

**COOS COUNTY AIRPORT DISTRICT
COOS COUNTY, OREGON**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

COOS COUNTY AIRPORT DISTRICT

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2023

COOS COUNTY AIRPORT DISTRICT

June 30, 2023

Airport Officials

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Coos Bay, OR 97420

Caddy Mckoewn, Commissioner
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Coos Bay, OR 97420

Joe Benetti, Commissioner
PO Box 283
Coos Bay, OR 97420

Dr. Brent Pahls, Commissioner
346 N Central
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Jason Bell, Commissioner
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Coos Bay, OR 97420

Theresa Cook, Executive Director

Melissa Cribbins, District Counsel

1100 Airport Lane
North Bend, OR 97459

COOS COUNTY AIRPORT DISTRICT
Annual Financial Report
For the Year Ended June 30, 2023

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February 29, 2024

To the Board of Commissioners
Coos County Airport District
Coos County, Oregon

INDEPENDENT AUDITORS' REPORT

Opinions

We have audited the accompanying basic financial statements of the Coos County Airport District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Coos County Airport District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows 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 the 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Coos County Airport District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

The District adopted new accounting guidance, *GASB Statement No. 96, Subscription-Based Information Technology Agreements* during the fiscal year under audit. Our opinions are not modified with respect to this matter.

Responsibilities of Management 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, 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 Coos County Airport District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Coos County Airport District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Coos County Airport District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, 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, as listed in the table of contents, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the other information, as listed in the table of contents, and the listing of board members containing their term expiration dates, located before the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2024 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated February 29, 2024, on our consideration of 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.



Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.

COOS COUNTY AIRPORT DISTRICT Management's Discussion and Analysis

The Coos County Airport District (the District) is a special municipal district created by the electorates of Coos County on November 5, 2002. As management of Coos County Airport District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The net position of the District increased by \$4,189,609 during the year ended June 30, 2023. This was mostly a function of the current year's increase of service charges and grant revenue received.

The Passenger Facilities Charges Fund, which is reserved for capital projects, received \$72,427, from fees collected and bank account interest earned.

Based on the history of employment, the District elected to self-insure its' potential unemployment claims rather than paying into the State trust fund. During the fiscal year the District did not incur any charges against this reserve.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. This audit report consists of three parts – management's discussion and analysis (this section), the basic financial statements (including notes), and required and other supplementary financial information and schedules. This report is guided by accounting and reporting principles established by the Governmental Accounting Standards Board (GASB). The basic financial statements are prepared on the accrual basis, similar to a business, whereby revenues are recognized when earned and expenses are recognized when incurred, regardless of when cash is received or paid. The basic financial statements consist of a statement of net position that includes the District's assets, liabilities, and net position at year-end; statement of revenues, expenses, and changes in net position, which include all revenues, expenses, and grants received for the year; and statement of cash flows, which present the sources and uses of cash for the year. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. Following the financial statements is a section of supplemental financial information, which is required by GASB, and further explains and supports the information in the financial statements. This section is followed by sections entitled supplementary information. Of special significance to the readers of the financial statements is that monies are restricted by Federal Aviation Administration regulations for use at the District only.

For financial reporting purposes, management considers the activities related to the operation of the District as those of a unitary nature and are reported as such. The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The number of funds maintained are consistent with legal and managerial requirements.

COOS COUNTY AIRPORT DISTRICT Management's Discussion and Analysis

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds include the following fund type:

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the governing board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The individual funds of the District comprising the enterprise type are:

General Fund - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund. This includes all administrative, operating, and marketing costs of the District.

Construction Fund - This fund was established to account for capital construction projects.

Passenger Facility Charges (PFC) Fund - This fund was created by District resolution to account for passenger facility charge revenues.

Building Reserve Fund - This fund was created by the District to account for purchasing or improvement of land and buildings.

Unemployment Fund - This fund was created by the District to self-insure the potential unemployment costs which the District may incur in future years. Funding is provided by a transfer from the General Fund and interest earnings.

Business Enterprise Center (BEC) Fund - This fund was created by the District to track financial results subsequent to the District assuming the BEC's operational duties from the Oregon International Port of Coos Bay. Funding is provided by the collection of monthly rents.

Bureau of Land Management (BLM) Fund - This fund was created by the District to track financial results subsequent to the District assuming the BLM's operational duties. Funding is provided by the collection of monthly rents.

DHS Multi Services Campus (DHS) Fund - This fund was created by the District to track financial results subsequent to the District's assuming a lease with the Department of Human Services. Funding is provided by the collection of monthly rents.

Financial History

The District assumed operational control of the Southwest Oregon Regional Airport from the Oregon International Port of Coos Bay on December 1, 2003 by intergovernmental agreement. All property, plant and equipment of the historically named North Bend Municipal Airport, previously owned by the City of North Bend, Oregon were transferred to the District under the 2003 intergovernmental agreement. The actual property transfer was made official on June 15, 2005 after approval was received from the Federal Aviation Administration. The monetary transactions relating to the assumption of the District properties have been included in these statements at the depreciated value reported by the City of North Bend as of June 30, 2004.

**COOS COUNTY AIRPORT DISTRICT
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

A condensed version of the Statement of Net Position at June 30, 2023, and 2022, follows:

Net Position

	Business-type activities		
	2023	2022 As Restated	Percentage Change
Current and other assets	\$ 7,811,867	\$ 8,376,373	(6.74) %
Non-current assets	86,941,705	85,480,220	1.71
Total assets	<u>94,753,572</u>	<u>93,856,593</u>	0.96
 Total deferred outflows of resources	 <u>389,371</u>	 <u>540,125</u>	 (27.91)
Long-term liabilities outstanding	16,426,457	17,234,627	(4.69)
Other liabilities	1,934,337	1,874,668	3.18
Total liabilities	<u>18,360,794</u>	<u>19,109,295</u>	(3.92)
 Total deferred inflows of resources	 <u>29,150,278</u>	 <u>31,845,161</u>	 (8.46)
 Net position:			
Net investment in capital assets	44,714,083	40,066,168	11.60
Unrestricted	2,917,788	3,376,094	(13.58)
Total net position	<u>\$ 47,631,871</u>	<u>\$ 43,442,262</u>	9.64

Current and other assets increased due to an increase in operating revenues and an increase in operating costs during the 2022-2023 fiscal year.

Deferred outflows and inflows of resources are related to pension and are determined by an actuarial. Deferred inflows of resources are also related to leases. See the lease, pension, and other postemployment benefits, notes in the notes to basic financial statements for more information.

Long-term liabilities decreased due to loan payments.

Other liabilities include an increase in accounts payable related to the new construction and airport improvement projects and a decrease in accrued interest.

**COOS COUNTY AIRPORT DISTRICT
Management's Discussion and Analysis**

A condensed version of the Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2023, and 2022, follows:

Changes in Net Position

	<u>Business-type activities</u>		Percentage Change
	<u>2023</u>	<u>2022</u>	
Revenues			
Operating revenues			
Charges for services	\$ 3,499,740	\$ 1,029,532	239.94 %
Non-Operating revenues			
Property taxes	1,430,214	1,403,566	1.90
Grant revenues	6,315,323	3,207,640	96.88
Leases	93,019	2,369,447	(96.07)
Passenger facility charges	64,838	63,863	1.53
Insurance proceeds	36,935	-	
Interest income	236,892	446,301	(46.92)
Miscellaneous	54,221	28,915	87.52
Total non-operating revenues	<u>8,231,442</u>	<u>7,519,732</u>	9.46
Total revenues	<u>11,731,182</u>	<u>8,549,264</u>	37.22
Expenses			
Operating expenses	3,331,472	3,060,840	8.84
Depreciation and amortization	3,162,336	3,164,269	(0.06)
Pension expense	119,771	(71,775)	(266.87)
OPEB expense	(7,938)	(4,730)	67.82
Capital outlay - expensed	293,844	-	
Non-operating expenses	<u>642,088</u>	<u>629,600</u>	1.98
Total expenses	<u>7,541,573</u>	<u>6,778,204</u>	11.26
Increase (decrease) in net position	4,189,609	1,771,060	136.56
Net position - beginning	<u>43,442,262</u>	<u>41,671,202</u>	4.25
Net position - ending	<u>\$ 47,631,871</u>	<u>\$ 43,442,262</u>	9.64

Operating revenues increased due to increased service charges and grant revenue received.

Grant revenues increased for the year ended June 30, 2023, were primarily for the Apron Expansion Project.

Operating expenses increased due to increased liability and property insurance, increased building repairs, and the Apron Expansion Project.

Pension expense increased based on the actuarial report. See the pension plan note in the notes to basic financial statements for more information.

**COOS COUNTY AIRPORT DISTRICT
Management's Discussion and Analysis**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the District had \$59.9 million invested in a broad range of capital assets, including the Terminal, the Runway/Taxiway enhancements, the ATC Tower, and the Commercial Hangar project. This is outlined below.

Capital Assets (Net of Accumulated Depreciation)

	Business-type activities		
	2023	2022	Percentage Change
Runway/Taxi	\$ 9,980,270	\$ 11,186,039	(10.78) %
Parking Lots	24,367	27,075	(10.00)
Land Improvements	139,952	151,858	(7.84)
Intangibles	14,410	43,240	(66.67)
Infrastructure	488,046	571,533	(14.61)
Buildings	33,248,628	34,972,493	(4.93)
Equipment	340,431	382,763	(11.06)
Land	425,391	425,391	-
Construction in progress	15,279,199	8,577,630	78.13
Total	<u>\$ 59,940,694</u>	<u>\$ 56,338,022</u>	6.39

Change in Capital Assets

	Business-type activities		
	2023	2022	Percentage Change
Beginning Balance	\$ 56,338,022	\$ 55,249,994	1.97 %
Additions	6,763,846	4,252,297	59.06
Retirement of assets (cost less accumulated depreciation)	-	-	
Depreciation current year	<u>(3,161,174)</u>	<u>(3,164,269)</u>	(0.10)
Total	<u>\$ 59,940,694</u>	<u>\$ 56,338,022</u>	6.39

During the 2022-23 fiscal year, capital improvements included airport runway improvement projects.

Decreases are due to depreciation.

Debt Administration

At the end of the current fiscal year, the District had total debt of \$15.6 million.

**COOS COUNTY AIRPORT DISTRICT
Management's Discussion and Analysis**

Long-Term Debt

Business-type activities

	2023	2022	Percentage Change
Intergovernmental loans	\$ 8,491,911	\$ 8,869,006	(4.25) %
Commercial loans	6,003,673	6,601,873	(9.06)
	<u>\$ 14,495,584</u>	<u>\$ 15,470,879</u>	(6.30)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As part of the District's strategic and business planning process, assumptions are made regarding passenger, cargo, and economic growth to produce the annual budget.

Next Year's Budget

The following economic factors currently affect the District and were considered in developing the 2023-2024 budget.

- Property values are expected to increase by about 3%
- Health insurance premiums are expected to rise.
- Inflation is expected to rise which will increase costs.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Rodger Craddock, Executive Director, Coos County Airport District, 1100 Airport Lane, North Bend, OR 97459.

