

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

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2020**

**COOS COUNTY AIRPORT DISTRICT**

**ANNUAL FINANCIAL REPORT**

**For the Year Ended June 30, 2020**

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**COOS COUNTY AIRPORT DISTRICT**

*June 30, 2020*

**Airport Officials**

Helen Brunell Mineau, Chairman  
2670 Broadway  
North Bend, OR 97459

Michael Collins, Vice Chairman  
625 H Street  
Coos Bay, OR 97420

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

Dr. Brent Pahls, Commissioner  
346 N Central  
Coquille, OR 97423

Jason Bell, Commissioner  
1257 Laurel Ave  
Coos Bay, OR 97420

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Theresa Cook, Executive Director

James Martin, District Counsel

1100 Airport Lane  
North Bend, OR 97459

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**COOS COUNTY AIRPORT DISTRICT**  
**Annual Financial Report**  
*For the Year Ended June 30, 2020*

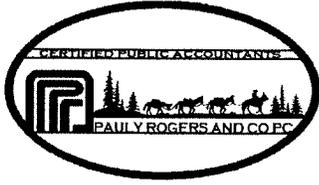
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December 21, 2020

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, 2020, 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, 2020, 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.

## **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 federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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.

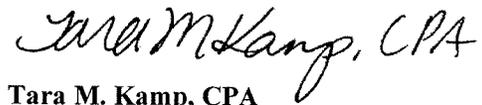
The supplementary information, as listed in the table of contents, and the schedule of expenditures of passenger facility charges are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 December 21, 2020 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 December 21, 2020, 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.**

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## **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, 2020. Please read it in conjunction with the Airport's financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

The net position of the Airport increased by \$2,611,945 during the year ended June 30, 2020. This was mostly a function of asset acquisition.

The Passenger Facilities Charges Fund which is reserved for capital projects, received \$46,838, 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 incurred charges against this reserve of 19,474.

### **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 (PFC) 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 (BEC) 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) 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.

DHS Multi Services Campus (DHS) Fund - This fund was created by the Airport to track financial results subsequent to the Airport's assuming a lease with the Department of Human Services. 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, 2020, and 2019, follows:

**Net Position**

	<b>Business-type activities</b>		<b>Percentage Change</b>
	<b>2020</b>	<b>2019</b>	
Current and other assets	\$ 6,204,456	\$ 3,274,884	89.46 %
Capital assets	51,414,805	50,176,366	2.47
Total assets	<u>57,619,261</u>	<u>53,451,250</u>	7.80
Total deferred outflows of resources	<u>453,652</u>	<u>338,779</u>	33.91
Long-term liabilities outstanding	18,983,830	17,927,776	5.89
Other liabilities	2,844,684	2,267,712	25.44
Total liabilities	<u>21,828,514</u>	<u>20,195,488</u>	8.09
Total deferred inflows of resources	<u>180,956</u>	<u>143,043</u>	26.50
Net position:			
Net investment in capital assets	35,433,819	33,488,436	5.81
Unrestricted	629,624	(36,938)	(1,804.54)
Total net position	<u>\$ 36,063,443</u>	<u>\$ 33,451,498</u>	7.81

Current and other assets increased due to an increase in grant revenue and loan proceeds. The loan proceeds will be used for building improvements.

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

Long-term liabilities increased due to a loan for building improvements.

Other liabilities include an increase in accounts payable related to construction and airport improvement projects.

**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, 2020, and 2019, follows:

**Changes in Net Position**

	<u>Business-type activities</u>		<u>Percentage Change</u>
	<u>2020</u>	<u>2019</u>	
<b>Revenues</b>			
Operating revenues			
Charges for services	\$ 3,271,095	\$ 3,237,449	1.04 %
Non-Operating revenues			
Property taxes	1,293,045	1,247,708	3.63
Grant revenues	4,354,382	837,954	419.64
Insurance proceeds	14,042	43,193	(67.49)
Passenger facility charges	39,753	47,535	(16.37)
Legal settlement	-	27,124	
Interest income	28,471	23,990	18.68
Miscellaneous	2,000	2,512	(20.38)
Total non-operating revenues	<u>5,731,693</u>	<u>2,230,016</u>	157.02
Total revenues	<u>9,002,788</u>	<u>5,467,465</u>	64.66
<b>Expenses</b>			
Operating expenses	2,494,817	2,327,205	7.20
Depreciation and amortization	3,022,343	3,075,491	(1.73)
Pension expense	187,247	83,942	123.07
OPEB expense	(564)	3,488	
Non-operating expenses	<u>687,000</u>	<u>729,822</u>	(5.87)
Total expenses	<u>6,390,843</u>	<u>6,219,948</u>	2.75
Increase (decrease) in net position	2,611,945	(752,483)	(447.11)
Net position - beginning	<u>33,451,498</u>	<u>34,203,981</u>	(2.20)
Net position - ending	<u>\$ 36,063,443</u>	<u>\$ 33,451,498</u>	7.81

