

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

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

COOS COUNTY AIRPORT DISTRICT

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2019

COOS COUNTY AIRPORT DISTRICT

June 30, 2019

Airport Officials

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95616 South Coos River Lane
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PO Box 283
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69245 Sand Point Road
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Amy Muenchrath, District Counsel

1100 Airport Lane
North Bend, OR 97459

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Annual Financial Report
For the Year Ended June 30, 2019

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February 15, 2019

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

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the Coos County Airport District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

The District adopted the provisions of GASB Statement No. 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements for the year ended June 30, 2019. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The supplementary and other information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of passenger facility charges is presented for purposes of additional analysis as required by the Passenger Facility Charge Audit Guide for Public Agencies and is not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, and the schedule of expenditures of passenger facility charges are the responsibility of management and were derived from and relate 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 passenger facility charges is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The listing of board members located before the table of contents, and the other information, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2019 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 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 15, 2019, 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 Airport) 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 Airport's financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2017. Please read it in conjunction with the Airport's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The net position of the Airport decreased by \$1,949,132 during the year ended June 30, 2017. This was mostly a function of asset book depreciation expense and the current year reduction of grant funds received.

The Passenger Facilities Charges Fund, which is reserved for capital projects, received \$57,237, from fees collected and bank account interest earned.

Based on the history of employment, the Airport elected to self-insure its' potential unemployment claims rather than paying into the State trust fund. During the fiscal year the Airport 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 Airport'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 Airport'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 Airport only.

For financial reporting purposes, management considers the activities related to the operation of the Airport as those of a unitary nature and are reported as such. The accounts of the Airport 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 Airport 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 Airport.

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

Passenger Facility Charges Fund - This fund was created by Airport resolution to account for passenger facility charge revenues.

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

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

Business Enterprise Center Fund - This fund was created by the Airport to track financial results subsequent to the Airport 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) Facility Fund - This fund was created by the Airport to track financial results subsequent to the Airport assuming the BLM's operational duties. Funding is provided by the collection of monthly rents.

Financial History

The Airport 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 Airport 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 Airport 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, 2017, and 2016, follows:

Net Position

	Business-type activities		Percentage Change
	2017	2016	
Current and other assets	1,101,074	\$ 1,139,836	(3.40) %
Capital assets	46,367,379	42,905,665	8.07
Total assets	<u>47,468,453</u>	<u>44,045,501</u>	7.77
Total deferred outflows of resources	<u>516,118</u>	<u>87,968</u>	486.71
Long-term liabilities outstanding	7,886,165	5,495,352	43.51
Other liabilities	4,094,836	612,512	568.53
Total liabilities	<u>11,981,001</u>	<u>6,107,864</u>	96.16
Total deferred inflows of resources	<u>39,654</u>	<u>112,557</u>	(64.77)
Net position:			
Net investment in capital assets	37,692,621	38,594,247	(2.34)
Unrestricted	<u>(1,728,705)</u>	<u>(681,199)</u>	153.77
Total net position	<u>\$ 35,963,916</u>	<u>\$ 37,913,048</u>	(5.14)

Deferred outflows and inflows of resources are related to pension and are determined by an actuarial. See the pension plan note in the notes to basic financial statements for more information.

Long-term liabilities increased due to three new loans related to remodeling a building and building a new building. The new building was in progress at June 30, 2017, and is expected to be completed in January 2018.

Other liabilities include an increase in accounts payable related to the new construction.

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, 2017, and 2016, follows:

Changes in Net Position

	Business-type activities		Percentage Change
	2017	2016	
Revenues			
Operating revenues			
Charges for services	\$ 2,156,690	\$ 1,589,773	35.66 %
Non-Operating revenues			
Property taxes	1,156,608	1,130,536	2.31
Grant revenues	313,790	799,952	(60.77)
Insurance proceeds	69,510	-	
Passenger facility charges	60,508	51,199	18.18
Interest income	307	1,042	(70.54)
Miscellaneous	5,773	(11,947)	(148.32)
Total non-operating revenues	<u>1,606,496</u>	<u>1,970,782</u>	(18.48)
Total revenues	<u>3,763,186</u>	<u>3,560,555</u>	5.69
Expenses			
Operating expenses	2,692,414	2,325,048	15.80
Depreciation and amortization	2,684,162	2,613,492	2.70
Pension expense	129,375	283,047	(54.29)
Loss on Disposition of assets	-	(437)	(100.00)
Non-operating expenses	206,367	209,237	(1.37)
Total expenses	<u>5,712,318</u>	<u>5,430,387</u>	5.19
Increase (decrease) in net position	(1,949,132)	(1,869,832)	4.24
Net position - beginning	<u>37,913,048</u>	<u>39,782,880</u>	(4.70)
Net position - ending	<u>\$ 35,963,916</u>	<u>\$ 37,913,048</u>	(5.14)

Operating revenues increased due to a full year of lease income from BLM and four months of lease income from DHS.

Grant revenues for the year ended June 30, 2017, were primarily for the Denver flight subsidy. Grant revenues for the year ended June 30, 2016, were used to purchase a fire truck.

Operating expenses increased due to increased liability and property insurance, increased building repairs, a lease procurement commission payment, and the Denver subsidy payment.

Pension expense decreased 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, 2017, the Airport had \$46.4 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		
	2017	2016	Percentage Change
Runway/Taxi	\$ 12,346,689	\$ 13,411,216	(7.94) %
Parking Lots	102,031	163,590	(37.63)
Land Improvements	525,488	606,667	(13.38)
Intangibles	189,141	219,236	(13.73)
Infrastructure	1,107,736	1,249,598	(11.35)
Buildings	26,893,147	25,852,085	4.03
Equipment	677,398	796,584	(14.96)
Land	425,391	425,391	-
Construction in progress	4,100,358	181,298	2,161.67
	<u>\$ 46,367,379</u>	<u>\$ 42,905,665</u>	8.07

Change in Capital Assets

	Business-type activities		
	2017	2016	Percentage Change
Beginning Balance	\$ 42,905,665	\$ 42,400,616	1.19 %
Additions	6,145,876	3,120,104	96.98
Retirement of assets (cost less accumulated depreciation)	-	(1,562)	(100.00)
Depreciation current year	(2,684,162)	(2,613,493)	2.70
	<u>\$ 46,367,379</u>	<u>\$ 42,905,665</u>	8.07

During the 2016-17 fiscal year, capital improvements included a building remodel and the start of construction on another building expected to be completed in January 2018.

Decreases are due to depreciation.

Debt Administration

At the end of the current fiscal year, the Airport had total debt of 6.2 million.

The Airport maintained a debt service fund during the 2016-17 FY to receive the final grant funds of \$27,293 on the Airport Terminal. This fund was closed at June 30, 2017.

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

Long-Term Debt

	Business-type activities		
	2017	2016	Percentage Change
Intergovernmental loans	\$ 3,122,482	\$ 3,270,076	(4.51) %
Commercial loans	3,080,078	1,041,342	195.78
Smith & Smith Lawsuit	-	9,506	(100.00)
	<u>\$ 6,202,560</u>	<u>\$ 4,320,924</u>	43.55

The Airport acquired two commercial loans during the 2016-2017 fiscal year. One was \$1.5 million for a building remodel and one was \$700 thousand for the new building which was in progress at June 30, 2017.