BASIC FINANCIAL STATEMENTS

COOS COUNTY AIRPORT DISTRICT

Statement of Net Position

June 30, 2022

ASSETS

Current assets	
Cash and cash equivalents	\$ 5,476,867
Trade receivables (net of allowance for uncollectibles of \$7,720)	71,365
Accrued interest receivable on leases	19,718
Lease receivable	2,146,404
Property taxes receivable	97,513
Total current assets	<u>7,811,867</u>
Non-current assets	
Lease receivable - non-current	26,997,366
Depreciable properties, net of accumulated depreciation	44,236,104
Subscription right to use, net of accumulated amortization	3,645
Nondepreciable properties	15,704,590
Total non-current assets	<u>86,941,705</u>
Total assets	<u>94,753,572</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension deferrals	377,896
OPEB deferrals	11,475
Total deferred outflows of resources	<u>389,371</u>

Total assets and deferred outflows of resources \$ 95,142,943

LIABILITIES

Current liabilities	
Accounts payable	
Operating	\$ 127,543
Construction	1,158
Accrued expenses	70,765
Accrued interest	252,431
Contractor retention payable	391,871
Current portion of subscription liability	2,381
Current portion of accrued compensated absences	14,481
Current portion of deferred interest payable	56,309
Current portion of long-term debt	1,017,398
Total current liabilities	<u>1,934,337</u>
Non-current liabilities	
Long term portion of accrued compensated absences	65,467
Deferred interest payable	732,012
Long-term debt	14,544,836
Subscription liability	2,426
Net pension liability	1,040,348
Net OPEB liability	41,368
Total non-current liabilities	<u>16,426,457</u>
Total liabilities	<u>18,360,794</u>

DEFERRED INFLOWS OF RESOURCES

Leases	28,681,752
Pension deferrals	420,788
OPEB deferrals	47,738
Total deferred inflows of resources	<u>29,150,278</u>

NET POSITION

Net investment in capital assets	44,714,083
Unrestricted	2,917,788
Total net position	<u>47,631,871</u>

Total liabilities, deferred inflows of resources, and net position \$ 95,142,943

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

COOS COUNTY AIRPORT DISTRICT
Statement of Revenues, Expenses, and Changes
in Net Position
June 30, 2023

OPERATING REVENUES	
Charges for services	<u>\$ 3,499,740</u>
OPERATING EXPENSES	
Salaries, wages and fringe benefits	1,913,492
Contract, professional and consulting services	446,841
Materials and supplies	107,023
Utilities and telephone	297,181
Equipment rentals, fuel and lubricants	39,676
Insurance	255,395
Fire service expense	44,030
Travel and other management expenses	41,378
Building and equipment repairs and maintenance	186,456
Depreciation and amortization	3,162,336
Total operating expenses	<u>6,493,808</u>
Operating income (loss)	<u>(2,994,068)</u>
NON-OPERATING REVENUES (EXPENSES)	
Lease revenue	93,019
Property taxes	1,430,214
Federal grant revenues	4,787,417
State grant revenues	1,527,906
Passenger facility charge revenue	64,838
Insurance proceeds	36,935
Pension expense	(119,771)
OPEB expense	7,938
Interest expense	(640,883)
Interest income	101,189
Interest income - leases	135,703
Capital outlay - expensed	(293,844)
Miscellaneous income	54,221
Miscellaneous expense	(1,205)
Total non-operating revenues (expenses)	<u>7,183,677</u>
Net change in net position	4,189,609
NET POSITION - BEGINNING	<u>43,442,262</u>
NET POSITION - ENDING	<u><u>\$ 47,631,871</u></u>

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

COOS COUNTY AIRPORT DISTRICT

Statement of Cash Flows

June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 3,470,571
Cash payments to employees	(1,934,501)
Cash payments to suppliers and vendors	(1,312,487)
Net cash used by operating activities	<u>223,583</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Property taxes	1,435,879
Grant proceeds from government agencies	6,315,323
Net cash provided (used) by noncapital financing activities	<u>7,751,202</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Lease revenue	347,341
Capital expenditures	(7,410,643)
Interest paid	(720,859)
Proceeds from passenger facility charges	72,423
Principal payments on long-term debt	(977,026)
Other	58,627
Net cash provided (used) by capital and related financing activities	<u>(8,630,137)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	101,189
Net cash provided (used) by investing activities	<u>101,189</u>

Net increase (decrease) in cash and cash equivalents (554,163)

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR 6,031,030
CASH AND CASH EQUIVALENTS - END OF YEAR \$ 5,476,867

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Operating income (loss) \$ (2,994,068)

Adjustments to reconcile operating loss to net cash used by operating activities:

Depreciation and amortization	3,162,336
Changes in assets and liabilities	
Decrease in accounts receivable	111,538
(Decrease) in accounts payable	(28,702)
(Decrease) in accrued expenses	(24,423)
(Decrease) deferred revenue	(3,098)
Total adjustments	<u>3,217,651</u>

Net cash used by operating activities \$ 223,583

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

Notes to the basic financial statements consist of a summary of significant accounting policies and all additional information necessary for a fair presentation of the basic financial statements in conformity with generally accounting principles.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2023

NOTE 1 - DESCRIPTION OF THE AIRPORT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The District is a special municipal district pursuant to ORS 838, created by vote of the electors of Coos County on November 5, 2002. It is responsible for management of aviation trade at the Southwestern Oregon Regional Airport and the facilities surrounding the airport. The District owns property that it leases to area businesses and individuals.

Basis of Accounting

The accounting and reporting policies conform to generally accepted accounting principles as applicable to proprietary funds of local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Accordingly, the accrual basis of accounting is utilized, whereby revenues are recognized when earned and expenses are recognized when incurred.

The District has adopted all applicable GASB Statements with effective beginning dates on or before June 30, 2023.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. Based upon the application of the criteria established by GASB, there are no component units which are required to be included in the reporting District in accordance with GASB 61.

Basis of Presentation

As discussed above, this report is guided by accounting and reporting principles established by the Governmental Accounting Standards Board (GASB). The basic financial statements are prepared on the accrual basis, similar to a business, whereby revenues are recognized when earned and expenses are recognized when incurred, regardless of when cash is received or paid. The basic financial statements consist of a statement of net position that includes the assets, liabilities, and net position at year end; statement of revenues, expenses, and changes in net position, which include all revenues, expenses, and grants received for construction for the year; and statement of cash flows, which present the sources and uses of cash for the year.

For financial reporting purposes, management considers the activities related to operations as those of a unitary nature and are reported as such. The accounts are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the governing board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The individual funds comprising the business-type funds are:

General Fund – The General Fund is used to account for and report all financial resources not accounted for and reported in another fund. This includes all administrative, operating, and marketing costs of the District. Revenues consist primarily of general property tax levies and charges for services.

Building Reserve Fund – This fund accounts for purchasing or improvement of land and buildings.

Construction Fund – This fund was established to account for major construction. Revenues consist primarily of grants, transfers, and loan proceeds.

DHS Multi Services Campus Fund – This fund was created to account for activity and debt service payments related to facilities owned by the District and leased to the Department of Human Services.

Business Enterprise Center Fund – This fund was created to account for activity related to a commercial property for which the District is responsible. Revenues consist primarily of rent receipts.

BLM Facility Fund – This fund was created to account for activity and debt service payments related to a facility owned by the District and leased to the Bureau of Land Management.

Passenger Facility Charges Fund – This fund accounts for passenger facility charge revenues.

Unemployment Fund – This fund self-insures for the potential unemployment costs which may incur in future years. Funding was provided by a transfer from the General Fund.

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 affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Revenues and Expenses

Revenues and expenses that are earned or incurred during the course of normal business operations are classified as operating. Revenues and expenses that are earned or incurred outside of the course of normal operations, including interest income and expense, property taxes, grants, and passenger facility charges, are classified as nonoperating.

Restricted Assets and Related Liabilities

Assets and related liabilities restricted for specific purposes, primarily construction, are segregated on the balance sheet. All restricted assets are available to pay restricted liabilities due within one year. When both restricted and unrestricted resources are available for use, it is the policy to use restricted resources first, then unrestricted resources as they are needed.

Trade Receivables

Accounts receivable consists of rents due from tenants, charges due from air craft using airport services and facilities, and reimbursements. The Airport evaluates the financial capacity of prospective and current customers to determine their ability to pay amounts due on a timely basis. Various forms of collateral, including letters of credit and contract pledges from commercial airlines, are obtained from certain customers. Accounts receivables are monitored on an ongoing basis. Trade receivables are shown net of an allowance for doubtful accounts.

Property Taxes

Property taxes are an enforceable lien on real and personal property. Taxes are levied on July 1 and payable in full on November 15, although three installments, on November 15, February 15, and May 15, are allowed. Coos County bills, collects and remits the property taxes to the District. The District is permitted by the Constitution of Oregon to levy taxes in an amount subject to the limitations of Measure 5 and Measure 50 for general governmental services. The permanent tax rate to finance general governmental services for the year ended June 30, 2023 was \$0.2400 per \$1,000 of assessed valuation.

Capital Assets and Depreciation

Capital assets with an individual purchase cost exceeding \$5,000 and with a useful life exceeding one year are capitalized and properties subject to depreciation are depreciated over their estimated useful lives on the straight-line basis. The useful lives generally range from 15 to 40 years for land improvements, 20 to 30 years for buildings and terminals, and 3 to 15 years for equipment. Normal maintenance and repairs are charged to operating expenses as incurred; expenditures for major additions, improvements, infrastructure, and replacements are capitalized. Assets acquired under capital leases are also capitalized and depreciated. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal with the resulting gain or loss credited or charged to nonoperating revenue or expense.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subscription Assets

Subscription assets are assets in which the government obtains control of the right to use the underlying IT asset. The value of the subscription asset is initially measured as the sum of the initial subscription liability amount, any payments made to the IT software vendor before commencement of the subscription term, and any capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized in a straight-line manner over the course of the subscription term.

Subscription Liabilities

In the government-wide financial statements, subscription liabilities are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of subscription payments expected to be made during the subscription term is reported as other financing sources. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers cash and short-term investments with maturities of three months or less to be cash equivalents. The District maintains some merged bank accounts for its funds.

Fair Value Inputs and Methodologies and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments)

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Lease Receivables

Lease receivables are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by the government, reduced by principal payments received.

Lease Assets

Lease assets are assets which the government leases for a term of more than one year. The value of leases is determined by the net present value of the leases at the government's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

Unearned Revenue

Unearned revenue in the General Fund and Business Enterprise Center Fund represents prepaid lease payments of hangers and other buildings, and security deposits.

Deferred Interest

Deferred interest in the General Fund represents interest on a loan with the State Economic and Community Development Department. This loan was originally issued in the amount of \$5,900,000 in May 2007. The interest accrued from 2007 through December 31, 2015. The interest has been recorded as a liability since it has already matured and is fully due. The balance is being paid yearly on a straight-line basis through December 1, 2035.

Accounting for Grants and Contributions from the Federal Government and Others

Capital grants and other contributions from governmental agencies are recorded as net position when earned. Lease improvements acquired upon termination of leases are included in properties and credited to net position at estimated fair value at date of acquisition.

Passenger Facility Charges

Passenger facility charges (PFC) are imposed on enplaned passengers at the District. PFC revenue is recorded as nonoperating revenue and is required to be used to fund Federal Aviation Administration approved expenditures for capital projects or debt repayments eligible under federal legislation permitting the imposition of PFC.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget

All funds are budgeted in accordance with the requirements of the State of Oregon Local Budget Law. The Board authorizes appropriations for each fund, setting the level by which disbursements cannot legally exceed appropriations. All annual appropriations lapse at the fiscal year end. The level of control of disbursements of each fund is personal services, materials and services, debt service, capital outlay, contingency and transfers. Original and supplemental budgets may be modified during the fiscal year by the use of appropriations transfers between the legal categories. Such transfers require approval by the Board.

All funds were budgeted on the cash basis of accounting for the year ended June 30, 2023. Under the cash basis of accounting, receipts are recorded when received and disbursements are recorded as paid in cash or by check.

All disbursements were within appropriation levels for the year ended June 30, 2023.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The District's deferred outflows are clearly labeled on the face of the financial statements.

In addition to liabilities, the statement of financial position 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 a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows are clearly labeled on the face of the financial statements.

Pensions

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

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2023

NOTE 2 - CASH AND CASH EQUIVALENTS

The District maintains a separate accountability by fund for cash and cash equivalents.

Per federal requirements, passenger facility charges are accounted for in the Passenger Facility Charges Fund Checking Account. Cash is transferred to the General Fund Checking Account when necessary. The Passenger Facility Charges Fund Checking Account earns interest.

Deposits with financial institutions include bank demand deposits and deposits in the local government investment pool. The cash and investments are comprised of the following:

Local Government Investment Pool	\$	3,092,860
Demand deposits		2,383,746
Petty cash		261
 Total cash and investments	 \$	 5,476,867

Deposits with Financial Institutions

Deposits with financial institutions include bank demand deposits and certificates of deposit. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the deposits may not be returned. At year-end, the District's net carrying amount of deposits was \$2,383,745 and the bank balance was \$2,412,309. Of these deposits, \$517,998 was covered by federal depository insurance, and the remainder was collateralized by the Oregon Public Funds Collateralization Program (PFCP).

