounts Reported</u>
2020 - 2021	\$ 601,368
2021 - 2022	80,021
2022 - 2023	209,431
2023 - 2024	168,497
2024 - 2025	14,317
Total	\$ 1,073,634

Actuarial Assumptions

The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the entry age normal actuarial cost method. For the Tier One / Tier Two component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for the 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 actuarially accrued

Deschutes County 9-1-1 County Service District
A Component Unit of Deschutes County, Oregon
Notes to Financial Statements
June 30, 2020

liabilities, which are being amortized over a fixed period with new unfunded actuarially accrued liabilities being amortized over 16 years.

For comparison purposes a summary of the economic assumptions used for the December 31, 2017 actuarial valuation are shown below:

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2017
Measurement Date	June 30, 2019
Experience Study	2016, published July 26, 2017
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Amortization Method	The UAL is amortized as a level percentage of combined payroll.
Asset Valuation Method	Market Value of Assets, Excluding Reserves
Inflation Rate	2.50 percent
Healthcare Inflation Rate	4.20 to 6.50 percent until year 2093
Investment Rate of Return	7.20 percent
Future General Wage Inflation	3.50 percent (includes the inflation rate)
Cost of living adjustments	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro Decision; blend based on service
Mortality	RP 2014 Healthy Annuitant Tables

Actuarial valuations of an on-going plan involve estimates of the value of reported amounts 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 31st of even numbered years. The economic assumptions and estimates shown above are based on the 2016 experience study which reviewed experience for the four-year period ended December 31, 2016.

The long-term expected rate of return on plan investments was developed based on the forward looking capital market economic model. The table below presents the assumptions related to asset allocation and expected rates of return by major asset class using the 50th percentile. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation % *	Rebalancing Range %	Expected Annual Policy Return %
Public Equity	32.5	27.5 – 37.5	7.3
Private Equity	17.5	14.0 – 21.0	9.2
Total Equity	50.0	45.0 – 55.0	
Fixed Income	20.0	15.0 – 25.0	2.8
Risk Parity	2.5	0.0 – 2.5	6.3
Real Estate	12.5	9.5 – 15.5	7.0
Alternatives	15.0	7.5 – 17.5	7.0
Total Fund	100.0		7.2

Discount Rate

The discount rate used to measure the total pension liability was 7.20 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s Proportionate share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Employers' Net Pension Liability			
Employer-Specific	\$ 10,036,430	\$ 6,267,240	\$ 3,112,948

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued OPERS financial report that can be found at <http://www.oregon.gov/pers>.

Note 5 - Other Post-Employment Benefits

Oregon Public Employees Retirement System — Retirement Health Insurance Account (RHIA)

Plan Description As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution (currently \$60 per month) toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The Plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Funding Policy Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS requires that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS; (2) receive both Medicare Parts A and B coverage; and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS, or (2) was insured at the time the member died and the member retired before May 1, 1991.

Contributions Participating public employers are contractually required to contribute to RHIA at a rate assessed each biennium by OPERS. For fiscal year 2020 the rate is 0.06% of annual covered payroll for Tier 1/Tier 2 employees and 0.00% for OPSRP employees. The OPERS sets the net- retiree healthcare rate based on the estimated OPEB expense of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The OPEB expense represents the annual cost allocated to the current year (normal cost) and the amortization of any unfunded accrued liabilities of the plan (UAL cost). The unfunded accrued liabilities are amortized over a closed period equal to the average of the expected remaining lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees). The County's contributions to RHIA were consistent with the net- retiree healthcare rate as charged by OPERS. Amounts paid for RHIA were included with the payments for the retirement plan in Note 4. The District's participation in RHIA is immaterial to the financial statements.

Deschutes County Retiree Health Plan

Plan Description The District participates in Deschutes County's single-employer defined benefit postemployment healthcare plan, Deschutes County Retiree Health Plan which provides medical benefits to eligible retired employees of Deschutes County, Deschutes County 9-1-1 County Service District and their beneficiaries. The Plan has two components: the Self-Pay Health Plan (COBRA) which is required by Oregon Revised Statutes 243.303 to provide retirees with group health and dental insurance from the date of retirement to age 65 at the same rate provided to current employees and the Subsidized Health Plan under which the District pays all or part of the health care costs for eligible retirees under several collective bargaining agreements. The criteria to determine whether an employee is eligible include: years of service, employee age, disability due to line of duty and whether the employee has vested in the respective retirement plan.