The Airport also had a short-term construction loan with a balance of \$2,472,198 at June 30, 2017. This loan is being used to construct a new building. This loan will be refinanced with a bond sale through Business Oregon Infrastructure Finance Authority. This loan is considered short term and is not included above.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

The Airport negotiated two (2) separate facility leases with DHS. One was an 18,000 square foot remodel that was completed within the 2016/17FY. The second facility will be a designed build of approximately 50,000 square foot with a construction price range of between \$10M - \$12M.

An extension to the SCASD grant from the USDOT, which was in the amount of \$550,000, for Air Service from North Bend to Denver was approved. Following this United Airlines-SkyWest began a high season twice weekly service between North Bend and Denver. A grant draw down was issued during the 2015-16 FY in the amount of \$214,763 and one in the 2016-17 FY of \$306,561. The Airport is expecting to request another draw down of the remaining balance of \$28,767 during the FY 2017-18.

Next Year's Budget

The following economic factors currently affect the Airport and were considered in developing the 2017-2018 budget.

- Property values are expected to increase by about 3%
- Health insurance premiums are expected to rise
- Pension rates will increase July 1, 2017

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Airport'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 Theresa Cook, 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, 2019

ASSETS

Current assets	
Cash and cash equivalents	\$ 2,408,716
Trade receivables (net of allowance for uncollectibles of \$11,296)	214,598
Inergovernmental receivable	514,291
Property taxes receivable	123,581
Prepaid expenses, net	13,698
Total current assets	<u>3,274,884</u>
Non-current assets	
Depreciable properties, net of accumulated depreciation	48,866,340
Nondepreciable properties	1,310,026
Total non-current assets	<u>50,176,366</u>
Total assets	<u>53,451,250</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension related deferral	329,197
OPEB related deferral	9,582
Total deferred outflows of resources	<u>338,779</u>

Total assets and deferred outflows of resources \$ 53,790,029

LIABILITIES

Current liabilities	
Accounts payable	
Operating	\$ 73,779
Construction	237,105
Accrued expenses	13,520
Accrued interest	354,486
Unearned revenue	130,535
Contractor retention payable	655,401
Current portion of accrued compensated absences	10,168
Current portion of deferred interest payable	56,309
Current portion of long-term debt	736,409
Total current liabilities	<u>2,267,712</u>
Non-current liabilities	
Long term portion of accrued compensated absences	57,622
Deferred interest payable	900,938
Long-term debt	15,951,521
Net pension liability	919,808
Net OPEB liability	97,887
Total non-current liabilities	<u>17,927,776</u>
Total liabilities	<u>20,195,488</u>

DEFERRED INFLOWS OF RESOURCES

Pension related deferral	138,576
OPEB related deferral	4,467
Total deferred inflows of resources	<u>143,043</u>

NET POSITION

Net investment in capital assets	33,488,436
Unrestricted	(36,938)
Total net position	<u>33,451,498</u>

Total liabilities, deferred inflows of resources, and net position \$ 53,790,029

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
For the Year Ended June 30, 2019

OPERATING REVENUES

Charges for services	<u>\$ 3,237,449</u>
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OPERATING EXPENSES

Salaries, wages and fringe benefits	1,108,896
Contract, professional and consulting services	271,516
Materials and supplies	37,735
Utilities and telephone	237,494
Equipment rentals, fuel and lubricants	24,487
Insurance	199,986
Fire service expense	27,688
Travel and other management expenses	54,444
Building and equipment repairs and maintenance	364,959
Depreciation and amortization	<u>3,075,491</u>
Total operating expenses	<u>5,402,696</u>

Operating income (loss)	<u>(2,165,247)</u>
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NON-OPERATING REVENUES (EXPENSES)

Property taxes	1,247,708
Federal grant revenues	767,228
State grant revenues	68,976
Other grants	1,750
Passenger facility charge revenue	47,535
Insurance proceeds	43,193
Legal settlement proceeds	27,124
Pension expense	(83,942)
OPEB expense	(3,488)
Interest expense	(718,921)
Interest income	23,990
Miscellaneous income	2,512
Miscellaneous expense	<u>(10,901)</u>
Total non-operating revenues (expenses)	<u>1,412,764</u>

Net change in net position	(752,483)
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NET POSITION - BEGINNING AS RESTATED	<u>34,203,981</u>
NET POSITION - ENDING	<u><u>\$ 33,451,498</u></u>

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

COOS COUNTY AIRPORT DISTRICT
Statement of Cash Flows
For the Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 3,629,170
Cash payments to employees	(1,106,952)
Cash payments to suppliers and vendors	(1,226,556)
Net cash used by operating activities	1,295,662

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Property taxes	1,253,246
Insurance proceeds	43,193
Grant proceeds from government agencies	647,423
Grant proceeds from non-government agencies	1,750
Legal settlement	27,124
Net cash provided (used) by noncapital financing activities	1,972,736

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital expenditures	(983,831)
Interest paid	(640,803)
Proceeds from passenger facility charges	50,093
Principal payments on long-term debt	(630,925)
Loan proceeds	
Energy efficiency incentive	
Other	1,158
Net cash provided (used) by capital and related financing activities	(2,204,308)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	23,990
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Net increase (decrease) in cash and cash equivalents 1,088,080

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR

1,320,636

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 2,408,716

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Operating income (loss)	\$ (2,165,247)
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Adjustments to reconcile operating loss to net cash used by operating activities:

Depreciation and amortization	3,075,491
Changes in assets and liabilities	
Decrease in accounts receivable	392,430
(Increase) in prepaid items	(710)
Decrease in accounts payable	(6,793)
Increase in accrued expenses	769
Decrease in deferred revenue	(278)
Total adjustments	3,460,909

Net cash used by operating activities \$ 1,295,662

The accompanying notes are an integral part of the 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, 2019

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

Reporting Entity

The Airport is a special municipal district pursuant to ORS 338, 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 Airport owns property that it leases to area businesses and individuals.

Reclassification

Total property taxes receivables are shown as current assets. In prior financial statements, property taxes receivables were split between current and non-current assets.

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 Airport has adopted all applicable GASB Statements with effective beginning dates on or before June 30, 2016.

In evaluating how to define the Airport 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 Airport 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, 2019

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 Airport. 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.

Debt Service Reserve Fund – This fund was created to account for debt service payments on the Land Purchase Contracts.

Business Enterprise Center Fund – This fund was created to account for activity related to a commercial property for which the Airport 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 Airport 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 and interest earnings.

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, 2019

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 Airport. The Airport 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, 2019 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, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

Accrued Vacation, Holiday, Comp, and Sick Leave Pay

Vacation, Holiday, and Comp payable, reported at \$67,790 as of June 30, 2019, 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.

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.

Unearned Revenue

Unearned revenue in the General Fund and Business Enterprise Center Fund represent 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 Airport. 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, 2019

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, 2019. 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, 2019.

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 Airport's balance sheet shows a deferred outflow for pension related deferrals.

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 Airport's balance sheet shows a deferred inflow for pension related deferrals.