Investments

Investment Type	Fair Value	Investment Maturities (in months)	
		Less than 3	More than 3
State Treasurer's Investment Pool	\$ 3,092,860	\$ 3,092,860	\$ -
Total	\$ 3,092,860	\$ 3,092,860	\$ -

Generally accepted accounting principles require investments with a remaining maturity of more than one year at the time of purchase to be stated at fair value. Fair value is determined at the quoted market price, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale.

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements

June 30, 2023

NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)

The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2023. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it materially approximates fair value.

The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2023, the fair value of the position in the LGIP is 99.63% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx)
If the link has expired please contact the Oregon Short Term Fund directly.

Interest Rate Risk

Oregon Revised Statutes require investments not to exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB.

Credit Risk

Oregon Statutes authorize investing in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation of P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District minimizes custodial credit risk by limiting investments to the types of securities allowed by law.

Concentration of Credit Risk

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from U.S. Government Agencies. At June 30, 2023, 100% of total investments were in the State Treasurer's Investment Pool.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2023

NOTE 3 - RECEIVABLES

Trade Receivables

At June 30, 2023, an allowance for doubtful accounts of \$7,720 had been established. Trade receivables of \$79,085 less the allowance for doubtful accounts of \$7,720 is \$71,365, which is shown on the statement of net position.

Property Taxes Receivable

For the year ended June 30, 2023, the District levied a net tax of \$1,468,865. The total property taxes receivable at June 30, 2023 amounted to \$97,513 of which \$52,054 was for the year ended June 30, 2023.

	Receivable 6/30/2022	Levied 2022-2023	Adjustments and Interest	Collected	Receivable 6/30/2023
Current	\$ -	\$ 1,468,865	\$ (39,434)	\$ 1,377,377	\$ 52,054
Prior	87,399	-	3,906	45,846	45,459
Total	\$ 87,399	\$ 1,468,865	\$ (35,528)	\$ 1,423,223	\$ 97,513

Lease Receivable and Related Lease Deferred Inflow

On 07/01/2021, the District entered into a 58 month lease as Lessor for the use of a building. An initial lease receivable was recorded in the amount of \$368,129. As of 06/30/2023, the value of the lease receivable is \$216,941. The lessee is required to make monthly fixed payments of \$6,434. The lease has an interest rate of 0.5770%. The value of the deferred inflow of resources as of 06/30/2023 was \$215,800, and the District recognized lease revenue of \$76,165 during the fiscal year. The lessee has 2 extension option(s), each for 24 months.

On 07/01/2021, the District entered into a 128 month lease as Lessor for the use of a building. An initial lease receivable was recorded in the amount of \$3,064,365. As of 06/30/2023, the value of the lease receivable is \$2,541,433. The lessee is required to make monthly fixed payments of \$24,482. The lease has an interest rate of 1.2170%. The value of the deferred inflow of resources as of 06/30/2023 was \$2,489,797, and the District recognized lease revenue of \$287,284 during the fiscal year. The lessee has 1 extension option(s), each for 48 months.

On 07/01/2021, the District entered into a 180 month lease as Lessor for the use of a building. An initial lease receivable was recorded in the amount of \$16,604,992. As of 06/30/2023, the value of the lease receivable is \$14,565,393. The lessee is required to make monthly fixed payments of \$101,930. The lease has an interest rate of 1.3620%. The value of the deferred inflow of resources as of 06/30/2023 was \$14,390,993, and the District recognized lease revenue of \$1,106,999 during the fiscal year.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2023

NOTE 3 – RECEIVABLES (CONTINUED)

On 07/01/2021, the District entered into a 46 month lease as Lessor for the use of a building. An initial lease receivable was recorded in the amount of \$2,975. As of 06/30/2023, the value of the lease receivable is \$995. The lessee is required to make annual fixed payments of \$1,000. The lease has an interest rate of 0.4570%. The value of the deferred inflow of resources as of 06/30/2023 was \$1,423, and the District recognized lease revenue of \$776 during the fiscal year.

On 07/01/2021, the District entered into a 106 month lease as Lessor for the use of a building. An initial lease receivable was recorded in the amount of \$15,227. As of 06/30/2023, the value of the lease receivable is \$11,902. The lessee is required to make monthly variable principal and interest payments of \$150 based on a CPI index of 0.00%. The lease has an interest rate of 1.0950%. The value of the deferred inflow of resources as of 06/30/2023 was \$11,795, and, the District recognized lease revenue of \$1,716 during the fiscal year.

On 07/01/2021, the District entered into a 17 month lease as Lessor for the use of a building. An initial lease receivable was recorded in the amount of \$47,993. As of 06/30/2023, the value of the lease receivable is \$0. The lessee is required to make monthly variable principal and interest payments of \$2,826 based on a CPI index of 0.00%. The lease has an interest rate of 0.1850%. The value of the deferred inflow of resources as of 06/30/2023 was \$0, and the District recognized lease revenue of \$14,127 during the fiscal year. The lessee has 2 extension option(s), each for 60 months.

On 07/01/2021, the District entered into an 86 month lease as Lessor for the use of a building. An initial lease receivable was recorded in the amount of \$5,433. As of 06/30/2023, the value of the lease receivable is \$3,946. The lessee is required to make monthly variable principal and interest payments of \$65 based on a CPI index of 0.00%. The lease has an interest rate of 0.8330%. The value of the deferred inflow of resources as of 06/30/2023 was \$3,916, and the District recognized lease revenue of \$758 during the fiscal year.

On 03/01/2022, the District entered into a 36 month lease as Lessor for the use of a building. An initial lease receivable was recorded in the amount of \$144,328. As of 06/30/2023, the value of the lease receivable is \$81,613. The lessee is required to make monthly fixed payments of \$3,932. The lease has an interest rate of 0.4260%. The value of the deferred inflow of resources as of 06/30/2023 was \$80,183, and the District recognized lease revenue of \$48,109 during the fiscal year.

On 07/01/2021, the District entered into a 68 month lease as Lessor for the use of a building. An initial lease receivable was recorded in the amount of \$10,035. As of 06/30/2023, the value of the lease receivable is \$6,535. The lessee is required to make monthly variable principal and interest payments of \$150 based on a CPI index of 0.00%. The lease has an interest rate of 0.7030%. The value of the deferred inflow of resources as of 06/30/2023 was \$6,493, and the District recognized lease revenue of \$1,771 during the fiscal year. The lessee has 1 extension option(s), each for 120 months.

On 07/01/2021, the District entered into an 86 month lease as Lessor for the use of a building. An initial lease receivable was recorded in the amount of \$4,423. As of 06/30/2023, the value of the lease receivable is \$3,227. The lessee is required to make monthly variable principal and interest payments of \$52 based on a CPI index of 0.00%. The lease has an interest rate of 0.8330%. The value of the deferred inflow of resources as of 06/30/2023 was \$3,195, and the District recognized lease revenue of \$613 during the fiscal year.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2023

NOTE 3 – RECEIVABLES (CONTINUED)

On 07/01/2021, the District entered into a 25 month lease as Lessor for the use of Pahls, Brent. An initial lease receivable was recorded in the amount of \$1,389. As of 06/30/2023, the value of the lease receivable is \$107. The lessee is required to make monthly variable principal and interest payments of \$54 based on a CPI index of 0.00%. The lease has an interest rate of 0.2180%. The value of the deferred inflow of resources as of 06/30/2023 was \$63, and the District recognized lease revenue of \$663 during the fiscal year.

On 07/01/2021, the District entered into a 41 month lease as Lessor for the use of land. An initial lease receivable was recorded in the amount of \$163,142. As of 06/30/2023, the value of the lease receivable is \$67,840. The lessee is required to make monthly fixed payments of \$4,000. The lease has an interest rate of 0.3150%. The value of the deferred inflow of resources as of 06/30/2023 was \$67,644, and the District recognized lease revenue of \$47,748 during the fiscal year. The lessee has 1 extension option(s), each for 120 months.

On 07/01/2021, the District entered into a 102 month lease as Lessor for the use of land. An initial lease receivable was recorded in the amount of \$36,191. As of 06/30/2023, the value of the lease receivable is \$27,950. The lessee is required to make monthly variable principal and interest payments of \$371. Based on a CPI index of 0.00%. The lease has an interest rate of 1.0950%. The value of the deferred inflow of resources as of 06/30/2023 was \$27,675, and the District recognized lease revenue of \$4,258 during the fiscal year.

On 07/01/2021, the District entered into a 57 month lease as Lessor for the use of a building. An initial lease receivable was recorded in the amount of \$185,032. As of 06/30/2023, the value of the lease receivable is \$110,836. The lessee is required to make monthly fixed payments of \$3,090. The lease has an interest rate of 0.5770%. The value of the deferred inflow of resources as of 06/30/2023 was \$107,124, and the District recognized lease revenue of \$38,954 during the fiscal year. The lessee has 3 extension option(s), each for 60 months.

On 07/01/2021, the District entered into a 102 month lease as Lessor for the use of a building. An initial lease receivable was recorded in the amount of \$228,139. As of 06/30/2023, the value of the lease receivable is \$176,353. The lessee is required to make monthly fixed payments of \$2,343. The lease has an interest rate of 1.0950%. The value of the deferred inflow of resources as of 06/30/2023 was \$174,459, and the District recognized lease revenue of \$26,840 during the fiscal year. The lessee has 1 extension option(s), each for 120 months.

On 07/01/2021, the District entered into a 57 month lease as Lessor for the use land. An initial lease receivable was recorded in the amount of \$139,096. As of 06/30/2023, the value of the lease receivable is \$80,960. The lessee is required to make monthly variable principal and interest payments of \$2,473 based on a CPI index of 0.00%. The lease has an interest rate of 0.5770%. The value of the deferred inflow of resources as of 06/30/2023 was \$80,529, and the District recognized lease revenue of \$29,283 during the fiscal year. The lessee has 4 extension option(s), each for 60 months.

On 11/01/2021, the District entered into a 300 month lease as Lessor for the use of land. An initial lease receivable was recorded in the amount of \$66,274. As of 06/30/2023, the value of the lease receivable is \$62,639. The lessee is required to make monthly fixed payments of \$275. The lease has an interest rate of 1.8290%. The value of the deferred inflow of resources as of 06/30/2023 was \$61,855, and the District recognized lease revenue of \$2,651 during the fiscal year. The lessee has 2 extension option(s), each for 60 months.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2023

NOTE 3 – RECEIVABLES (CONTINUED)

On 07/01/2021, the District entered into a 52 month lease as Lessor for the use of land. An initial lease receivable was recorded in the amount of \$6,573. As of 06/30/2023, the value of the lease receivable is \$3,282. The lessee is required to make annual variable principal and interest payments of \$1,104 based on a CPI index of 0.00%. The lease has an interest rate of 0.4570%. The value of the deferred inflow of resources as of 06/30/2023 was \$3,539, and the District recognized lease revenue of \$1,517 during the fiscal year.

On 07/01/2021, the District entered into a 215 month lease as Lessor for the use of a building. An initial lease receivable was recorded in the amount of \$10,741,337. As of 06/30/2023, the value of the lease receivable is \$9,767,747. The lessee is required to make monthly fixed payments of \$53,087. The lease has an interest rate of 1.4620%. The value of the deferred inflow of resources as of 06/30/2023 was \$9,543,604, and the District recognized lease revenue of \$598,867 during the fiscal year.

On 07/01/2021, the District entered into a 286 month lease as Lessor for the use of a building. An initial lease receivable was recorded in the amount of \$1,528,502. As of 06/30/2023, the value of the lease receivable is \$1,402,594. The lessee is required to make monthly fixed payments of \$5,462. The lease has an interest rate of 0.1850%. The value of the deferred inflow of resources as of 06/30/2023 was \$1,400,236, and the District recognized lease revenue of \$64,133 during the fiscal year. The lessee has 1 extension option(s), each for 120 months.