Grant revenues increased due to federal funds received for airport runway improvement projects and CARES grant funds.

Passenger facility charges decreased due to the decrease in passengers flying.

Non-operating expenses decreased due to decreased interest payments related to refinancing several loans.

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2020, the Airport had \$51 million invested in a broad range of capital assets, including the terminal, the runway/taxiway enhancements, the ATC tower, the commercial hangar and commercial buildings. This is outlined below.

**Capital Assets (Net of Accumulated Depreciation)**

	<b>Business-type activities</b>		
	<b>2020</b>	<b>2019</b>	<b>Percentage Change</b>
Runway/Taxi	\$ 9,221,895	\$ 10,260,746	(10.12) %
Parking Lots	32,491	35,199	(7.69)
Land Improvements	281,951	363,130	(22.36)
Intangibles	100,903	129,733	(22.22)
Infrastructure	733,155	846,493	(13.39)
Buildings	35,096,613	36,778,252	(4.57)
Equipment	386,120	452,787	(14.72)
Land	425,391	425,391	-
Construction in progress	5,136,286	884,635	480.61
Total	<u>\$ 51,414,805</u>	<u>\$ 50,176,366</u>	2.47

**Change in Capital Assets**

	<b>Business-type activities</b>		
	<b>2020</b>	<b>2019</b>	<b>Percentage Change</b>
Beginning Balance	\$ 50,176,366	\$ 52,068,243	(3.63) %
Additions	4,260,782	1,183,614	259.98
Retirement of assets (cost less accumulated depreciation)	-	-	
Depreciation current year	(3,022,343)	(3,075,491)	(1.73)
Total	<u>\$ 51,414,805</u>	<u>\$ 50,176,366</u>	2.47

During the 2019-20 fiscal year, capital improvements included airport runway improvement projects, building improvement projects and initial costs of construction of a fire station. All of these projects were in progress at June 30, 2020.

Decreases are due to depreciation.

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

**Debt Administration**

At the end of the current fiscal year, the Airport had total debt of \$16.4 million.

	<b>Long-Term Debt</b>		
	<b>Business-type activities</b>		
	<b>2020</b>	<b>2019</b>	<b>Percentage Change</b>
Intergovernmental loans	\$ 9,630,464	\$ 12,793,121	(24.72) %
Commercial loans	6,795,166	2,543,719	167.14
	<u>\$ 16,425,630</u>	<u>\$ 15,336,840</u>	7.10

**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.

**Next Year's Budget**

The following economic factors currently affect the Airport and were considered in developing the 2020-2021 budget.

- Property values are expected to increase by about 3%
- Health insurance premiums are expected to rise

**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**

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**COOS COUNTY AIRPORT DISTRICT**  
**Statement of Net Position**  
*June 30, 2020*

**ASSETS**

Current assets

Cash and cash equivalents	\$ 3,282,708
Trade receivables (net of allowance for uncollectibles of \$7,450)	74,078
Inergovernmental receivable	2,700,777
Property taxes receivable	130,530
Prepaid expenses, net	16,363
Total current assets	6,204,456

Non-current assets

Depreciable properties, net of accumulated depreciation	45,853,127
Nondepreciable properties	5,561,678
Total non-current assets	51,414,805
Total assets	57,619,261

**DEFERRED OUTFLOWS OF RESOURCES**

Pension related deferral	441,421
OPEB related deferral	12,231
Total deferred outflows of resources	453,652

**Total assets and deferred outflows of resources**

**\$ 58,072,913**

**LIABILITIES**

Current liabilities

Accounts payable	
Operating	\$ 75,803
Construction	1,103,956
Accrued expenses	17,757
Accrued interest	283,782
Unearned revenue	4,622
Contractor retention payable	378,802
Current portion of accrued compensated absences	11,386
Current portion of deferred interest payable	56,309
Current portion of long-term debt	912,267
Total current liabilities	2,844,684