Pensions

Substantially all of the Airport'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.

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.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2019

NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)

All deposits are made to two banks. Custodial credit risk is the risk that in the event of bank failure, the Airport's deposits may not be returned to it. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Effective July 1, 2008, state statutes (ORS 295.002) allow public officials to deposit public funds in one or more depositories currently qualified pursuant to ORS 295.001 to 295.108. As long as the bank depository has entered into an agreement (ORS 295.008(2)(b)) and has deposited securities pursuant to state statutes (ORS 295.015(1)), the Airport may now have on deposit at any one bank depository and its branches, a sum in excess of the amount insured by the Federal Deposit Insurance Corporation.

At June 30, 2019, the deposits had a bank value of \$1,060,332. The full balance of the deposits was covered by federal depository insurance or deposited at an approved depository as determined by the Oregon State Treasurer.

The Airport does not have policies regarding custodial credit risk, interest rate risk, concentration of credit risk, or any other credit risks. No losses have been suffered from deposits.

NOTE 3 - RECEIVABLES

Trade Receivables

At June 30, 2019, an allowance for doubtful accounts of \$11,296 had been established. Trade receivables of \$225,894 less the allowance for doubtful accounts of \$11,296 is \$214,598, which is shown on the statement of net position.

Property Taxes Receivable

For the year ended June 30, 2019, the Airport levied a net tax of \$1,272,149. The total property taxes receivable at June 30, 2019 amounted to \$123,581 of which \$58,216 was for the year ended June 30, 2019.

	<u>Receivable</u> <u>6/30/2018</u>	<u>Levied</u> <u>2018-2019</u>	<u>Adjustments</u> <u>and Interest</u>	<u>Collected</u>	<u>Receivable</u> <u>6/30/2019</u>
Current	\$ -	\$ 1,272,149	\$ -	\$ 1,178,496	\$ 58,216
Prior	129,120	-	10,995	74,750	65,365
Total	<u>\$ 129,120</u>	<u>\$ 1,272,149</u>	<u>\$ 10,995</u>	<u>\$ 1,253,246</u>	<u>\$ 123,581</u>

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2019

NOTE 4 – CAPITAL ASSETS

Capital assets activity and balances consist of the following for the year ended June 30, 2019:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Ending of Year</u>
Capital Assets, depreciable				
Runway/Taxiway	\$ 26,457,507	\$ -	\$ -	\$ 26,457,507
Parking Lots	952,092	-	-	952,092
Land Improvements	1,648,106	-	-	1,648,106
Intangibles	300,945	-	-	300,945
Infrastructure	6,284,087	19,810	-	6,303,897
Buildings	49,537,397	244,850	-	49,782,247
Equipment	1,751,680	34,319	-	1,785,999
Total	<u>86,931,814</u>	<u>298,979</u>	<u>-</u>	<u>87,230,793</u>
Less accumulated depreciation				
Runway/Taxiway	15,156,631	1,040,130	-	16,196,761
Parking Lots	887,850	29,043	-	916,893
Land Improvements	1,203,797	81,179	-	1,284,976
Intangibles	141,848	29,364	-	171,212
Infrastructure	5,316,982	140,422	-	5,457,404
Buildings	11,372,820	1,631,175	-	13,003,995
Equipment	1,209,034	124,178	-	1,333,212
Total	<u>35,288,962</u>	<u>3,075,491</u>	<u>-</u>	<u>38,364,453</u>
Total Assets being depreciated, net	<u>51,642,852</u>	<u>(2,776,512)</u>	<u>-</u>	<u>48,866,340</u>
Capital assets - non-depreciable				
Land	425,391	-	-	425,391
Construction in progress	-	884,635	-	884,635
Total non-depreciated assets	<u>425,391</u>	<u>884,635</u>	<u>-</u>	<u>1,310,026</u>
Total capital assets, net	<u>\$ 52,068,243</u>	<u>\$ (1,891,877)</u>	<u>\$ -</u>	<u>\$ 50,176,366</u>

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2019

NOTE 5 - LONG-TERM OBLIGATIONS

By intergovernmental agreement with the Port of Coos Bay, the Airport 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 Airport 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 airport operations and the maintenance and administration of other airport properties not directly involved in airport operations.

The T-Hangar loan was incurred by the Port of Coos Bay from the Oregon Economic and Community Development Department Oregon Port Revolving Fund. The original loan was dated April 13, 2000. The Airport assumed the obligation with the original lender. The note requires quarterly installments in the amount of \$6,805, payable on the 15th day of the last month of each calendar quarter. The loan payment includes interest at the rate of 6 percent per annum on the unpaid balance. The balance of this debt owing at June 30, 2019, was \$83,699. In the event of a default the Lender may, by notice to borrower, declare the loan and all accrued interest and all other amounts payable hereunder and under any of the loan documents to be immediately due and payable, whereupon the same shall become immediately due and payable. In addition to pursuing any remedies which may be available at law, in equity, or otherwise, Lender may also initiate appropriate legal action to prevent the use of the Project if Borrower is delinquent in its payments hereunder.

During May of 2007 a \$5,900,000 loan was closed with the State Economic and Community Development Department wherein the Airport utilized these loan proceeds to pay off a \$2.5 million interim loan and begin drawing down on the remaining \$3.4 million debt to finance the terminal construction. The note carries a 4.56% per annum interest rate. During the year under audit, principal payments were made totaling \$31,298 and the balance of the loan at June 30, 2019 was \$807,524. In the event of a default referred to in Section 6.01 hereof shall have occurred and be continuing, the State shall have the right to take any action permitted or required pursuant to the Loan Agreement or any other Loan Document and to take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce the performance and observance of any duty, covenant, obligation or agreement of the Borrower hereunder, including without limitation, (a) declaring all Loan Repayments and all other amounts due hereunder and under the other Loan Documents to be immediately due and payable, and upon notice to the Borrower the same shall become due and payable without further notice or demand, (b) appointment of a receiver of the Project, (c) refusal to disburse any Loan proceeds, (d) banning the Borrower from applying for future Special Public Works Fund assistance, or (e) withholding amounts otherwise due to the Borrower to apply to the payment of amounts due under this Loan Agreement as provided in ORS 285B.449.

During November of 2013, a \$900,000 loan was closed with a local bank. The Airport received an additional \$300,000 of loan proceeds for a total of \$1,200,000. This loan was used in the construction of a new commercial aircraft hangar. The loan has an annual interest rate of 4.5% with payments to be made monthly. During the year under audit, principal payments were made totaling \$130,443 and the balance of the loan at June 30, 2019 was \$666,643. In the 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, 2019

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

During September 2015, the airport acquired ownership of a facility leased to the Bureau of Land Management, agreeing to assume the debt associated with the facility, with outstanding principal of \$1,913,536. The Airport refinanced the debt through the Oregon Infrastructure Finance Authority in the amount of \$2,216,766. The refinanced loan has an annual interest rate of 3.5%. During the year under audit, principal payments of \$63,397 were made and the balance of the loan at June 30, 2019 was \$2,003,276. In the 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.