On 07/01/2021, the District entered into a 15 month lease as Lessor for the use of a building. An initial lease receivable was recorded in the amount of \$15,655. As of 06/30/2023, the value of the lease receivable is \$0. The lessee is required to make monthly fixed payments of \$1,045. The lease has an interest rate of 0.1850%. The value of the deferred inflow of resources as of 06/30/2023 was \$0, and the District recognized lease revenue of \$3,133 during the fiscal year.

On 07/01/2021, the District entered into a 17 month lease as Lessor for the use of land improvements. An initial lease receivable was recorded in the amount of \$509. As of 06/30/2023, the value of the lease receivable is \$0. Additionally, there are monthly other reasonably certain payments of \$30. The lease has an interest rate of 0.1850%. The value of the deferred inflow of resources as of 06/30/2023 was \$0, and the District recognized lease revenue of \$150 during the fiscal year. The lessee has 2 extension option(s), each for 12 months.

On 07/01/2021, the District entered into a 46 month lease as Lessor for the use of land. An initial lease receivable was recorded in the amount of \$13,025. As of 06/30/2023, the value of the lease receivable is \$6,256. The lessee is required to make monthly variable principal and interest payments of \$286 based on a CPI index of 0.00%. The lease has an interest rate of 0.4570%. The value of the deferred inflow of resources as of 06/30/2023 was \$6,229, and the District recognized lease revenue of \$3,398 during the fiscal year.

On 07/01/2021, the District entered into a 43 month lease as Lessor for the use of land. An initial lease receivable was recorded in the amount of \$11,767. As of 06/30/2023, the value of the lease receivable is \$5,221. The lessee is required to make monthly variable principal and interest payments of \$276 based on a CPI index of 0.00%. The lease has an interest rate of 0.4570%. The value of the deferred inflow of resources as of 06/30/2023 was \$5,200, and the District recognized lease revenue of \$3,284 during the fiscal year.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2023

NOTE 3 – RECEIVABLES (CONTINUED)

BUSINESS-TYPE ACTIVITIES:	Balance as of July 1, 2022	Additions	Reductions	Balance as of June 30, 2023
Lease Receivable				
Building Lease	30,932,260	\$ -	\$ 2,042,637	\$ 28,889,623
Land Lease	344,987	-	90,840	254,147
Land Improvement Lease	150	-	150	-
Total Lease Receivable	31,277,397	\$ -	\$ 2,133,627	\$ 29,143,770

The deferred inflow is amortized on a straight line basis. Future maturities are as follows:

Principal and Interest Expected to Maturity

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2024	2,146,404	369,286	2,515,689
2025	2,129,527	342,804	2,472,330
2026	2,075,089	316,233	2,391,322
2027	2,034,190	289,476	2,323,666
2028	2,064,766	262,259	2,327,025
2029 - 2033	10,265,585	893,386	11,158,971
2034 - 2038	7,310,488	259,015	7,569,503
2039 - 2043	987,092	9,056	996,147
2044 - 2047	130,630	549	131,179
Total	29,143,770	2,742,064	31,885,833

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2023

NOTE 4 – CAPITAL ASSETS

Capital assets activity and balances consist of the following for the year ended June 30, 2023:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending of Year</u>
Capital assets, depreciable					
Runway/Taxiway	\$ 30,844,193	\$ -	\$ -	\$ -	\$ 30,844,193
Parking Lots	952,092	-	-	-	952,092
Land Improvements	1,683,957	-	-	-	1,683,957
Intangibles	300,945	-	-	-	300,945
Infrastructure	6,386,080	-	-	-	6,386,080
Buildings	52,837,247	-	-	-	52,837,247
Equipment	2,023,793	62,277	-	-	2,086,070
Total	<u>95,028,307</u>	<u>62,277</u>	<u>-</u>	<u>-</u>	<u>95,090,584</u>
Less accumulated depreciation					
Runway/Taxiway	19,658,154	1,205,769	-	-	20,863,923
Parking Lots	925,017	2,708	-	-	927,725
Land Improvements	1,532,099	11,906	-	-	1,544,005
Intangibles	257,705	28,830	-	-	286,535
Infrastructure	5,814,547	83,487	-	-	5,898,034
Buildings	17,864,754	1,723,865	-	-	19,588,619
Equipment	1,641,030	104,609	-	-	1,745,639
Total	<u>47,693,306</u>	<u>3,161,174</u>	<u>-</u>	<u>-</u>	<u>50,854,480</u>
Total assets being depreciated, net	<u>47,335,001</u>	<u>(3,098,897)</u>	<u>-</u>	<u>-</u>	<u>44,236,104</u>
Capital assets - non-depreciable					
Land	425,391	-	-	-	425,391
Construction in progress	8,577,630	6,701,569	-	-	15,279,199
Total non-depreciated assets	<u>9,003,021</u>	<u>6,701,569</u>	<u>-</u>	<u>-</u>	<u>15,704,590</u>
Total capital assets, net	<u>\$ 56,338,022</u>	<u>\$ 3,602,672</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,940,694</u>

	<u>Balance as of July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance as of June 30, 2023</u>
Subscription Assets				
Software				
Uniguest	-	7,279	-	7,279
Total Software Subscription Assets	-	7,279	-	7,279
Total Subscription Assets	-	7,279	-	7,279
Subscription Accumulated Amortization				
Software				
Uniguest	-	3,634	-	3,634
Total Software Subscription Accumulated Amortization	-	3,634	-	3,634
Total Subscription Accumulated Amortization	-	3,634	-	3,634
Total Business-Type Subscription Assets, Net	-	3,645	-	3,645

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2023

NOTE 5 - LONG-TERM OBLIGATIONS

By intergovernmental agreement with the Port of Coos Bay, the District assumed two prior existing loans with the State of Oregon relating to airport activities. These loans are commonly referred to as the T-Hangar Loan and the Business Park Expansion Loan. Additionally, the District assumed repayment of expenditures greater than operating revenues, property taxes and PFCs made by the Port of Coos Bay for the purpose of providing funds for District operations and the maintenance and administration of other District properties not directly involved in District operations.

On November 8, 2016, the District signed a promissory note with a local bank in the amount of \$1,500,000. The loan was used for construction costs for remodeling a building which the Department of Human Services is leasing. This loan required interest only payments from November 8, 2016 through May 8, 2016. The loan requires monthly payments of \$11,585 through November 2026 and then monthly payments of \$11,633 through November 2031. This note has a variable interest rate which may change every five years based on the 5 Year Long-Term, Fixed-Rate Advance Rate. The interest rate will never be lower than 4.23%. The rate at June 30, 2023, was 4.23%. During the year under audit, principal payments of \$95,880 were made and the balance of the loan at June 30, 2023 was \$980,494. If an event of default occurs under this Agreement, at any time thereafter, Lender shall have all the rights of a secured party under the Oregon Uniform Commercial Code. In addition and without limitation, Lender may exercise- any ones or more of the following rights and remedies: 1. Accelerate Indebtedness. Lender may declare the entire Indebtedness, including any prepayment penalty which Grantor would be required to pay, immediately due and payable, without notice of any kind to Grantor. 2. Assemble Collateral, 3. Sell the Collateral, 4. Appoint Receiver, Lender shall have the right to have a receiver appointed to take possession of all or any part of the collateral, 5. Collect revenues, apply accounts. Lender, either itself or through a receiver, may collect the payments, rents, income, end revenues from the Collateral, 6. Obtain deficiency. If Lender chooses to sell any or all of the Collateral, Lender may obtain a judgment against Grantor for any deficiency remaining on the indebtedness due to lender after application of all amounts received from the exercise of the rights provided in the Agreement. In the agreement Items held as collateral consist of any and all leases, between Coos County Airport District, as Landlord, and The State of Oregon, by and through Its Department of Human Services, as Tenant, for premises located at 2675 Colorado Avenue. North Bend. OR 97459

On July 1, 2019, the District entered into a taxable financing agreement with a bank in the amount of \$5,444,000. The loan was used to refinance certain debt loans as well as to finance construction costs. The loan required monthly payments of principal and interest for years 1-5 of \$46,253. For years 6-15 monthly principal and interest amounts would have been \$33,566 assuming no use of draw down provision. The interest rate is a 15 year taxable fixed interest rate of 3.35%. On September 1, 2021, the District amended the financing agreement with an increase of \$1,400,000 to \$6,844,000. During the balance of the years 1-5 the monthly principal and interest amounts are \$56,834 per month. For years 6-15 monthly principal and interest amounts are estimated at \$44,147 per month. During the year under audit, principal payments of \$502,320 were made and the balance of the loan at June 30, 2023 was \$5,023,179. Upon the occurrence of any Event of Default the Lender may exercise any remedy available at law or in equity. However, the amounts due from the District under this Financing Agreement shall not be subject to acceleration.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2023

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

On April 10, 2018, the District signed a promissory note with the Oregon Infrastructure Finance Authority in the amount of \$11,562,895. The Oregon Infrastructure Finance Authority sold bonds with a premium paid of \$1,422,200 leaving a principal balance of \$10,140,695. Principal and interest payments are due December 1, 2018, through December 1, 2037. The interest rates vary with the first two years at 4% and the future years at 5% with an all-in true interest cost of 3.48%. During the year under audit, principal payments of \$377,095 were made and the balance of the loan at June 30, 2023 was \$8,491,911. In the event of a default the Lender may pursue any remedies available under the Loan Agreement, including but not limited to the following remedies and actions: A: declaring all Loan payments and all other amounts to be paid by Recipient under this Loan Agreement or any other Loan Document (including, but not limited to Department's cost of defeasance of the portion of any State Bonds allocable to the Loan, if all or a portion of the principal of and interest on the State Bonds has been accelerated pursuant to the Bond Indenture) to be immediately due and payable, and upon notice to Recipient the same shall become immediately due and payable without further notice or demand. B: Terminating all further disbursements of Loan proceeds. C: Declaring Recipient ineligible to receive future awards from Department. D: Withholding all or a portion of any amounts otherwise due to Recipient and applying them. In the agreement Items held as collateral consist of real property located at 1431 Airport Lane, North Bend, OR 97459.

Long-term liability activity for the year ended June 30, 2023, was as follows:

Business-Type Activities					
Direct Borrowings and Placements	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
Intergovernmental loans	\$ 8,869,006	\$ -	\$ 377,095	\$ 8,491,911	\$ 395,200
Commercial loans	6,601,873	-	598,200	6,003,673	622,198
Premium	1,137,760	-	71,110	1,066,650	-
Total	<u>\$ 16,608,639</u>	<u>\$ -</u>	<u>\$ 1,046,405</u>	<u>\$ 15,562,234</u>	<u>\$ 1,017,398</u>

Total debt service requirements to maturity for all issues is:

Business-Type Activities			
Maturities by Fiscal Year	Principal	Interest	Total
2023-24	\$ 1,017,398	\$ 680,727	\$ 1,698,125
2024-25	908,724	641,153	1,549,877
2025-26	944,940	602,687	1,547,627
2026-27	986,834	562,793	1,549,627
2027-32	1,029,566	521,267	1,550,833
2032-37	5,611,583	1,917,973	7,529,556
2037-42	3,996,539	781,094	4,777,633
	-	-	-
Total	<u>\$ 14,495,584</u>	<u>\$ 5,707,694</u>	<u>\$ 20,203,278</u>

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2023

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Subscription Liabilities

For the year ended 6/30/2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

On 07/01/2022, Coos County Airport District, OR entered into a 24 month subscription for the use of Uniguest. An initial subscription liability was recorded in the amount of \$7,279. As of 06/30/2023, the value of the subscription liability is \$4,807. Coos County Airport District, OR is required to make annual fixed payments of \$2,472. The subscription has an interest rate of 1.8940%. The value of the right to use asset as of 06/30/2023 of \$7,279 with accumulated amortization of \$3,634 is included with Software on the Subscription Class activities table found below. Coos County Airport District, OR has 1 extension option(s), each for 12 months.