Non-current liabilities

Long term portion of accrued compensated absences	64,520
Deferred interest payable	844,629
Long-term debt	16,793,343
Net pension liability	1,215,676
Net OPEB liability	65,662
Total non-current liabilities	18,983,830

Total liabilities

21,828,514

**DEFERRED INFLOWS OF RESOURCES**

Pension related deferral	142,179
OPEB related deferral	38,777
Total deferred inflows of resources	180,956

**NET POSITION**

Net investment in capital assets	35,433,819
Unrestricted	629,624
Total net position	36,063,443

**Total liabilities, deferred inflows of resources, and net position**

**\$ 58,072,913**

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

**COOS COUNTY AIRPORT DISTRICT**  
**Statement of Revenues, Expenses, and Changes**  
**in Net Position**  
*June 30, 2020*

<b>OPERATING REVENUES</b>	
Charges for services	<u>\$ 3,271,095</u>
<b>OPERATING EXPENSES</b>	
Salaries, wages and fringe benefits	1,268,495
Contract, professional and consulting services	347,815
Materials and supplies	38,833
Utilities and telephone	252,986
Equipment rentals, fuel and lubricants	19,099
Insurance	213,619
Fire service expense	31,462
Travel and other management expenses	21,083
Building and equipment repairs and maintenance	301,425
Depreciation and amortization	3,022,343
Total operating expenses	<u>5,517,160</u>
Operating income (loss)	<u>(2,246,065)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Property taxes	1,293,045
Federal grant revenues	4,347,673
State grant revenues	6,709
Passenger facility charge revenue	39,753
Insurance proceeds	14,042
Pension expense	(187,247)
OPEB income	564
Interest expense	(674,461)
Interest income	28,471
Miscellaneous income	2,000
Miscellaneous expense	(12,539)
Total non-operating revenues (expenses)	<u>4,858,010</u>
Net change in net position	2,611,945
<b>NET POSITION - BEGINNING</b>	<u>33,451,498</u>
<b>NET POSITION - ENDING</b>	<u><u>\$ 36,063,443</u></u>

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

**COOS COUNTY AIRPORT DISTRICT**  
**Statement of Cash Flows**  
*June 30, 2020*

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 3,160,052
Cash payments to employees	(1,252,923)
Cash payments to suppliers and vendors	(1,230,182)
Net cash used by operating activities	676,947

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Property taxes	1,286,096
Insurance proceeds	14,042
Grant proceeds from government agencies	1,842,385
Net cash provided (used) by noncapital financing activities	3,142,523

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Capital expenditures	(3,555,098)
Interest paid	(872,584)
Proceeds from passenger facility charges	46,804
Principal payments on long-term debt	(4,355,211)
Loan proceeds	5,769,510
Energy efficiency incentive	
Other	(7,370)
Net cash provided (used) by capital and related financing activities	(2,973,949)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received	28,471
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Net increase (decrease) in cash and cash equivalents	873,992
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<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	2,408,716
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<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 3,282,708</b>
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**RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES**

Operating income (loss)	\$ (2,246,065)
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Adjustments to reconcile operating loss to net cash used by operating activities:

Depreciation and amortization	3,022,343
Changes in assets and liabilities	
Decrease in accounts receivable	14,450
(Increase) in prepaid items	(125,493)
Increase in accounts payable	2,024
Increase in accrued expenses	(2,665)
Decrease in deferred revenue	12,353
Total adjustments	2,923,012

Net cash used by operating activities	\$ 676,947
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The accompanying notes are an integral part of the basic financial statements.

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## **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.

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**COOS COUNTY AIRPORT DISTRICT**  
**Notes to Basic Financial Statements**  
*June 30, 2020*

**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.

**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, 2020.

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, 2020*

**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.

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

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

**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, 2020*

**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, 2020 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, 2020*

**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.

**Fair Value Inputs and Methodologies and Hierarchy**

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

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

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

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

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

**Accrued Vacation, Holiday, Comp, and Sick Leave Pay**

Vacation, Holiday, and Comp payable, reported at \$75,906 as of June 30, 2020, 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 additional holiday time for holidays worked. Comp time (overtime) must be approved in advance and is limited to 40 hours.