On November 8, 2016, the airport signed a promissory note with a local bank in the amount of \$700,000. The loan was used for construction costs on a build to suit which the Department of Human Services will lease and occupy. Completion is expected in January 2018. The loan requires monthly payments of \$6,812 through October 2021. The interest rate is 3.12%. A balloon payment of approximately \$384,409 is due November 8, 2021. During the year under audit, principal payments of \$63,854 were made and the balance of the loan at June 30, 2019 was \$538,828. In the event of default, including failure to pay upon final maturity, the Interest rate on this Note shall be increased to 18.000% per annum based on a year of 360 days. However, in no event will the interest rate exceed the maximum Interest rate limitations under applicable law. Also 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 Granter. 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 November 8, 2016, the airport 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, 2019, was 4.23%. During the year under audit, principal payments of \$80,654 were made and the balance of the loan at June 30, 2019 was \$1,336,066. 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 Granter. 2. Assemble Collateral, 3. Sell the Collateral, 4. Appoint Receiver, Lender shall have the right to have a receiver appointed to take

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2019

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

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

Long-term liability activity for the year ended June 30, 2019, was as follows:

	Business-Type Activities				
	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
Direct Loans					
Intergovernmental loans	\$ 13,151,279	\$ -	\$ 358,158	\$ 12,793,121	\$ 358,615
Commercial loans	2,816,488	-	272,769	2,543,719	274,494
Premium	1,422,200	-	71,110	1,351,090	-
	<u>\$ 17,389,967</u>	<u>\$ -</u>	<u>\$ 702,037</u>	<u>\$ 16,687,930</u>	<u>\$ 633,109</u>

Total debt service requirements to maturity for all issues is:

Maturities by Fiscal Year	Business-Type Activities		
	Principal	Interest	Total
2018-19	\$ 736,409	\$ 753,470	1,489,879
2019-20	765,599	723,279	1,488,878
2020-21	1,136,452	681,922	1,818,374
2021-22	749,527	642,541	1,392,068
2022-23	691,380	608,961	1,300,341
2023-28	3,484,163	2,588,697	6,072,860
2028-33	3,990,272	1,716,519	5,706,791
2033-38	3,594,173	581,325	4,175,498
2038-43	188,866	8,330	197,196
Total	<u>\$ 15,336,841</u>	<u>\$ 8,305,044</u>	<u>\$ 23,641,885</u>

NOTE 6 – COMPENSATED ABSENCES

Following is a summary of changes in compensated absences for the fiscal year ended June 30, 2019:

Business-Type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
	Compensated Absences	<u>\$ 66,887</u>	<u>\$ 61,712</u>	<u>\$ 60,809</u>	<u>\$ 67,790</u>

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements

June 30, 2019

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 Comprehensive Annual Financial Report which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2018-CAFR.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,
- 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 a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2019

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

- 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.
- 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.
- iv. **Benefit Changes After Retirement.** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

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, 2015 actuarial valuation, which became effective July 1, 2017. 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, 2019 were \$73,236, excluding amounts to fund employer specific liabilities. In addition approximately \$38,925 in employee contributions were paid or picked up by the District in fiscal 2019. At June 30, 2019, the District reported a net pension liability of \$919,808 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2016. 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, 2018 and 2017, the District's proportion was .006 percent and .007 percent, respectively. Pension expense for the year ended June 30, 2019 was \$80,884.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2019

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

The rates in effect for the year ended June 30, 2019 were:

- (1) Tier 1/Tier 2 – 14.55%
- (2) OPSRP general services – 10.24%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 31,289	\$ -
Changes in assumptions	213,854	-
Net difference between projected and actual earnings on pension plan investments	-	40,845
Net changes in proportionate share	13,876	62,666
Differences between District contributions and proportionate share of contributions	-	35,065
Subtotal - Amortized Deferrals (below)	259,019	138,576
District contributions subsequent to measuring date	73,236	-
Deferred outflow (inflow) of resources	\$ 332,255	\$ 138,576

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, 2020.

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

Year ending June 30,	Amount
2020	\$ 91,518
2021	60,418
2022	(27,864)
2023	(5,719)
2024	2,089
Thereafter	-
Total	\$ 120,442

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 4, 2019. Oregon PERS produces an independently audited CAFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2018-CAFR.pdf>

Actuarial Valuations – The employer contribution rates effective July 1, 2017 through June 30, 2019, 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.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2019

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2016 rolled forward to June 30, 2018
Experience Study Report	2016, Published July 26, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Projected salary increase	3.50 percent overall payroll growth
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/1.15%) in accordance with Moro decision, blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

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 2016 Experience Study which is reviewed for the four-year period ending December 31, 2016.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2019

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	13.5%	21.5%	17.5%
Alternative Investments	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100.0%

(Source: June 30, 2018 PERS CAFR; p. 98)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015, revised as of June 7, 2017, 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
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.31%	6.69%
Micro Cap US Equities	1.31%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Market Equities	4.13%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equity	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event-driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
<i>Assumed Inflation - Mean</i>		<i>2.50%</i>

(Source: June 30, 2018 PERS CAFR; p. 72)

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2019

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate – The discount rate used to measure the total pension liability as of the measurement date of June 30, 2018 and 2017, was 7.20 percent and 7.50 percent, respectively, for the Defined Benefit Pension Plan. 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 7.20 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 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate.

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension liability	\$ 1,537,173	\$ 919,808	\$ 410,224

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, 2018 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 death, disability, resignation, or retirement. 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.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements

June 30, 2019

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

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. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2019.

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. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements

June 30, 2019

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 0.50% of annual covered OPERF payroll and 0.43% of OPSRP payroll under a contractual requirement in effect until June 30, 2019. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2017, 2018 and 2019 were \$3,271, \$3,249 and \$2,893, respectively, which equaled the required contributions each year.

At June 30, 2019, 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.

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>

NOTE 8 - DEFERRED COMPENSATION PLAN

The Airport 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 Airport only makes contributions for the Executive Director as per the contract with the Executive Director.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2019

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 employee are eligible to continue coverage upon retirement. 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 post-retirement 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 June 30, 2016 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	3.58%
General Inflation Rate per year	2.50%
Salary Scale per year	3.50%

Health Care Cost Trends:

<u>Year</u>	<u>Trend</u>	<u>Year</u>	<u>Trend</u>
2017	4.25 %	2042-2043	6.00 %
2018	5.50	2044-2048	5.75
2019	6.75	2049-2057	5.50
2020-2030	5.00	2058-2064	5.25
2031-2032	5.25	2065-2067	5.00
2033	5.50	2068-2069	4.75
2034	6.00	2070-2073	4.50
2035-2041	6.25	2074+	4.25

Mortality rates were based on rates adopted by the Oregon Public Employees Retirement System (PERS) for its December 31, 2016 actuarial valuation of retirement benefits.

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

Disability rates were not used.

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2019

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

Retirement rates were based on Oregon PERS assumptions. Annual rates are based on age, Tier / OPSRP, and duration of service.