	Balance as of July 1, 2022	Additions	Reductions	Balance as of June 30, 2023
Subscription Liability				
Software				
Uniguest	-	7,279	2,472	4,807
Total Software Subscription Liability	-	7,279	2,472	4,807
Total Subscription Liability	-	7,279	2,472	4,807

Principal and Interest Requirements to Maturity

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2024	2,381	91	2,472
2025	2,426	46	2,472
Total Principal Payments	4,807		

NOTE 6 – COMPENSATED ABSENCES

Accrued Vacation, Holiday, Comp, and Sick Leave Pay

Vacation, Holiday, and Comp payable, reported at \$79,948 as of June 30, 2023, is accrued as earned for most employees.

Vacation is based on length of past service, up to a maximum number of hours per employee, except for the Executive Director's hours. Vacation liabilities are reduced when leave is taken, and unused portions are paid off upon termination.

All employees receive 16 hours of holiday at the beginning of each calendar year to be used at their discretion and may accumulate addition holiday time for holidays worked. Comp time (overtime) must be approved in advance and is limited to 40 hours.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2023

NOTE 6 – COMPENSATED ABSENCES (CONTINUED)

Employees also accumulate sick pay. However, sick pay must be used for the employee to gain a benefit as no accumulated sick pay is paid upon termination. Accordingly, sick pay is recorded as an expense when paid and no liability is recorded for accumulated amounts.

Following is a summary of changes in compensated absences for the fiscal year ended June 30, 2023:

Business-Type Activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 96,542	\$ 83,538	\$ 100,132	\$ 79,948	\$ 14,481

NOTE 7 – DEFINED BENEFIT PENSION PLAN

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Annual Comprehensive Financial Report which can be found at:

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

If the link is expired, please contact Oregon PERS for this information.

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
 - i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 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 benefits results.
 A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 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.
 - ii. **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 contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2023

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

- member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
 - iii. **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 PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
 - iv. **Benefit Changes After Retirement.** Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.
- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
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 and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
A member of the 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.
 - ii. **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. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.
 - iii. **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.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2023

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation, which became effective July 1, 2021. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2023 were \$196,993, excluding amounts to fund employer specific liabilities. In addition, approximately \$65,162 in employee contributions were paid or picked up by the District in fiscal 2023. At June 30, 2023, the District reported a net pension liability of \$1,040,348 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2020.

The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date of June 30, 2022 and 2021, the District’s proportion was .006 percent and .006 percent, respectively. Pension expense for the year ended June 30, 2023 was \$(77,222).

The rates in effect for the year ended June 30, 2023 were:

- (1) Tier 1/Tier 2 – 18.49%
- (2) OPSRP general services – 16.16%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 50,501	\$ 6,488
Changes in assumptions	163,236	1,491
Net difference between projected and actual earnings on pension plan investments	-	185,994
Net changes in proportionate share	164,159	88,559
Differences between contributions and proportionate share of contributions	-	138,256
Subtotal - Amortized Deferrals (below)	377,896	420,788
Contributions subsequent to measuring date	-	-
Deferred outflow (inflow) of resources	\$ 377,896	\$ 420,788

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2024.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2023

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Amounts reported as deferred outflows or inflows of resources related to pension will be recognized in pension expense as follows:

Year ending June 30,	Amount
2024	\$ (11,095)
2025	(43,719)
2026	(77,246)
2027	90,117
2028	(949)
Thereafter	-
Total	\$ (42,892)

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 2, 2023. Oregon PERS produces an independently audited ACFR which can be found at:

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

Actuarial Valuations – The employer contribution rates effective July 1, 2021 through June 30, 2023, were set using the entry age normal 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 (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer 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.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2023

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions:

Valuation date	December 31, 2020
Experience Study Report	2020, Published July 20, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value of assets
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increase	3.40 percent
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of 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 31 of even numbered years. The method and assumptions shown are based on the 2020 Experience Study which is reviewed for the four-year period ending December 31, 2020.

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	25.0%	35.0%	30.0%
Real Estate	7.5%	17.5%	12.5%
Private Equity	15.0%	27.5%	20.0%
Risk Parity	0.0%	3.5%	2.5%
Real Assets	2.5%	10.0%	7.5%
Diversifying Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	5.0%	0.0%
Total			100.0%

(Source: June 30, 2022 PERS ACFR; p. 104)

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2023

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multistrategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
<i>Assumed Inflation - Mean</i>		2.40%

(Source: June 30, 2022 PERS ACFR; p. 74)

Discount Rate – The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan, a reduction approved by the Board from 7.20 percent in the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from the 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 District’s proportionate share of the net pension liability to changes in the discount rate – the following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (5.90 percent) or one percent higher (7.90 percent) than the current rate.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2023

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net pension liability	\$ 1,844,968	\$ 1,040,348	\$ 366,919

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date.

However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer’s reporting date that are expected to have a significant effect on the employer’s share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

There are no changes subsequent to the June 30, 2022 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

Deferred Compensation Plan

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the District for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of resignation, death, disability, or retirement; unforeseeable emergency; or by requesting a de minimis distribution from inactive accounts valued less than \$5,000. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the District.

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

Employees of the District are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member’s IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2023

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Benefits:

Participants in OPERS defined benefit pension plans also participate 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 five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits:

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

Contributions:

Employees of the District pay six (6) percent of their covered payroll. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSRP members earning \$2,500 or more per month (increased to \$3,333 per month in 2022) will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly IAP contribution, Tier 1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSRP will have 0.75 percent redirected to the Employee Pension Stability Account, with the remaining going to the member's existing IAP account. Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full 6 percent contribution to the IAP. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2023.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, or by contacting PERS at the following address: PO Box 23700 Tigard, OR 97281-3700.

<http://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

Other Post-Employment Benefit Plan - (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 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.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2023

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 require that an amount equal to \$60 dollars 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 dollars 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 OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan.

A surviving spouse or dependent of a deceased OPERS 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 OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating Districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.05% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2023. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers. The District's contributions to RHIA for the years ended June 30, 2021, 2022 and 2023 were \$125, \$118, and \$122, respectively, which equaled the required contributions each year.

At June 30, 2023, the District's net OPEB liability/(asset) and deferred inflows and outflows were not considered significant by management and were not accrued on the government wide statements.

NOTE 8 - DEFERRED COMPENSATION PLAN

The District offers employees a deferred compensation plan in accordance with Internal Revenue Code Section 457(b). The plan, available to all District employees, permits them to defer a portion of their salary until future years. The District only makes contributions for the Executive Director as per the contract with the Executive Director.

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description: The District operates a single-employer retiree benefit plan that provides postemployment health, dental and vision insurance benefits to eligible employees and their spouses. There are active and retired members in the plan. All classes of employees are eligible to continue coverage upon retirement.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2023

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Qualified spouses, domestic partners, and children may qualify for coverage. Coverage for retirees and eligible dependents continues until Medicare eligibility for each individual (or until dependent children become ineligible).

Benefits and eligibility for members are established through the collective bargaining agreements. The postretirement healthcare plan is established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulated that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees.

The difference between retiree claims cost, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer contribution. The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan.

Funding Policy: The benefits from this program are paid by the District on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the District to fund these benefits in advance.

Actuarial Methods and Assumptions: The District engaged an actuary to perform an evaluation as of July 1, 2021 using entry age normal, level percent of salary Actuarial Cost Method. The Single Employer Pension Plan liability was determined using the following actuarial assumptions, applied to all periods including the measurement:

Discount Rate per year	2.16%
General Inflation Rate per year	2.40%
Salary Scale per year	3.40%

Health care cost trends are as follows:

Year	Trend
2021	2.75 %
2022	5.50
2023-2024	5.00
2025-2027	4.75
2028-2038	4.50
2039-2066	4.25
2067-2071	4.00
2072+	3.75

Mortality rates were based on the Pub-2010 general and safety employee and healthy retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees. Future mortality improvement is not projected as it would be immaterial to the valuation.

Turnover rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by years of service.

Disability was not used.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2023

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Retirement rates were based on the valuation of benefits under Oregon PERS.

Changes in Medical Benefit OPEB Liability:

Balance at June 30, 2023	\$	43,392
Changes for the Year:		
Service Cost		2,439
Interest		962
Changes of Economic/Demographic Gains or Losses		-
Changes of Assumptions or Other Input		(2,809)
Benefit Payments		(2,616)
Net Changes for the Year		<u>(2,024)</u>
Total OPEB Liability at June 30, 2023	\$	<u>41,368</u>

Sensitivity of the Net Other Post-Employment Benefit Liability to Changes in Discount and Trend Rates.

The following presents the net other post-employment benefit liability (NOL), calculated using the discount rate of 2.16 percent, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current rate:

	<u>1% Decrease (1.16%)</u>	<u>Current Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
Net OPEB Liability	\$ 43,487	\$ 41,368	\$ 39,328

The following a sensitivity analysis for changes in healthcare cost trend assumptions.

	<u>1% Decrease (ranging from 1.75% to 4.50%)</u>	<u>Healthcare Cost Trend Rates (ranging from 2.75% to 5.50%)</u>	<u>1% Increase (ranging from 3.75% to 6.50%)</u>
Net OPEB Liability	\$ 38,605	\$ 41,368	\$ 44,440

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2023

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 23,863	\$ -
Changes in assumptions or inputs	23,875	8,180
Benefit Payments	-	3,295
Deferred outflow (inflow)	\$ 47,738	\$ 11,475

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

Year ended June 30,	Amount
2024	\$ (8,044)
2025	(8,044)
2026	(8,044)
2027	(7,697)
2028	(7,476)
Thereafter	(253)
Total	\$ (39,558)

NOTE 10 - RISK MANAGEMENT

The District has a comprehensive risk management program which primarily utilizes commercial insurance, with certain self-insurance to provide protection from losses involving property, liability, injuries to personnel, and errors and omissions, with various deductibles and self-insured retentions.

There has been no significant reduction in insurance coverage from the prior year and no settlements have been paid in excess of insurance coverage during the last three fiscal years.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and State of Oregon governments. Any disallowed claims, including amounts already collected, could become a liability of the District. Management believes amounts disallowed, if any, would not be material to the District.

Unemployment claims are self-insured. During the budgetary process a reserve is deposited into the Unemployment Fund sufficient to cover the payment of benefits projected for the future fiscal year.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2023

NOTE 12 – PROPERTY TAX LIMITATIONS

The State of Oregon has a constitutional limit on property taxes for schools and non-school government operations. The limitation provides that property taxes for non-school operations are limited to \$10.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt.

An additional limit reduces the amount of operating property tax revenues available. This reduction was accomplished by rolling property values for 1997-98 back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The Constitution also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues.

NOTE 13 – INTERFUND TRANSFERS AND LOANS

Interfund Transfers

Interfund transfers for the year ended June 30, 2023, consisted of the following:

Transfers In:		Transfers Out:	
General Fund	\$ 475,000	General Fund	\$ 1,602,000
Construction Fund	1,602,000	Passenger Facility Charges Fund	60,000
Building Reserve Fund	125,000	BLM Fund	140,000
		BEC Fund	400,000
		DHS Fund	-
Total	\$ 2,202,000	Total	\$ 2,202,000

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund Loans

Interfund loans were paid off during the fiscal year and there are no balances left at June 30, 2023.

NOTE 14 – INTEREST EXPENSE

Total interest expense, on the accrual basis, during the 2022-2023 fiscal year was \$640,883. No interest was capitalized.