Employees who retire from the District with more than fifteen (15) years and less than thirty (30) years of fulltime service are eligible to receive a District contribution towards their monthly insurance premiums until age sixty-five (65) or until eligible for Medicare, in accordance with a schedule recommended by the EBAC and approved by the Board of County Commissioners. The schedule of retiree premiums and District contributions is shown below for Calendar year 2020.

Deschutes County Retirement Health Plan

Deschutes County Employee Benefit Plan

Rates for January 1, 2020 - December 31, 2020*

*5% decrease to County contributions effective 7/1/2019

Rates	Premium Cost Sharing
-------	----------------------

Active Employee Monthly Premiums:	Standard Plan	High Deductible Plan	Dental Plan
Composite Rate	\$1,462.13	\$890.78	\$162.44

Employee cost share is \$85 of Medical Plan and \$5 of Dental Plan.

*Opt-out stipend is \$125 to employee per month.

30+ Years of 1.0 FTE Service:

Retiree Monthly Premiums (dental):	Standard Plan	Dental Plan
Retiree Only	\$746.00	\$69.00
Retiree + Spouse	\$1,493.00	\$139.00
Retiree + Children	\$1,305.00	\$122.00
Retiree + Family	\$2,052.00	\$191.00

30+ Year Retiree cost share is \$85 of Medical Plan and \$5 of Dental Plan.

<30 Years of Service:

Retiree Monthly Premiums:	Standard Plan	High Deductible Plan	Dental Plan
Retiree Only	\$746.00	\$589.00	\$69.00
Retiree + Spouse	\$1,493.00	\$1,168.00	\$139.00
Retiree + Children	\$1,305.00	\$1,022.00	\$122.00
Retiree + Family	\$2,052.00	\$1,606.00	\$191.00

Years of Service:	County Contribution per years of service:
0-14	\$0.00
15-19	\$172.20
20-24	\$345.45
25-29	\$517.65

COBRA Monthly Premiums:	Standard Plan	High Deductible Plan	Dental Plan
Employee Only	\$746.00	\$589.00	\$69.00
Employee + Spouse	\$1,493.00	\$1,168.00	\$139.00
Employee + Children	\$1,305.00	\$1,022.00	\$122.00
Employee + Family	\$2,052.00	\$1,606.00	\$191.00

COBRA participant pays 100% of premium. 2% Admin Fee is charged in addition to rates.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the Total OPEB Liability of the plan and the annual OPEB expense of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of changes in the County’s Total OPEB Liability, presented as required supplementary information, presents trend information about whether the Total OPEB Liability is increasing or decreasing over time relative to the covered-employee payroll. The measurement date of the actuarial results presented is June 30, 2020.

Actuarial Methods and Assumptions Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Assumptions used in calculating the actuarial liabilities associated with the Deschutes County Retiree Health Plan include a 3.50% investment return; an assumed inflation rate of 2.50%; an insurance premium annual trend rate of 5.00% into perpetuity; a retiree health claims annual trend rate of 5.00% into perpetuity; and retirement rates used by Oregon PERS adjusted for County trends. Because there are no assets, the investment return of 3% is set to equal the expected long-term return on the County’s own investments. The annual salary increase for employees are assumed to be 3.50% in all future years. Rates of withdrawal and mortality are generally the same rates that were used in the December 31, 2017 actuarial valuation of the Oregon Public Employees Retirement System as referenced in the PERS footnote 4.

The Actuarial cost method used in the valuation of this plan is the Entry Age Normal. Under this method, the actuarial present value of the projected benefits of each active employee included in the valuation is allocated on a level dollar basis over the service of the active employee between assumed Entry Age (date of hire) and assumed Exit Age(s). The portion of this actuarial present value allocated to the valuation year is called the service cost for that active employee. The present value of benefits for current retirees plus the accumulated value of all prior service costs is the Total OPEB Liability. Under this method, the actuarial gains (losses), as they occur, reduce (increase) the Total OPEB Liability. The Deschutes County Retiree Health Plan is deemed “unfunded” in accordance with the relevant GASB statements.