The projection of benefits for financial reporting purpose does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Changes in Medical Benefit OPEB Liability:

Balance at June 30, 2018	\$ 102,093
Changes for the Year:	
Service Cost	2,866
Interest	3,594
Changes of Assumptions or Other Input	(1,461)
Benefit Payments	(9,205)
Net Changes for the Year	<u>(4,206)</u>
Total OPEB Liability at June 30, 2019	<u>\$ 97,887</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 3.87 percent, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current rate:

	1% Decrease ▼ (2.87%)	Current Discount Rate ▼ (3.87%)	1% Increase ▼ (4.87%)
Net OPEB Liability	\$ 103,230	\$ 97,887	\$ 92,864

The following presents the net other post-employment benefit liability (NOL), calculated using trend rate of 6.25 percent graded down to 4.25 percent, as well as what the liability would be if it was calculated using a trend rate 1-percentage-point lower (5.25 percent graded down to 3.25 percent) or 1-percentage-point higher (7.25 percent graded down to 5.25 percent) than the current rate:

	1% Decrease (5.25% decreasing to 3.25%)	Healthcare Cost Trend Rates (6.25% decreasing to 4.25%)	1% Increase (7.25% decreasing to 5.25%)
Net OPEB Liability	\$ 91,991	\$ 97,887	\$ 104,460

COOS COUNTY AIRPORT DISTRICT
Notes to Basic Financial Statements
June 30, 2019

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

	Deferred Inflows of Resources	Deferred Outflows of Resources
Changes in assumptions or inputs	\$ 4,467	\$ -
Benefit Payments	-	9,582
Deferred outflow (inflow)	\$ 4,467	\$ 9,582

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
2020	\$ (598)
2021	(598)
2022	(598)
2023	(598)
2024	(598)
Thereafter	(1,477)
Total	\$ (4,467)

NOTE 10 - RISK MANAGEMENT

The Airport 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 airport. Management believes amounts disallowed, if any, would not be material to the airport.

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, 2019

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, 2019, consisted of the following:

Transfers In:		Transfers Out:	
General Fund	\$ 440,300	General Fund	\$ 25,306
Construction Fund	25,306	Passenger Facility Charges Fund	45,300
Building Reserve Fund	140,000	BLM Fund	250,000
DHS Multi Service Capus Fund	244,850	BEC Fund	25,000
		DHS Fund	260,000
		Construction Fund	244,850
Total	<u>\$ 850,456</u>	Total	<u>\$ 850,456</u>

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.

NOTE 14 – INTEREST EXPENSE

Total interest expense, on the accrual basis, during the 2018-2019 fiscal year was \$718,921. No interest was capitalized.

REQUIRED SUPPLEMENTARY INFORMATION

COOS COUNTY AIRPORT DISTRICT
Required Supplementary Information
For the fiscal year ended June 30, 2019

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
2019	0.01 %	\$ 919,808	\$ 727,430	126.4 %	82.1 %
2018	0.01	920,705	696,748	132.1	83.1
2017	0.01	1,008,544	685,967	147.0	80.5
2016	0.01	378,116	666,322	56.7	91.9
2015	0.01	(131,682)	607,062	(21.7)	103.6
2014	0.01	296,461	598,858	49.5	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
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, 2019

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

	2019	2018
Total OPEB Liability		
Changes for the year:		
Service cost	\$ 2,866	\$ 3,051
Interest	3,594	3,064
Changes in benefit terms	-	-
Differences between expected and actual experience	-	-
Changes in assumptions or other input	(1,461)	(4,043)
Benefit payments	(9,205)	(8,830)
Net changes in total OPEB liability	(4,206)	(6,758)
Total OPEB liability - beginning	102,093	108,851
Total OPEB liability - ending	\$ 97,887	\$ 102,093
Covered Employee Payroll	\$ 648,756	\$ 681,509
Net OPEB liability as a percentage of covered employee payroll	15%	15%

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, 2019

	<u>Total</u>	<u>General Fund</u>	<u>Building Reserve Fund</u>	<u>Construction Fund</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 2,408,716	\$ 1,139,977	\$298,292	\$ 214,695
Receivables				
Trade	225,894	79,953	-	134,622
Reserve for doubtful accounts	(11,296)	(11,296)	-	-
Intergovernmental	514,291	-	-	514,291
Property taxes	123,581	123,581	-	-
Prepaid expenses, net	13,698	13,698	-	-
Total current assets	<u>3,274,884</u>	<u>1,345,913</u>	<u>298,292</u>	<u>863,608</u>
Non-current assets				
Capital assets				
Depreciable properties, net of accumulated depreciation	48,866,340	32,606,443	-	-
Nondepreciable properties	1,310,026	426,454	-	819,006
Total capital assets (net of accumulated depreciation)	<u>50,176,366</u>	<u>33,032,897</u>	<u>-</u>	<u>819,006</u>
Total non-current assets	<u>50,176,366</u>	<u>33,032,897</u>	<u>-</u>	<u>819,006</u>
Total assets	<u>53,451,250</u>	<u>34,378,810</u>	<u>298,292</u>	<u>1,682,614</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related deferral	329,197	329,197	-	-
OPEB related deferral	9,582	9,582	-	-
Total deferred outflows of resources	<u>338,779</u>	<u>338,779</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 53,790,029</u>	<u>\$ 34,717,589</u>	<u>\$298,292</u>	<u>\$ 1,682,614</u>
LIABILITIES				
Current liabilities				
Accounts payable - operating	\$ 73,779	\$ 58,896	\$ -	\$ -
Accounts payable - construction	237,105	-	-	220,400
Accrued payroll costs	13,520	13,520	-	-
Accrued interest on long term debt	354,486	23,877	-	-
Deferred Interest - Current	56,309	56,309	-	-
Unearned revenue	130,535	5,274	-	-
Contractor retention payable	655,401	-	-	655,401
Accrued compensated absences	67,790	67,790	-	-
Current portion of long-term debt	736,409	191,827	-	-
Total current liabilities	<u>2,325,334</u>	<u>417,493</u>	<u>-</u>	<u>875,801</u>
Non-current liabilities				
Deferred Interest	900,938	900,938	-	-
Long-term debt	15,951,522	1,366,703	-	-
Net pension liability	919,808	919,808	-	-
Net OPEB liability	97,887	97,887	-	-
Total non-current liabilities	<u>17,870,155</u>	<u>3,285,336</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>20,195,489</u>	<u>3,702,829</u>	<u>-</u>	<u>875,801</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related deferral	138,576	138,576	-	-
OPEB related deferral	4,467	4,467	-	-
Total deferred inflows of resources	<u>143,043</u>	<u>143,043</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net invested in capital assets	33,488,435	31,474,367	-	819,006
Unrestricted	(36,939)	(602,650)	\$298,292	(12,193)
Total net position	<u>33,451,496</u>	<u>30,871,717</u>	<u>298,292</u>	<u>806,813</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 53,790,028</u>	<u>\$ 34,717,589</u>	<u>\$298,292</u>	<u>\$ 1,682,614</u>