REQUIRED SUPPLEMENTARY INFORMATION

COOS COUNTY AIRPORT DISTRICT
Required Supplementary Information
For the fiscal year ended June 30, 2023

Schedule of the Proportionate Share of the Net Pension Liability

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) District's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.01 %	\$ 1,040,348	\$ 1,086,041	95.8 %	84.6 %
2022	0.01	745,549	879,239	84.8	87.6
2021	0.01	1,236,695	737,006	167.8	75.8
2020	0.01	1,215,676	695,828	174.7	80.2
2019	0.01	919,808	648,756	141.8	82.1
2018	0.01	920,705	727,430	126.6	83.1
2017	0.01	1,008,544	696,748	144.8	80.5
2016	0.01	378,116	685,967	55.1	91.9
2015	0.01	(131,682)	666,322	(19.8)	103.6
2014	0.01	296,461	607,062	48.8	92.0

The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

Schedule of Contributions

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2023	\$ 143,579	\$ 143,579	\$ -	\$ 1,086,041	13.2 %
2022	144,375	144,375	-	879,239	16.4
2021	115,999	115,999	-	737,006	15.7
2020	111,033	111,033	-	695,828	16.0
2019	70,178	70,178	-	648,756	10.8
2018	76,124	76,124	-	727,430	10.5
2017	55,744	55,744	-	696,748	8.0
2016	54,248	54,248	-	685,967	7.9
2015	47,514	47,514	-	666,322	7.1
2014	43,599	43,599	-	607,062	7.2

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

COOS COUNTY AIRPORT DISTRICT
Required Supplementary Information
For the fiscal year ended June 30, 2023

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

COOS COUNTY AIRPORT DISTRICT
Required Supplementary Information
For the fiscal year ended June 30, 2023

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Changes for the year:						
Service cost	\$ 2,439	\$ 3,901	\$ 3,314	\$ 2,885	\$ 2,866	\$ 3,051
Interest	962	1,628	2,356	3,716	3,594	3,064
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	(2,639)		(39,218)	-	
Changes in assumptions or other input	(2,809)	(27,148)	3,862	9,974	(1,461)	(4,043)
Benefit payments	(2,616)	(4,191)	(3,353)	(9,582)	(9,205)	(8,830)
Net changes in total OPEB liability	(2,024)	(28,449)	6,179	(32,225)	(4,206)	(6,758)
Total OPEB liability - beginning	43,392	71,841	65,662	97,887	102,093	108,851
Total OPEB liability - ending	<u>\$ 41,368</u>	<u>\$ 43,392</u>	<u>\$ 71,841</u>	<u>\$ 65,662</u>	<u>\$ 97,887</u>	<u>\$ 102,093</u>

Covered Employee Payroll	\$ 1,086,041	\$ 925,697	\$ 772,546	\$ 744,030	\$ 672,545	681,509
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Net OPEB liability as a percentage of covered employee payroll	4%	5%	9%	9%	15%	15%
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This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SUPPLEMENTARY INFORMATION

COOS COUNTY AIRPORT DISTRICT
Combining Balance Sheet
For the Year Ended June 30, 2023

	Total	General Fund	Building Reserve Fund	Construction Fund
ASSETS				
Current assets				
Cash and cash equivalents	\$ 5,476,867	\$ 2,238,549	\$ 928,157	\$ 1,214,806
Receivables				
Trade	71,365	70,046	-	-
Accrued interest on leases	19,718	609	-	-
Leases	2,146,404	350,343	-	-
Property taxes	97,513	97,513	-	-
Total current assets	<u>7,811,867</u>	<u>2,757,060</u>	<u>928,157</u>	<u>1,214,806</u>
Non-current assets				
Leases receivable, non-current	26,997,366	1,918,853	-	-
Capital assets				
Depreciable properties, net of accumulated depreciation	44,236,104	27,534,568	-	-
Subscription right to use, net of accumulated amortization	3,645	3,645	-	-
Nondepreciable properties	15,704,590	455,242	-	15,249,348
Total capital assets (net of accumulated depreciation)	<u>59,944,339</u>	<u>27,993,455</u>	<u>-</u>	<u>15,249,348</u>
Total non-current assets	<u>86,941,705</u>	<u>29,912,308</u>	<u>-</u>	<u>15,249,348</u>
Total assets	<u>94,753,572</u>	<u>32,669,368</u>	<u>928,157</u>	<u>16,464,154</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	377,896	377,896	-	-
OPEB deferrals	11,475	11,475	-	-
Total deferred outflows of resources	<u>389,371</u>	<u>389,371</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 95,142,943</u>	<u>\$ 33,058,739</u>	<u>\$ 928,157</u>	<u>\$ 16,464,154</u>
LIABILITIES				
Current liabilities				
Accounts payable - operating	\$ 127,543	\$ 97,404	\$ -	\$ -
Accounts payable - construction	1,158	-	-	1,158
Accrued payroll costs	70,765	70,765	-	-
Accrued interest on long term debt	252,431	220	-	-
Deferred Interest - Current	56,309	56,309	-	-
Contractor retention payable	391,871	-	-	391,871
Accrued compensated absences	79,948	79,948	-	-
Current portion of subscription liability	2,381	2,381	-	-
Current portion of long-term debt	1,017,398	193,779	-	-
Total current liabilities	<u>1,999,804</u>	<u>500,806</u>	<u>-</u>	<u>393,029</u>
Non-current liabilities				
Deferred Interest	732,012	732,012	-	-
Long-term debt	14,544,836	595,995	-	-
Subscription liability	2,426	2,426	-	-
Net pension liability	1,040,348	1,040,348	-	-
Net OPEB liability	41,368	41,368	-	-
Total non-current liabilities	<u>16,360,990</u>	<u>2,412,149</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>18,360,794</u>	<u>2,912,955</u>	<u>-</u>	<u>393,029</u>
DEFERRED INFLOWS OF RESOURCES				
Leases	28,681,752	2,257,359	-	-
Pension deferrals	420,788	420,788	-	-
OPEB deferrals	47,738	47,738	-	-
Total deferred inflows of resources	<u>29,150,278</u>	<u>2,725,885</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net invested in capital assets	44,714,083	27,198,874	-	15,249,348
Unrestricted	2,917,788	221,025	928,157	821,777
Total net position	<u>47,631,871</u>	<u>27,419,899</u>	<u>928,157</u>	<u>16,071,125</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 95,142,943</u>	<u>\$ 33,058,739</u>	<u>\$ 928,157</u>	<u>\$ 16,464,154</u>

DHS Multi Services Campus Fund	Business Enterprise Center Fund	BLM Fund	Passenger Facility Charges Fund	Unemploy- ment Fund
\$ 709,340	\$ 45,653	\$ 253,572	\$ 29,594	\$ 57,196
-	1,319	-	-	-
19,109	-	-	-	-
1,298,492	-	497,569	-	-
-	-	-	-	-
<u>2,026,941</u>	<u>46,972</u>	<u>751,141</u>	<u>29,594</u>	<u>57,196</u>
15,808,335	-	9,270,178	-	-
-	-	-	-	-
12,036,051	-	4,665,485	-	-
-	-	-	-	-
-	-	-	-	-
<u>12,036,051</u>	<u>-</u>	<u>4,665,485</u>	<u>-</u>	<u>-</u>
<u>27,844,386</u>	<u>-</u>	<u>13,935,663</u>	<u>-</u>	<u>-</u>
29,871,327	46,972	14,686,804	29,594	57,196
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 29,871,327</u>	<u>\$ 46,972</u>	<u>\$ 14,686,804</u>	<u>\$ 29,594</u>	<u>\$ 57,196</u>
\$ 1,339	\$ 2,650	\$ 26,150	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
251,030	-	1,181	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
494,637	-	328,982	-	-
<u>747,006</u>	<u>2,650</u>	<u>356,313</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
10,046,703	-	3,902,138	-	-
-	-	-	-	-
-	-	-	-	-
<u>10,046,703</u>	<u>-</u>	<u>3,902,138</u>	<u>-</u>	<u>-</u>
10,793,709	2,650	4,258,451	-	-
16,880,789	-	9,543,604	-	-
-	-	-	-	-
-	-	-	-	-
<u>16,880,789</u>	<u>-</u>	<u>9,543,604</u>	<u>-</u>	<u>-</u>
1,494,711	-	771,150	-	-
702,118	44,322	113,599	29,594	57,196
<u>2,196,829</u>	<u>44,322</u>	<u>884,749</u>	<u>29,594</u>	<u>57,196</u>
<u>\$ 29,871,327</u>	<u>\$ 46,972</u>	<u>\$ 14,686,804</u>	<u>\$ 29,594</u>	<u>\$ 57,196</u>

COOS COUNTY AIRPORT DISTRICT
Reconciliation of Budgetary Cash Basis Revenues and Expenditures to GAAP, Accrual Basis, Income

FUND	Budgetary Basis		Net Change
	Receipts	Disbursements	in Fund Balance
General Fund	\$ 3,260,039	\$ 5,064,493	\$ (1,804,454)
Building Reserve Fund	148,079	-	148,079
Construction Fund	7,917,323	6,777,259	1,140,064
DHS Multi Services Campus Fund	1,557,843	1,467,433	90,410
Business Enterprise Center Fund	92,964	182,925	(89,961)
BLM Facility Fund	669,984	720,712	(50,728)
Passenger Facility Charges Fund	72,427	60,000	12,427
Total - budgetary reporting basis	\$ 13,718,659	\$ 14,272,822	(554,163)
Add (deduct) adjustments to budgetary reporting basis which are necessary to reflect results of operations on financial reporting basis in accordance with generally accepted accounting principles:			
Receivables:			
Trade			(15,046)
Taxes			(5,665)
Accrued interest on leases			(837)
Leases			(2,133,627)
Accounts payable			58,999
Accrued expenses			4,414
Accrued interest			10,827
Retainage payable			(97,669)
Deferred revenues - current			6,513
Accrued compensated absences			16,594
Depreciation and amortization			(3,162,336)
Deferred inflows - Leases			2,363,187
Deferred inflows - pension related deferral			324,941
Deferred outflows - pension related deferral			(149,913)
Net pension liability			(294,799)
Deferred inflows - OPEB related deferral			6,755
Deferred outflows - OPEB related deferral			(841)
Net OPEB liability			2,024
Capital asset additions			6,763,846
Long-term debt principal			1,046,405
Income (loss) (GAAP Accrual Basis)			\$ 4,189,609

COOS COUNTY AIRPORT DISTRICT
Schedule of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual
Non-GAAP Budgetary Cash Basis
GENERAL FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Current taxes	\$ 1,366,569	\$ 1,366,569	\$ 1,353,911	\$ (12,658)
Prior taxes	60,000	60,000	81,968	21,968
Business park building and land leases	284,699	284,699	240,118	(44,581)
Aeronautical		-	-	-
Hangars	48,621	48,621	57,854	9,233
Corporate hangars-land leases	51,387	51,387	97,102	45,715
Overnight ramp fees	100,000	100,000	97,348	(2,652)
Landing fees	200	200	229	29
Airport use fees	275,000	275,000	252,996	(22,004)
Carriers	68,800	68,800	67,114	(1,686)
Fuel fees	75,000	75,000	81,724	6,724
Fixed based operators	78,293	78,293	78,225	(68)
Non-Aeronautical		-	-	-
Land leases	9,809	9,809	10,121	312
Ground transportation	1,500	1,500	1,500	-
Terminal rooms	99,966	99,966	99,559	(407)
Terminal advertising	10,500	10,500	11,525	1,025
Concessions	140,560	140,560	130,064	(10,496)
Rental parking	5,760	5,760	3,724	(2,036)
Apartment rentals	-	-	-	-
Interest on investments	17,500	17,500	63,225	45,725
Security background fees	700	700	2,496	1,796
US DOT air route subsidy	-	-	-	-
Federal grants	500,000	500,000	-	(500,000)
Reimbursements & cost shares	-	-	-	-
Miscellaneous	2,500	2,500	54,236	51,736
Total receipts	<u>3,197,364</u>	<u>3,197,364</u>	<u>2,785,039</u>	<u>(412,325)</u>
DISBURSEMENTS				
Personnel services	1,855,161	1,985,161 ¹	1,934,501	50,660
Materials and services	1,934,755	1,934,755 ¹	1,069,737	865,018
Capital outlay	102,000	102,000 ¹	185,028	(83,028)
Debt service				
Principal and interest	273,229	273,229	273,227	2
Contingency	805,401	675,401	-	675,401
Total disbursements	<u>4,970,546</u>	<u>4,970,546</u>	<u>3,462,493</u>	<u>1,508,053</u>
Excess (deficiency) of receipts over (under) disbursements (carried forward to next page)	\$ (1,773,182)	\$ (1,773,182)	\$ (677,454)	\$ 1,095,728