Changes in Total OPEB Liability

Category	District Plan
Total OPEB liability - beginning - 06/30/2019	\$ 1,442,028
Changes for the year	
Service cost	78,267
Interest	47,975
Changes in assumptions or other inputs	(41,660)
Benefit payments	(59,320)
Net change in total OPEB liability	25,262
Total OPEB liability - ending - 06/30/2020	\$ 1,467,290

Deschutes County 9-1-1 County Service District
A Component Unit of Deschutes County, Oregon
Notes to Financial Statements
June 30, 2020

Total OPEB liability for the District Plan as of the measurement date is presented below showing the sensitivity of that amount to a 1% higher and lower Discount rate and a 1% higher or lower Health Care trend rate.

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability on June 30, 2020	\$ 1,612,122	\$ 1,467,290	\$ 1,334,419
	1% Decrease	Current Health Care Trend Rates	1% Increase
Total OPEB Liability on June 30, 2020	\$ 1,275,022	\$ 1,467,290	\$ 1,697,933

The County's contributions made subsequent to the measurement date will be recognized in the County's OPEB expense in the following year. The net amount of the County's deferred outflows of resources and deferred inflows of resources that will be recognized in the County's OPEB expense in the subsequent five years, and in the aggregate, are shown in the table below.

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
FY 2021	\$ (56,044)
FY 2022	(56,044)
FY 2023	(56,044)
FY 2024	(56,044)
FY 2025	(56,044)
Thereafter	(229,781)
Total	(510,002)

Note 6 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage and destruction of assets; errors and omissions; injuries to employees and others; and natural disasters for which the District participates in the County's self-insurance program. There have been no settlements in excess of insurance coverage and reserves in any of the past three fiscal years.

Note 7 - Intergovernmental Agreement

The District entered into an intergovernmental agreement with the County in fiscal year 2009. Under this agreement, the District is responsible to pay its share of debt incurred by the County, which was issued to finance the construction of a building to be used by the District for its operations.

The future minimum payments under this agreement, subject to continued funding are as follows:

<u>Fiscal Year Ending June 30,</u>	
2021	\$ 172,098
2022	168,995
2023	175,895
2024	177,130
2025	173,068
2026-2028	<u>513,241</u>
Total	<u>\$ 1,380,427</u>



Required Supplementary Information
As of and For the Year Ended June 30, 2020
**Deschutes County 9-1-1 County
Service District**
A Component Unit of Deschutes County, Oregon

Deschutes County 9-1-1 County Service District
A Component Unit of Deschutes County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund
Year Ended June 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Taxes - property	\$ 8,913,619	\$ 8,913,619	\$ 9,154,329	\$ 240,710
Investment earnings	157,000	157,000	184,668	27,668
Charges for services	382,731	382,731	622,042	239,311
Intergovernmental	1,110,000	1,110,000	1,328,190	218,190
Transfers in	2,334,185	-	-	-
Total revenues	<u>12,897,535</u>	<u>10,563,350</u>	<u>11,289,229</u>	<u>725,879</u>
EXPENDITURES				
Current - departmental:				
Emergency services	14,584,521	12,250,336	10,722,604	1,527,732
Not allocated to organizational units:				
Contingency	<u>2,978,605</u>	<u>2,978,605</u>	-	<u>2,978,605</u>
Total expenditures	<u>17,563,126</u>	<u>15,228,941</u>	<u>10,722,604</u>	<u>4,506,337</u>
Net change in fund balance	(4,665,591)	(4,665,591)	566,626	5,232,217
Fund balance - Beginning of year	<u>7,753,706</u>	<u>7,753,706</u>	<u>8,626,391</u>	<u>872,685</u>
Fund balance - End of year	<u>\$ 3,088,115</u>	<u>\$ 3,088,115</u>	9,193,017	<u>\$ 6,104,902</u>
Receivables not recognized on GAAP basis			(35,684)	
Unrealized gain (loss) on investments			64,306	
Unavailable revenue - services provided			<u>(18,944)</u>	
Total fund balance, GAAP basis - End of Year			<u>\$ 9,202,696</u>	