DHS Multi Services Campus Fund	Business Enterprise Center Fund	BLM Fund	Passenger Facility Charges Fund	Unemploy- ment Fund
\$ 498,809	\$ 70,475	\$ 137,705	\$ 7,836	\$ 40,927
163	920	-	10,236	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
498,972	71,395	137,705	18,072	40,927
14,067,205	-	2,192,692	-	-
-	-	64,566	-	-
14,067,205	-	2,257,258	-	-
14,067,205	-	2,257,258	-	-
14,566,177	71,395	2,394,963	18,072	40,927
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ 14,566,177	\$ 71,395	\$ 2,394,963	\$ 18,072	\$ 40,927
\$ 9,093	\$ 1,020	\$ 4,770	\$ -	\$ -
-	-	16,705	-	-
-	-	-	-	-
291,679	-	38,930	-	-
-	-	-	-	-
122,455	2,806	-	-	-
-	-	-	-	-
-	-	-	-	-
479,093	-	65,489	-	-
902,320	3,826	125,894	-	-
-	-	-	-	-
12,647,032	-	1,937,787	-	-
-	-	-	-	-
-	-	-	-	-
12,647,032	-	1,937,787	-	-
13,549,352	3,826	2,063,681	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
941,080	-	253,982	-	-
75,745	67,569	77,299	18,072	40,927
1,016,825	67,569	331,281	18,072	40,927
\$ 14,566,177	\$ 71,395	\$ 2,394,962	\$ 18,072	\$ 40,927

COOS COUNTY AIRPORT DISTRICT
Reconciliation of Budgetary Cash Basis Receipts and Disbursements Income
to GAAP, Accrual Basis, Income
For the Year Ended June 30, 2019

FUND	Budgetary Basis		Net Change in Fund Balance
	Receipts	Disbursements	
General Fund	\$ 3,009,965	\$ 2,456,244	\$ 553,721
Building Reserve Fund	143,292	-	143,292
Construction Fund	1,208,470	1,045,778	162,692
DHS Multi Services Campus Fund	1,481,792	1,275,134	206,658
Business Enterprise Center Fund	100,187	65,745	34,442
BLM Facility Fund	620,418	637,977	(17,559)
Passenger Facility Charges Fund	50,131	45,300	4,831
Unemployment Fund	2	-	2
Total - budgetary reporting basis	<u>\$ 6,614,257</u>	<u>\$ 5,526,178</u>	1,088,079
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			(311,917)
Intergovernmental			188,781
Taxes			(5,539)
Prepaid expenses			(769)
Accounts payable			(184,185)
Accrued expenses			1,181
Accrued interest			(205,537)
Retainage payable			(101,422)
Deferred revenues - current			710
Deferred interest payable			56,308
Accrued compensated absences			(903)
Depreciation and amortization			(3,075,491)
Deferred inflows - pension related deferral			(95,745)
Deferred outflows - pension related deferral			10,906
Net pension liability			897
Deferred inflows - OPEB related deferral			(8,071)
Deferred outflows - OPEB related deferral			377
Net OPEB liability			4,206
Capital asset additions			1,183,614
Long-term debt principal			702,037
Loan proceeds			-
Income (loss) (GAAP Accrual Basis)			<u><u>\$ (752,483)</u></u>

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
RECEIPTS				
Current taxes	\$ 1,188,487	\$ 1,188,487	\$ 1,178,496	\$ (9,991)
Prior taxes	65,000	65,000	74,750	9,750
Business park building and land leases	210,561	210,561	225,765	15,204
Aeronautical				
Hangars	48,440	48,440	50,339	1,899
Corporate hangars-land leases	17,692	17,692	18,054	362
Overnight ramp fees	92,216	92,216	100,847	8,631
Landing fees	-	-	119	119
Airport use fees	199,500	199,500	207,336	7,836
Carriers	46,150	46,150	51,030	4,880
Fuel fees	66,000	66,000	70,412	4,412
Fixed based operators	74,986	74,986	69,442	(5,544)
Non-Aeronautical				
Land leases	17,660	17,660	17,655	(5)
Ground transportation	1,500	1,500	2,400	900
Terminal rooms	98,321	98,321	98,710	389
Terminal advertising	5,650	5,650	10,675	5,025
Concessions	98,600	98,600	91,419	(7,181)
Rental parking	5,760	5,760	5,760	-
Apartment rentals	12,000	12,000	12,000	-
Interest on investments	75	75	12,118	12,043
Security background fees	1,000	1,000	492	(508)
US DOT air route subsidy	-	-	-	-
State grants	35,000	35,000	44,861	9,861
Other grants	-	-	1,750	-
Reimbursements & cost shares	-	-	12	12
Insurance proceeds	-	-	30,439	30,439
Legal settlements	-	-	27,124	27,124
Miscellaneous	530	530	2,660	2,130
Total receipts	2,285,128	2,285,128	2,404,665	119,537
DISBURSEMENTS				
Personnel services	1,245,818	1,245,818	1,106,953	138,865
Materials and services	1,057,599	1,057,599	787,078	270,521
Capital outlay	67,000	67,000	55,192	11,808
Debt service				
Principal and interest	316,716	316,716	316,715	1
Contingency	387,410	387,410	-	387,410
Total disbursements	3,074,543	3,074,543	2,265,938	808,605
Excess (deficiency) of receipts over (under) disbursements (carried forward to next page)	\$ (789,415)	\$ (789,415)	\$ 138,727	\$ 928,142

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, 2019

	<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)	\$ (789,415)	\$ (789,415)	\$ 138,727	\$ 928,142
OTHER FINANCING SOURCES (USES)				
Interfund loan in	380,000	380,000	165,000	(215,000)
Interfund loan out	(380,000)	(380,000)	(165,000)	215,000
Transfers in	445,042	445,042	440,300	(4,742)
Transfers out	(25,306)	(25,306)	(25,306)	-
Total other financing sources (uses)	<u>419,736</u>	<u>419,736</u>	<u>414,994</u>	<u>(4,742)</u>
Net change in fund balance	(369,679)	(369,679)	553,721	923,400
FUND BALANCES - CASH BASIS				
Beginning of the year	<u>369,679</u>	<u>369,679</u>	<u>586,256</u>	<u>216,577</u>
End of the Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>1,139,977</u>	<u><u>\$ 1,139,977</u></u>

RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Accounts receivable	68,657
Taxes receivable	123,581
Prepaid expenses	13,698
Capital assets (net of depreciation)	33,032,897
Deferred outflows - pension related deferral	329,197
Deferred inflows - pension related deferral	(138,576)
Deferred outflows - OPEB related deferral	9,582
Deferred inflows - OPEB related deferral	(4,467)
Accounts payable	(58,896)
Payroll liabilities	(13,520)
Leasehold security deposits	(460)
Accrued interest payable	(23,877)
Deferred interest payable	(957,247)
Deferred revenue	(4,813)
Accrued compensated absences	(67,790)
Net pension liability	(919,808)
Net OPEB liability	(97,887)
Debt payable	<u>(1,558,531)</u>
Net Position, June 30, 2019 (GAAP, accrual basis)	<u><u>\$ 30,871,717</u></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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Interest on investments	\$ -	-	\$ 3,292	\$ 3,292
Total receipts	-	-	3,292	3,292
DISBURSEMENTS				
Total disbursements	-	-	-	-
Excess (deficiency) of receipts over (under) disbursements	-	-	3,292	3,292
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 140,000	\$ 140,000	140,000	-
Total other financing sources (uses)	140,000	140,000	140,000	-
Net change in fund balance	140,000	140,000	143,292	3,292
FUND BALANCES - CASH BASIS				
Beginning of the year	160,000	160,000	155,000	(5,000)
End of the year	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 298,292</u>	<u>\$ (1,708)</u>