COOS COUNTY AIRPORT DISTRICT
Schedule of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual
Non-GAAP Budgetary Cash Basis
GENERAL FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of receipts over (under) disbursements (carried forward from previous page)	\$ (1,773,182)	\$ (1,773,182)	\$ (677,454)	\$ 1,095,728
OTHER FINANCING SOURCES (USES)				
Transfers in	673,000	673,000	475,000	(198,000)
Transfers out	(2,381,843)	(2,381,843)	(1,602,000)	779,843
Total other financing sources (uses)	(1,708,843)	(1,708,843)	(1,127,000)	581,843
Net change in fund balance	(3,482,025)	(3,482,025)	(1,804,454)	1,677,571
FUND BALANCES - CASH BASIS				
Beginning of the year	3,482,025	3,482,025	4,043,003	560,978
End of the Year	<u>\$ -</u>	<u>\$ -</u>	2,238,549	<u>\$ 2,238,549</u>

RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Accounts receivable	70,046
Accrued interest on leases	609
Lease receivable	2,269,195
Taxes receivable	97,513
Capital assets (net of depreciation & amortization)	27,993,455
Deferred outflows - pension related	377,896
Deferred outflows - OPEB related deferral	11,475
Accounts payable	(97,404)
Subscription liability	(4,807)
Payroll liabilities	(70,765)
Deferred interest payable	(788,320)
Accrued interest payable	(220)
Accrued compensated absences	(79,948)
Net pension liability	(1,040,348)
Net OPEB liability	(41,368)
Debt payable	(789,774)
Deferred inflows - pension related deferral	(420,788)
Deferred inflows - OPEB related deferral	(47,738)
Deferred inflows of resources - lease	(2,257,359)
Net Position, June 30, 2023 (GAAP, accrual basis)	<u>\$ 27,419,899</u>

¹ Total equals appropriations

COOS COUNTY AIRPORT DISTRICT
Schedule of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual
Non-GAAP Budgetary Cash Basis
BUILDING RESERVE FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Interest on investments	\$ -	\$ -	\$ 23,079	\$ 23,079
Total receipts	-	-	23,079	23,079
DISBURSEMENTS				
Total disbursements	-	-	-	-
Excess (deficiency) of receipts over (under) disbursements	-	-	23,079	23,079
OTHER FINANCING SOURCES (USES)				
Interfund loan repayment	-	-	-	-
Transfers in	125,000	125,000	125,000	-
Total other financing sources (uses)	125,000	125,000	125,000	-
Net change in fund balance	125,000	125,000	148,079	23,079
FUND BALANCES - CASH BASIS				
Beginning of the year	779,464	779,464	780,078	614
End of the year	\$ 904,464	\$ 904,464	\$ 928,157	\$ 23,693

COOS COUNTY AIRPORT DISTRICT
Schedule of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual
Non-GAAP Budgetary Cash Basis
CONSTRUCTION FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
FAA grants	\$ 5,131,653	\$ 5,131,653	\$ 4,787,417	\$ (344,236)
State grants	3,014,329	3,014,329	1,527,906	(1,486,423)
Total receipts	<u>8,145,982</u>	<u>8,145,982</u>	<u>6,315,323</u>	<u>(1,830,659)</u>
DISBURSEMENTS				
Capital outlay	10,810,825	10,810,825	6,777,259	4,033,566
Total disbursements	<u>10,810,825</u>	<u>10,810,825</u>	<u>6,777,259</u>	<u>4,033,566</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(2,664,843)</u>	<u>(2,664,843)</u>	<u>(461,936)</u>	<u>2,202,907</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,381,843	2,381,843	1,602,000	(779,843)
Total other financing sources (uses)	<u>2,381,843</u>	<u>2,381,843</u>	<u>1,602,000</u>	<u>(779,843)</u>
Net change in fund balance	(283,000)	(283,000)	1,140,064	1,423,064
FUND BALANCES - CASH BASIS				
Beginning of the year	388,625	388,625	74,742	(313,883)
End of the year	<u>\$ 105,625</u>	<u>\$ 105,625</u>	1,214,806	<u>\$ 1,109,181</u>

RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Construction in progress	15,249,348
Accounts payable	(1,158)
Contractor retention payable	<u>(391,871)</u>
Net Position, June 30, 2023 (GAAP, accrual basis)	<u>\$ 16,071,125</u>

COOS COUNTY AIRPORT DISTRICT
Schedule of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual
Non-GAAP Budgetary Cash Basis
DHS Multi Service Campus Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Rent receipts	\$ 1,538,064	\$ 1,538,064	\$ 1,538,580	\$ 516
Interest on investments	-	-	14,872	14,872
Reimbursements	-	-	-	-
Finance charges	-	-	4,391	4,391
Total receipts	<u>1,538,064</u>	<u>1,538,064</u>	<u>1,557,843</u>	<u>19,779</u>
DISBURSEMENTS				
Materials and services	148,115	148,115	107,865	40,250
Capital Outlay	5,000	5,000	-	5,000
Debt service	958,832	959,582	959,568	14
Operating contingency	40,390	39,640	-	39,640
Total disbursements	<u>1,152,337</u>	<u>1,152,337</u>	<u>1,067,433</u>	<u>84,904</u>
Excess (deficiency) of receipts over (under) disbursements	<u>385,727</u>	<u>385,727</u>	<u>490,410</u>	<u>104,683</u>
OTHER FINANCING SOURCES (USES)				
Interfund loan proceeds	-	-	-	-
Interfund loan repayment	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(568,000)	(568,000)	(400,000)	168,000
Total other financing sources (uses)	<u>(568,000)</u>	<u>(568,000)</u>	<u>(400,000)</u>	<u>168,000</u>
Net change in fund balance	<u>(182,273)</u>	<u>(182,273)</u>	<u>90,410</u>	<u>272,683</u>
FUND BALANCES - CASH BASIS				
Beginning of the year	660,487	660,487	618,930	(41,557)
End of the year	<u>\$ 478,214</u>	<u>\$ 478,214</u>	<u>709,340</u>	<u>\$ 231,126</u>

RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Interest receivable - leases	19,109
Lease receivable	17,106,827
Capital assets	12,036,051
Accrued Interest payable	(251,030)
Accounts payable	(1,339)
Loan payable	(9,474,690)
Loan premium	(1,066,650)
Deferred inflows of resources - lease	(16,880,789)
Net Position, June 30, 2023 (GAAP, accrual basis)	<u>\$ 2,196,829</u>

¹ Total equals appropriations

COOS COUNTY AIRPORT DISTRICT
Schedule of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual
Non-GAAP Budgetary Cash Basis
BUSINESS ENTERPRISE CENTER FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Rent receipts	\$ 97,239	\$ 97,239	\$ 92,964	\$ (4,275)
Total receipts	97,239	97,239	92,964	(4,275)
DISBURSEMENTS				
Materials and services	62,850	62,850	42,925	19,925
Contingency	22,779	22,779	-	22,779
Total disbursements	85,629	85,629	42,925	42,704
Excess (deficiency) of receipts over (under) disbursements	11,610	11,610	50,039	38,429
OTHER FINANCING SOURCES (USES)				
Transfers out	(140,000)	(140,000)	(140,000)	-
Total other financing sources (uses)	(140,000)	(140,000)	(140,000)	-
Net change in fund balance	(128,390)	(128,390)	(89,961)	38,429
FUND BALANCES - CASH BASIS				
Beginning of the year	128,390	128,390	135,614	7,224
End of the year	<u>\$ -</u>	<u>\$ -</u>	45,653	<u>\$ 45,653</u>

RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Accounts receivable	1,319
Accounts payable	(2,650)
Net Position, June 30, 2023 (GAAP, accrual basis)	<u>\$ 44,322</u>

¹ Total equals appropriations

COOS COUNTY AIRPORT DISTRICT
Schedule of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual
Non-GAAP Budgetary Cash Basis
BLM FACILITY FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Rent receipts	\$ 904,665	\$ 904,665	\$ 669,975	\$ (234,690)
Interest on investments	-	-	9	9
Total receipts	<u>904,665</u>	<u>904,665</u>	<u>669,984</u>	<u>(234,681)</u>
DISBURSEMENTS				
Materials and services	264,200	264,200 ¹	183,353	80,847
Capital outlay	300,000	300,000 ¹	72,269	227,731
Debt service	465,150	465,150	465,090	60
Operating contingency	<u>32,236</u>	<u>32,236</u>	<u>-</u>	<u>32,236</u>
Total disbursements	<u>1,061,586</u>	<u>1,061,586</u>	<u>720,712</u>	<u>340,874</u>
Excess (deficiency) of receipts over (under) disbursements	(156,921)	(156,921)	(50,728)	106,193
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>	<u>30,000.00</u>
Total other financing sources (uses)	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>	<u>30,000</u>
Net change in fund balance	(186,921)	(186,921)	(50,728)	136,193
FUND BALANCES - CASH BASIS				
Beginning of the year	<u>186,921</u>	<u>186,921</u>	<u>304,300</u>	<u>117,379</u>
End of the year	<u>\$ -</u>	<u>\$ -</u>	<u>253,572</u>	<u>\$ 253,572</u>

RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Lease receivable	9,767,747
Capital assets	4,665,485
Accounts payable	(26,150)
Accrued interest payable	(1,181)
Loan payable	(4,231,120)
Deferred inflows of resources - lease	<u>(9,543,604)</u>
Net Position, June 30, 2023 (GAAP, accrual basis)	<u>\$ 884,749</u>

¹ Total equals appropriations

COOS COUNTY AIRPORT DISTRICT
Schedule of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual
Non-GAAP Budgetary Cash Basis
PASSENGER FACILITY CHARGES FUND
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
RECEIPTS				
Passenger facilities charges	\$ 60,000	\$ 60,000	\$ 72,423	\$ 12,423
Interest on investments	-	-	4	4
Total receipts	60,000	60,000	72,427	12,427
DISBURSEMENTS				
Total disbursements	-	-	-	-
Excess (deficiency) of receipts over (under) disbursements	60,000	60,000	72,427	12,427
OTHER FINANCING SOURCES (USES)				
Transfers out	(60,000)	(60,000)	(60,000)	-
Total other financing sources (uses)	(60,000)	(60,000)	(60,000)	-
Net change in fund balance	-	-	12,427	12,427
FUND BALANCES - CASH BASIS				
Beginning of the year	3,000	3,000	17,167	14,167
End of the year	\$ 3,000	\$ 3,000	29,594	\$ 26,594

RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Accounts receivable	-
Net Position, June 30, 2023 (GAAP, accrual basis)	\$ 29,594

COOS COUNTY AIRPORT DISTRICT
Schedule of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual
Non-GAAP Budgetary Cash Basis
UNEMPLOYMENT FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Total Receipts	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS				
Operations	20,000	20,000	-	20,000
Total disbursements	20,000	20,000	-	20,000
Excess (deficiency) of revenues over (under) expenditures	(20,000)	(20,000)	-	20,000
FUND BALANCES - CASH BASIS				
Beginning of the year	57,196	57,196	57,196	-
End of the year	<u>\$ 37,196</u>	<u>\$ 37,196</u>	<u>\$ 57,196</u>	<u>\$ 20,000</u>

COOS COUNTY AIRPORT DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

<u>Federal Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Organization</u>	<u>Pass-Through Entity Number</u>	<u>Federal Expenditures</u>	<u>Passed Through Subrecipients</u>
U.S. Department of Transportation					
Airport Improvement Program	20.106	US DOT	3-41-0041-051-2021	2,537,417 (1)	-
Airport Improvement Program	20.106	US DOT	3-41-0041-052-2021	900,000 (1)	-
Airport Improvement Program	20.106	US DOT	3-41-0041-053-2021	450,000 (1)	-
Airport Improvement Program	20.106	US DOT	3-41-0041-054-2021	900,000 (1)	-
TOTAL GRANTS EXPENDED OR PASSED THROUGH TO SUBRECIPIENTS				<u>\$ 4,787,417</u>	<u>\$ -</u>

(1) - Major Program

COOS COUNTY AIRPORT DISTRICT
Schedule of Expenditures of Passenger Facility Charges
For the Year Ended June 30, 2023