Deschutes County 9-1-1 County Service District
A Component Unit of Deschutes County, Oregon
Schedule of Proportionate Share of the Net Pension Liability (Asset)
Oregon Public Retirement System Defined Benefit Pension Plan
Last 6 Fiscal Years*

	2015	2016	2017	2018	2019	2020
Proportionate of net pension liability (asset)	0.01%	0.03%	0.03%	0.03%	0.03%	0.04%
Proportionate share of the net pension liability (asset)	\$ (596,590)	\$ 1,736,619	\$ 4,723,906	\$ 4,667,224	\$ 5,141,779	\$ 6,267,240
Covered payroll	\$ 2,903,539	\$ 2,943,341	\$ 3,208,843	\$ 3,644,740	\$ 4,359,939	\$ 4,343,589
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-20.55%	62.15%	169.07%	128.05%	117.93%	144.29%
Plan fiduciary net position as a percentage of the total pension liability	103.59%	91.88%	80.53%	83.12%	82.07%	80.23%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those use for which information is available.

The amounts presented for each fiscal year was determined as of June 30.

Deschutes County 9-1-1 County Service District
A Component Unit of Deschutes County, Oregon
Schedule of Employer Contributions
Oregon Public Retirement System Defined Benefit Pension Plan
Last 6 Fiscal Years*

	2015	2016	2017	2018	2019	2020
Contractually required contributions	\$ 225,456	\$ 287,456	\$ 319,262	\$ 519,614	\$ 519,818	\$ 716,449
Contributions in relation to the contractually required contribution	225,456	287,456	319,262	519,614	519,818	716,449
Contribution deficiency (excess)	-	-	-	-	-	-
District's covered payroll	\$ 2,943,341	\$ 3,208,843	\$ 3,644,740	\$ 4,359,939	\$ 4,343,589	\$ 4,387,355
Contributions as a percentage of covered payroll	8.62%	9.72%	10.81%	11.92%	11.97%	16.33%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those use for which information is available.

The amounts presented for each fiscal year was determined as of June 30.

Deschutes County 9-1-1 County Service District
A Component Unit of Deschutes County, Oregon
Schedule of Changes in Total OPEB Liability
Last 3 Fiscal Years*

	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Service cost	\$ 105,012	\$ 77,870	\$ 78,267
Interest	68,868	68,855	47,975
Changes in assumptions or other inputs	(292,284)	(696,769)	(41,660)
Benefit payments	<u>(85,419)</u>	<u>(62,792)</u>	<u>(59,320)</u>
Net change in total	(203,823)	(612,836)	25,262
Total OPEB liability -beginning	<u>2,258,687</u>	<u>2,054,864</u>	<u>1,442,028</u>
Total OPEB liability - ending	<u>\$ 2,054,864</u>	<u>\$ 1,442,028</u>	<u>\$ 1,467,290</u>
Covered payroll	\$ 3,644,740	\$ 4,359,939	\$ 4,343,589
Total OPEB liability as a percentage of covered payroll	56.38%	33.07%	33.78%

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of July 1st of each fiscal year.

Note 1 - Stewardship, Compliance and Accountability

The District adopts a resolution authorizing appropriations for each fund, which establishes the level by which expenditures cannot lawfully exceed appropriations. Appropriations are established at the principal object level for each fund – programmatic (personnel, materials and services, capital outlay), debt service, transfers to other funds and operating contingency.