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
FAA grants	\$ 725,832	\$ 725,832	\$ 586,134	\$ (139,698)
State grants	25,306	25,306	16,427	(8,879)
Investment earnings	60	60	3	(57)
Reimbursements	400,000	400,000	415,600	15,600
Miscellaneous	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total receipts	1,151,198	1,151,198	1,018,164	(133,034)
DISBURSEMENTS				
Capital outlay	1,727,244	1,727,244	880,778	846,466
	<hr/>	<hr/>	<hr/>	<hr/>
Total disbursements	1,727,244	1,727,244	880,778	846,466
Excess (deficiency) of receipts over (under) disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(576,046)	(576,046)	137,386	713,432
OTHER FINANCING SOURCES (USES)				
Loan proceeds	550,800	550,800	-	(550,800)
Interfund loan proceeds	380,000	380,000	165,000	(215,000)
Interfund loan repayment	(380,000)	(380,000)	(165,000)	215,000
Transfers in	25,306	25,306	25,306	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	576,106	576,106	25,306	(550,800)
Net change in fund balance	60.00	60.00	162,692	162,632
FUND BALANCES - CASH BASIS				
Beginning of the year	107,249	107,249	52,003	(55,246)
	<hr/>	<hr/>	<hr/>	<hr/>
End of the year	<u>\$ 107,309</u>	<u>\$ 107,309</u>	214,695	<u>\$ 107,386</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Accounts receivable			134,622	
Intergovernmental receivable			514,291	
Construction in progress			819,006	
Accounts payable			(220,400)	
Contractor retention payable			(655,401)	
			<hr/>	
Net Position, June 30, 2019 (GAAP, accrual basis)			<u>\$ 806,813</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
RECEIPTS				
Rent receipts	\$ 1,469,460	\$ 1,469,460	\$ 1,469,462	\$ 2
Interest on investments			6,340	6,340
Reimbursements	-	-	5,990	5,990
Total receipts	1,469,460	1,469,460	1,481,792	12,332
DISBURSEMENTS				
Materials and services	152,578	252,578 ¹	191,718	60,860
Capital outlay	-	-		-
Debt service	855,788	855,788	823,416	32,372
Operating contingency	393,343	293,343	-	293,343
Total disbursements	1,401,709	1,401,709	1,015,134	386,575
Excess (deficiency) of receipts over (under) disbursements	67,751	67,751	466,658	398,907
OTHER FINANCING SOURCES (USES)				
Transfers out	(260,000)	(260,000)	(260,000)	-
Interfund loan in		-	-	-
Total other financing sources (uses)	(260,000)	(260,000)	(260,000)	-
Net change in fund balance	(192,249)	(192,249)	206,658	398,907
FUND BALANCES - CASH BASIS				
Beginning of the year	192,249	192,249	292,151	99,902
End of the year	\$ -	\$ -	498,809	\$ 498,809

RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Accounts receivable	163
Capital assets	14,067,205
Interest payable	(291,679)
Accounts payable	(9,093)
Deferred revenue	(122,455)
Loan payable	(11,775,035)
Loan premium	(1,351,090)
Net Position, June 30, 2019 (GAAP, accrual basis)	\$ 1,016,825

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Rent receipts	\$ 87,645	\$ 87,645	\$ 87,432	\$ (213)
Insurance settlement	-	-	12,755	12,755
Total receipts	<u>87,645</u>	<u>87,645</u>	<u>100,187</u>	<u>12,542</u>
DISBURSEMENTS				
Personnel services	-	-	-	-
Materials and services	62,770	62,770	40,745	22,025
Contingency	24,958	24,958	-	24,958
Total disbursements	<u>87,728</u>	<u>87,728</u>	<u>40,745</u>	<u>46,983</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(83)</u>	<u>(83)</u>	<u>59,442</u>	<u>59,525</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Net change in fund balance	(25,083)	(25,083)	34,442	59,525
FUND BALANCES - CASH BASIS				
Beginning of the year	<u>25,083</u>	<u>25,083</u>	<u>36,033</u>	<u>10,950</u>
End of the year	<u>\$ -</u>	<u>\$ -</u>	<u>70,475</u>	<u>\$ 70,475</u>

RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Accounts receivable	920
Accounts payable	(1,020)
Deferred revenue	(37)
Security deposits	<u>(2,769)</u>
Net Position, June 30, 2019 (GAAP, accrual basis)	<u>\$ 67,569</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
RECEIPTS				
Rent receipts	\$ 604,496	\$ 604,496	\$ 610,655	\$ 6,159
Interest on investments			2,197	
Reimbursements	30,000	30,000	7,566	(22,434)
Total receipts	<u>634,496</u>	<u>634,496</u>	<u>620,418</u>	<u>(16,275)</u>
DISBURSEMENTS				
Materials and services	261,906	261,906	208,518	53,388
Capital outlay	30,000	30,000	47,861	(17,861)
Debt service	131,598	131,598	131,598	-
Operating contingency	73,763	73,763	-	73,763
Total disbursements	<u>497,267</u>	<u>497,267</u>	<u>387,977</u>	<u>109,290</u>
Excess (deficiency) of receipts over (under) disbursements	137,229	137,229	232,441	95,212
OTHER FINANCING SOURCES (USES)				
Transfers out	(250,000)	(250,000)	(250,000)	-
Interfund loan	-	-	-	-
Total other financing sources (uses)	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
Net change in fund balance	(112,771)	(112,771)	(17,559)	95,212
FUND BALANCES - CASH BASIS				
Beginning of the year	112,771	112,771	155,263	42,492
End of the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	137,704	<u><u>\$ 137,704</u></u>

RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Capital assets	2,257,258
Interest payable	(38,930)
Accounts payable	(21,475)
Loan payable	<u>(2,003,276)</u>
Net Position, June 30, 2019 (GAAP, accrual basis)	<u><u>\$ 331,281</u></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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
RECEIPTS				
Passenger facilities charges	\$ 50,000	\$ 50,000	\$ 50,093	\$ 93
Interest on investments	42	42	38	(4)
Total receipts	50,042	50,042	50,131	89
DISBURSEMENTS				
Total disbursements	-	-	-	-
Excess (deficiency) of receipts over (under) disbursements	50,042	50,042	50,131	89
OTHER FINANCING SOURCES (USES)				
Transfers out	(50,042)	(50,042)	(45,300)	4,742
Total other financing sources (uses)	(50,042)	(50,042)	(45,300)	4,742
Net change in fund balance	-	-	4,831	4,831
FUND BALANCES - CASH BASIS				
Beginning of the year	3,000	3,000	3,005	5
End of the year	\$ 3,000	\$ 3,000	7,836	\$ 4,836
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Accounts receivable			10,236	
Net Position, June 30, 2019 (GAAP, accrual basis)			\$ 18,072	