Southwest Oregon Regional Airport - OTH

	Quarter Ending				Total
	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	
Balance of unliquidated PFC's at beginning of period	\$ 17,176	\$ 36,708	\$ 50,573	\$ 66,414	\$ 17,176
Revenues:					
PFC receipts	19,531	13,864	15,840	23,188	72,423
Interest earned	1	1	1	1	4
Total revenues	<u>19,532</u>	<u>13,865</u>	<u>15,841</u>	<u>23,189</u>	<u>72,427</u>
Expenses:					
Application 09-09-C-00-OTH	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>60,000</u>
Total expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>60,000</u>
Balance of unliquidated PFC's at end of period	<u>\$ 36,708</u>	<u>\$ 50,573</u>	<u>\$ 66,414</u>	<u>\$ 29,603</u>	<u>\$ 29,603</u>

OTHER INFORMATION

COOS COUNTY AIRPORT DISTRICT
Schedule of Cash and Investments
June 30, 2023

CASH ON DEPOSIT

Umpqua Bank	
Checking accounts	\$ 1,829,464
Money Market accounts	171,177
Oregon Pacific Bank Checking	4,303
Banner Bank Checking	378,802
Local Government Investment Pool	3,092,860
Cash on hand	<u>261</u>

Total	<u><u>\$ 5,476,867</u></u>
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OWNERSHIP OF CASH

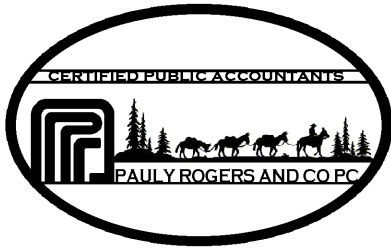
General Fund	\$ 2,238,549
BEC Fund	45,653
BLM Facility Fund	253,572
Construction Fund	1,214,805
Passenger Facilities Charges Fund	29,595
Building Reserve Fund	928,157
Unemployment Fund	57,196
DHS Fund	<u>709,340</u>

Total	<u><u>\$ 5,476,867</u></u>
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COOS COUNTY AIRPORT DISTRICT
Schedule for Retirement of Long-term Obligations
For the Year Ended June 30, 2023

	Business Oregon Infrastructure Finance Authority	Oregon Pacific Bank	Banner Bank Refinance & BLM Improvements	Total
	Terminal	DHS Build	DHS Remodel	
Yearly				
2023-24				
Principal		\$ 395,200	\$ 99,437	\$ 522,761
Interest	\$ 56,309	424,596	39,585	160,237
Total	56,309	819,796	139,022	682,998
2024-25				
Principal		413,459	103,726	391,539
Interest	56,309	404,836	35,296	144,712
Total	56,309	818,295	139,022	536,251
2025-26				
Principal		431,882	108,200	404,858
Interest	56,309	384,163	30,823	131,392
Total	56,309	816,045	139,023	536,250
2026-27				
Principal		455,477	112,726	418,631
Interest	56,309	362,569	26,296	117,619
Total	56,309	818,046	139,022	536,250
2027-28				
Principal		479,250	117,237	433,079
Interest	56,309	339,795	21,785	103,378
Total	56,309	819,045	139,022	536,457
5 Year Increments				
2028-32				
Principal		2,774,804	441,453	2,395,326
Interest	281,543	1,315,172	35,331	285,927
Total	281,543	4,089,976	476,784	2,681,253
2033-37				
Principal		3,541,839	-	454,700
Interest	225,233	548,636	-	7,225
Total	225,233	4,090,475	-	461,925
Totals				
Principal	-	8,491,911	982,779	5,020,894
Interest	788,321	3,779,767	189,116	950,490
Total	\$ 788,321	\$ 12,271,678	\$ 1,171,895	\$ 5,971,384
				\$ 20,203,278

INDEPENDENT AUDITORS' REPORT AS REQUIRED BY
OREGON STATE REGULATIONS



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February 29, 2024

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Coos County Airport District as of and for the year ended June 30, 2023, and have issued our report thereon dated February 29, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

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

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

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **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 Coos County Airport District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the 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 internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of internal control over financial reporting.

We noted one matter we consider to be a significant deficiency and one matter we consider to be a material weakness under standards established by the American Institute of Certified Public Accountants, which we noted in the Schedule of Findings and Questioned Costs.

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



Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.

COOS COUNTY AIRPORT DISTRICT
COMPLIANCE REVIEW



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February 29, 2024

To the Board of Commissioners
Coos County Airport District
Coos County, Oregon

INDEPENDENT AUDITORS' 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*

We have audited, in accordance with the 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 basic financial statements of the Coos County Airport District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated February 29, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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. During our audit we identified one deficiency we consider to be a significant deficiency, described in the Schedule of Findings and Questioned Costs as item FS2023-01.

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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Response to the Finding

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The response was not subjected to the auditing procedures applied in the audit of financial statements, and accordingly we express no opinion on it.

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 internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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To the Board of Commissioners
Coos County Airport District
Coos County, Oregon

February 29, 2024

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Coos County Airport District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2023. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Coos County Airport District's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Coos County Airport District's and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to its federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item SA2023-01. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance finding identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The response was not subjected to auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. We consider the finding noted above as SA2023-01 to be a material weakness. Other material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

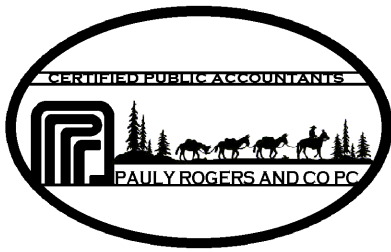
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance finding identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The response was not subjected to auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



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February 29, 2024

To the Board of Commissioners
Coos County Airport District
Coos County, Oregon

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE**

Report on Compliance on the Passenger Facility Charge Program

We have audited Coos County Airport District's compliance with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (FAA Audit Guide), for its passenger facility charge program for the year ended June 30, 2023.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its passenger facility charge program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the District's passenger facility charge program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Federal Aviation Administration, *Passenger Facility Charge Audit Guide for Public Agencies*. Those standards and the FAA Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the passenger facility charge program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Passenger Facility Charge Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program for the year ended June 30, 2023.

Other Matters

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the passenger facility charge program and to test and report on internal control over compliance in accordance with the FAA Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement for the passenger facility charge program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the passenger facility charge program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement for the passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the FAA Audit Guide. Accordingly, this report is not suitable for any other purpose.



Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.

COOS COUNTY AIRPORT DISTRICT
Schedule of Findings and Questioned Costs
For the fiscal year ended June 30, 2023

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Any GAGAS audit findings disclosed that are required to be reporting in accordance with section the Uniform Guidance? yes no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? yes no

IDENTIFICATION OF MAJOR PROGRAMS

20.106 Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

FS2023 - 001 – SIGNIFICANT DEFICIENCY

CONDITION: The District was not adequately prepared for the audit at the agreed upon date.

CRITERIA: The District should have books closed and data finalized, as well as be prepared to deliver requested items at the agreed upon scheduled time of audit.

COOS COUNTY AIRPORT DISTRICT
Schedule of Findings and Questioned Costs
For the fiscal year ended June 30, 2023

EFFECT: Unpreparedness and related delays in performing the audit increases the risk of misstatement of the financial statements and delays in the audit issuance.

CAUSE: The District had turnover of key staff during the year.

RECOMMENDATION: We recommend the District reevaluate finance office practices and internal controls in order to finalize data and be properly prepared for audits at the agreed upon time.

VIEWS OF RESPONSIBLE OFFICIALS: The District acknowledges staff turnover in key roles during the fiscal year under audit. While this explains a potential for a failure to meet audit timelines and to ensure accurate and timely financial statement reporting, this does not meet the professional standards or expectation of the District. We also understand the necessity around timely preparation of financial statements will enable detection of misstatements. To mitigate this issue, management will be looking at opportunities to initiate several measures to overcome this finding in the subsequent fiscal year audit, such as:

- Enhanced Documentation Procedures – creation or update of existing checklists may enable staff members to accurately compile and thoroughly review financial statements for management’s review, prior to final submission to the District’s independent auditor review.
- Timely Reconciliation Processes – complete and thorough reconciliation processes are essential to ensure accurate financial reporting; creation or update of existing checklists, including near-to period close reconciliation of all accounts would help to ensure appropriate timelines are met for year-end close.
- Staff Training – assessing understanding, capacity, and expertise will assist the District determine if additional training could be necessary; creating a culture of continued learning and growth for all staff is the sign of a well-positioned entity, which the District asserts to be the intention.
- Increased Communication – it is the desire of the District to continue to develop strong lines of communication both internally between staff, management, and officials, and also externally with the District’s independent auditor. The most successful communication pattern is at all stages: throughout the year, at fiscal year-end closeout, and finalizing financial statement reporting and document.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONS COSTS

SA2023 - 001 – MATERIAL WEAKNESS

FEDERAL PROGRAM: 20.106 Airport Improvement Program

SPECIFIC REQUIREMENT: Federal expenditures related to the program should be reported in the fiscal year they are expended.

CONDITION: Adequate controls were not in place to ensure the schedule of expenditures of federal awards was accurate at year end.

QUESTIONED COST: None noted

CONTEXT: This finding is limited to this major program and the context noted in the condition.

EFFECT: Without adequate controls or procedures in place to ensure accuracy of the schedule of expenditures of federal awards there exists the risk of material misstatement.

CAUSE: The District did not have adequate knowledge for reporting their federal award expenditures for compilation and reporting.

RECOMMENDATION: We recommend the District implement procedures to ensure accuracy of the schedule of expenditures of federal awards.

VIEWS OF RESPONSIBLE OFFICIALS: Though not identified specifically, there is a correlation to staff turnover in key roles during the fiscal year under audit, and this federal award finding. Management oversight is a key component of internal controls. The District believes with appropriate staffing at all levels allows internal controls to function as designed. Beyond that, there are measures under consideration which intend to mitigate this finding for the subsequent fiscal year end audit, such as:

- Review and Reconciliation of Reported Expenditures – this process can be conducted on a more frequent basis than only at closed of year end. This will function as an opportunity to for both staff and management to become overly familiar with the transactions as they occur, the procedure for recording, and the preparation of the schedule. Year-end preparation of the Schedule of Expenditures of Federal Awards (SEFA) will then prove more routine and errors will be more readily apparent.
- Enhanced Controls and Processes – though the District maintains, reviews and updates the Internal Control Document regularly, there are often opportunities to enhance controls which when operating as designed will detect misstatement. Care will be taken to review processes and ascertain where additional controls can be put in place to create appropriate checks and balances in processes.
- Staff Training – it is the intent of the District to ensure those charged with accounting tasks, as well as those charged with review of accounting data and financial statements have the appropriate experience. Assessment may be necessary to determine if opportunities exist for additional training which will ensure appropriate accounting procedures, including financial statement and SEFA preparation are done accurately and within generally accepted accounting practices.
- Engagement with Federal Awarding Agencies – opportunities may arise to converse federal awarding agencies about recording and reporting guidelines; as needed, staff may need additional training or guidance to ensure compliance with all guidelines.
- Ongoing Monitoring – creating or updating existing monitoring processes and schedules can ensure that review and validation of the accuracy of expenditure reporting remains in continuous compliance with requirements.

SECTION III – PASSENGER FACILITY CHARGE PROGRAM FINDINGS AND QUESTIONED COSTS

None noted.

SECTION IV – SUMMARY OF PRIOR YEAR FINDINGS

None noted.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND THE SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal grant activity under programs of the federal government. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative

Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the net position, changes in net position, or cash flows of the entity.

The accompanying schedule of expenditures of passenger facility charges is a supplementary schedule to Coos County Airport District's financial statements and is presented for purposes of additional analysis. Because the schedule of expenditures of facility charges presents only a selected portion of the activities of the District, it is not intended to and does not present either the net position, changes in net position, or cash flows of the entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The entity has not elected to use the ten percent de minimus indirect cost rate as allowed under Uniform Guidance.

3. PASSENGER FACILITY CHARGES

Title 49, US Code Section 40117, authorizes the Secretary of Transportation (further delegated to the Federal Aviation Administration (FAA) Administrator) to approve the local imposition of an airport passenger facility charge (PFC) of up to \$4.50 per enplaned passenger for use on certain airport projects. The revenue is collected by air carriers on behalf of an airport, and subsequently remitted to the airport. The FAA has granted the District the authority to impose and use PFC revenue on approved projects.