Other Supplementary Information
As of and For the Year Ended June 30, 2020
**Deschutes County 9-1-1 County
Service District**
A Component Unit of Deschutes County, Oregon

Deschutes County 9-1-1 County Service District
A Component Unit of Deschutes County, Oregon
Schedule of Property Tax Transactions
Year Ended June 30, 2020

Tax Year	Beginning Balance and 2019-20 Levy	Adjustments	Interest (Discounts)	Collections	Taxes Receivable June 30, 2020
2019-2020	\$ 9,244,903	\$ 89	\$ (237,968)	\$ 8,889,997	\$ 117,028
2018-2019	113,019	(728)	3,313	70,301	45,302
2017-2018	46,987	(29)	2,915	25,133	24,740
2016-2017	11,679	8,226	1,195	17,165	3,934
2015-2016	19,313	32,501	3,084	49,632	5,266
2014-2015	7,018	30,541	1,409	37,777	1,191
2013-2014	1,531	6,986	29	7,526	1,020
2012-2013	540	5,930	(88)	6,059	322
2011-2012	411	4,165	(67)	4,239	271
Prior	1,671	7,328	(46)	7,330	1,622
Totals	<u>\$ 9,447,072</u>	<u>\$ 95,007</u>	<u>\$ (226,225)</u>	9,115,159	<u>\$ 200,695</u>
Adjustments for Accruals					
June 30, 2019				(21,576)	
June 30, 2020				30,122	
Other tax distribution				<u>30,624</u>	
Modified accrual basis tax revenue				<u>\$ 9,154,329</u>	



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

To the Deschutes County Commissioners
Deschutes County 9-1-1 County Service District
A Component Unit of Deschutes County, Oregon
Bend, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of Deschutes County 9-1-1 County Service District (the District), a component unit of Deschutes County, Oregon, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated January 15, 2021.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District’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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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 may exist that have not yet been identified.

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
January 15, 2021

Audit Comments and Disclosures Required by State Regulations

Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments, and disclosures required in audit reports. The required statements and schedules are set forth in the preceding sections of this report. Required comments and disclosures related to the audit of such statements and schedules are set forth in the following pages.



Independent Auditor’s Report Required by Oregon State Regulations

To Deschutes County Commissioners
 Deschutes County 9-1-1 County Service District
 A Component Unit of Deschutes County, Oregon
 Bend, Oregon

We have audited the basic financial statements of Deschutes County 9-1-1 County Service District (the District), a component unit of Deschutes County, Oregon, as of and for the year ended June 30, 2020, and have issued our report thereon dated January 15, 2021. We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

Compliance

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

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

OAR	Section	Instances of Non-Compliance Identified
162-010-0000	Preface	Not Applicable
162-010-0010	Definitions	Not Applicable
162-010-0020	General Requirements	None Noted
162-010-0030	Contracts	None Noted
162-010-0050	Financial Statements	None Noted
162-010-0115	Required Supplementary Information (RSI)	None Noted
162-010-0120	Supplementary Financial Information	None Noted
162-010-0130	Schedule of Revenues, Expenditures / Expenses, and Changes in Fund Balances / Net Position, Budget and Actual (Each Fund)	None Noted
162-010-0140	Schedule of Accountability for Independently Elected Officials	Not Applicable
162-010-0190	Other Financial or Statistical Information	Not Applicable
162-010-0200	Independent Auditor's Review of Fiscal Affairs	None Noted
162-010-0230	Accounting Records and Internal Control	None Noted

OAR	Section	Instances of Non-Compliance Identified
162-010-0240	Public Fund Deposits	None Noted
162-010-0250	Indebtedness	Not Applicable
162-010-0260	Budget	None Noted
162-010-0270	Insurance and Fidelity Bonds	None Noted
162-010-0280	Programs Funded from Outside Sources	Not Applicable
162-010-0295	Highway Funds	Not Applicable
162-010-0300	Investments	None Noted
162-010-0310	Public Contracts and Purchasing	None Noted
162-010-0315	State School Fund	Not Applicable
162-010-0316	Public Charter Schools	Not Applicable
162-010-0320	Other Comments and Disclosures	Not Applicable
162-010-0330	Extensions of Time to Deliver Audit Reports	None Noted

The District was in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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 may exist that have not yet been identified.

This report is intended solely for the information and use of the Deschutes County Commissioners and management of Deschutes County 9-1-1 County Service District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

A handwritten signature in black ink that reads "Seulen Miller". The signature is written in a cursive, flowing style.

For Eide Bailly LLP
Boise Idaho
January 15, 2021