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Interest on investments	\$ 24	\$ 24	\$ 2	\$ (22)
DISBURSEMENTS				
Personnel services	36,000	36,000	-	36,000
Net change in fund balance	(35,976)	(35,976)	2	35,978
FUND BALANCES - CASH BASIS				
Beginning of the year	40,919	40,919	40,925	6
End of the year	<u>\$ 4,943</u>	<u>\$ 4,943</u>	<u>\$ 40,927</u>	<u>\$ 35,984</u>

COOS COUNTY AIRPORT DISTRICT
Schedule of Expenditures of Passenger Facility Charges
For the Year Ended June 30, 2019

Southwest Oregon Regional Airport - OTH

	Quarter Ending				Total
	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	
Balance of unliquidated PFC's at beginning of period	\$ 3,025	\$ 15,581	\$ 25,897	\$ 37,558	\$ 3,025
Revenues:					
PFC receipts	12,553	10,308	11,650	15,582	50,093
Interest earned	3	8	11	16	38
Total revenues	<u>12,556</u>	<u>10,316</u>	<u>11,661</u>	<u>15,598</u>	<u>50,131</u>
Expenses:					
Application 09-09-C-00-OTH	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,300</u>	<u>45,300</u>
Total expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,300</u>	<u>45,300</u>
Balance of unliquidated PFC's at end of period	<u>\$ 15,581</u>	<u>\$ 25,897</u>	<u>\$ 37,558</u>	<u>\$ 7,856</u>	<u>\$ 7,856</u>

OTHER INFORMATION

COOS COUNTY AIRPORT DISTRICT
Schedule of Cash and Investments
June 30, 2019

CASH ON DEPOSIT

Umpqua Bank		
Checking accounts	\$	790,667
Money Market accounts		233,969
Oregon Pacific Bank Checking		4,295
Banner Bank Checking		100
Local Government Investment Pool		1,339,165
Undeposited		40,259
Cash on hand		261
		261
Total	\$	2,408,716

OWNERSHIP OF CASH

General Fund	\$	1,139,977
BEC Fund		70,475
BLM Facility Fund		137,704
Construction Fund		214,695
Passenger Facilities Charges Fund		7,836
Building Reserve Fund		298,292
Unemployment Fund		40,927
DHS Fund		498,809
		498,809
Total	\$	2,408,715

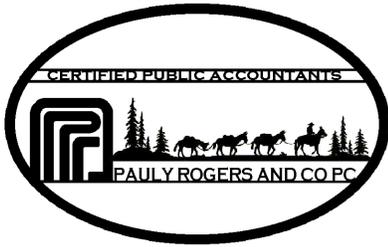
COOS COUNTY AIRPORT DISTRICT
Schedule for Retirement of Long-term Obligations
For the Year Ended June 30, 2019

	Business Oregon Infrastructure Finance Authority				Oregon Pacific Bank			Total
	T-Hanger	Terminal	BLM	DHS Build	Large Hanger	DHS Remodel	DHS Build	
Yearly								
2019-20								
Principal	\$ 22,702	\$ 32,726	\$ 65,489	\$ 329,156	\$ 136,399	\$ 84,075	\$ 65,862	\$ 736,409
Interest	4,518	93,131	66,108	491,640	27,239	54,948	15,886	753,470
Total	<u>27,220</u>	<u>125,857</u>	<u>131,597</u>	<u>820,796</u>	<u>163,638</u>	<u>139,023</u>	<u>81,748</u>	<u>1,489,879</u>
2020-21								
Principal	24,096	34,218	67,650	341,322	142,666	87,701	67,946	765,599
Interest	3,124	91,639	63,947	478,473	20,972	51,322	13,802	723,279
Total	<u>27,220</u>	<u>125,857</u>	<u>131,597</u>	<u>819,795</u>	<u>163,638</u>	<u>139,023</u>	<u>81,748</u>	<u>1,488,878</u>
2021-22								
Principal	25,574	35,778	69,883	359,138	149,220	91,484	405,375	1,136,452
Interest	1,646	90,079	61,714	461,407	14,418	47,539	5,119	681,922
Total	<u>27,220</u>	<u>125,857</u>	<u>131,597</u>	<u>820,545</u>	<u>163,638</u>	<u>139,023</u>	<u>410,494</u>	<u>1,818,374</u>
2022-23								
Principal	11,328	37,410	72,189	377,095	156,075	95,430		749,527
Interest	80	88,447	59,408	443,450	7,563	43,593		642,541
Total	<u>11,408</u>	<u>125,857</u>	<u>131,597</u>	<u>820,545</u>	<u>163,638</u>	<u>139,023</u>		<u>1,392,068</u>
2023-24								
Principal		39,116	74,571	395,200	82,947	99,546		691,380
Interest		86,741	57,026	424,596	1,121	39,477		608,961
Total		<u>125,857</u>	<u>131,597</u>	<u>819,796</u>	<u>84,068</u>	<u>139,023</u>		<u>1,300,341</u>
5 Year Increments								
2024-29								
Principal		224,017	411,432	2,283,281		565,433		3,484,163
Interest		405,270	246,553	1,807,194		129,680		2,588,697
Total		<u>629,287</u>	<u>657,985</u>	<u>4,090,475</u>		<u>695,113</u>		<u>6,072,860</u>
2029-34								
Principal		279,968	483,949	2,912,794		313,561		3,990,272
Interest		349,319	174,036	1,176,431		16,733		1,716,519
Total		<u>629,287</u>	<u>657,985</u>	<u>4,089,225</u>		<u>330,294</u>		<u>5,706,791</u>
2034-39								
Principal		124,290	569,247	2,900,636				3,594,173
Interest		121,042	88,738	371,545				581,325
Total		<u>245,332</u>	<u>657,985</u>	<u>3,272,181</u>				<u>4,175,498</u>
2039-2044								
Principal			188,866					188,866
Interest			8,330					8,330
Total			<u>197,196</u>					<u>197,196</u>
Totals								
Principal	83,700	807,523	2,003,276	9,898,622	667,307	1,337,230	539,183	15,336,841
Interest	9,368	1,325,668	825,860	5,654,736	71,313	383,292	34,807	8,305,044
Total	<u>\$ 93,068</u>	<u>\$ 2,133,191</u>	<u>\$ 2,829,136</u>	<u>\$ 15,553,358</u>	<u>\$ 738,620</u>	<u>\$ 1,720,522</u>	<u>\$ 573,990</u>	<u>\$ 23,641,885</u>

INDEPENDENT AUDITORS' REPORT AS REQUIRED BY
OREGON STATE REGULATIONS

COOS COUNTY AIRPORT DISTRICT

COMPLIANCE REVIEW



PAULY, ROGERS, AND Co., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcocpas.com

February 15, 2019

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, 2019, and have issued our report thereon dated February 15, 2019. 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.

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.



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February 15, 2019

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 financial statements of the of the Coos County Airport District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated February 15 2019.

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.

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.

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*.

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.

Tara M. Kamp, CPA
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February 15, 2019

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, 2019.

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, 2019.

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, 2019

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

None noted.

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 PASSENGER FACILITY CHARGES

1. BASIS OF PRESENTATION

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 County, it is not intended to and does not present either the net position, changes in net position, or cash flows of the entity.

2. 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.