**COOS COUNTY AIRPORT DISTRICT**  
**Notes to Basic Financial Statements**  
*June 30, 2020*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**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.

**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, 2020. 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, 2020, except for the Passenger Facility Charge Fund – transfers out by \$1,628.

**COOS COUNTY AIRPORT DISTRICT**  
**Notes to Basic Financial Statements**  
*June 30, 2020*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 deferred outflows for pension and OPEB 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 deferred inflows for pension and OPEB 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.

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, 2020, the deposits had a bank value of \$3,154,687. 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.

**COOS COUNTY AIRPORT DISTRICT**  
**Notes to Basic Financial Statements**  
*June 30, 2020*

**NOTE 3 - RECEIVABLES**

**Trade Receivables**

At June 30, 2020, an allowance for doubtful accounts of \$7,450 had been established. Trade receivables of \$81,528 less the allowance for doubtful accounts of \$7,450 is \$74,078, which is shown on the statement of net position.

**Property Taxes Receivable**

For the year ended June 30, 2020, the Airport levied a net tax of \$1,328,176. The total property taxes receivable at June 30, 2020 amounted to \$130,530 of which \$61,966 was for the year ended June 30, 2020.

	<b>Receivable 6/30/2019</b>	<b>Levied 2019-2020</b>	<b>Adjustments and Interest</b>	<b>Collected</b>	<b>Receivable 6/30/2020</b>
Current	\$ -	\$ 1,328,176	\$ (40,487)	\$ 1,225,723	\$ 61,966
Prior	123,581	-	5,356	60,373	68,564
<b>Total</b>	<b>\$ 123,581</b>	<b>\$ 1,328,176</b>	<b>\$ (35,131)</b>	<b>\$ 1,286,096</b>	<b>\$ 130,530</b>

**COOS COUNTY AIRPORT DISTRICT**  
**Notes to Basic Financial Statements**  
*June 30, 2020*

**NOTE 4 – CAPITAL ASSETS**

Capital assets activity and balances consist of the following for the year ended June 30, 2020:

	<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	6,303,897	26,475	-	6,330,372
Buildings	49,782,247	(56,173)	-	49,726,074
Equipment	1,785,999	38,829	-	1,824,828
Total	<u>87,230,793</u>	<u>9,131</u>	<u>-</u>	<u>87,239,924</u>
Less accumulated depreciation				
Runway/Taxiway	16,196,761	1,038,851	-	17,235,612
Parking Lots	916,893	2,708	-	919,601
Land Improvements	1,284,976	81,179	-	1,366,155
Intangibles	171,212	28,830	-	200,042
Infrastructure	5,457,404	139,813	-	5,597,217
Buildings	13,003,995	1,625,466	-	14,629,461
Equipment	1,333,212	105,496	-	1,438,708
Total	<u>38,364,453</u>	<u>3,022,343</u>	<u>-</u>	<u>41,386,796</u>
Total Assets being depreciated, net	<u>48,866,340</u>	<u>(3,013,212)</u>	<u>-</u>	<u>45,853,128</u>
Capital assets - non-depreciable				
Land	425,391	-	-	425,391
Construction in progress	884,635	4,251,651	-	5,136,286
Total non-depreciated assets	<u>1,310,026</u>	<u>4,251,651</u>	<u>-</u>	<u>5,561,677</u>
Total capital assets, net	<u>\$ 50,176,366</u>	<u>\$ 1,238,439</u>	<u>\$ -</u>	<u>\$ 51,414,805</u>

**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 15<sup>th</sup> 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, 2020, was \$60,998. 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.

**COOS COUNTY AIRPORT DISTRICT**  
**Notes to Basic Financial Statements**  
*June 30, 2020*

**NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)**

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 \$807,523 and the balance of the loan at June 30, 2020 was \$0. This debt was refinanced into a new loan.

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 \$667,307 and the balance of the loan at June 30, 2020 was \$0. This debt was refinanced into a new loan.

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 \$2,003,276 were made and the balance of the loan at June 30, 2020 was \$0. This debt was refinanced into a new loan.

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. 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 \$65,875 were made and the balance of the loan at June 30, 2020 was \$473,465. 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

**COOS COUNTY AIRPORT DISTRICT**  
**Notes to Basic Financial Statements**  
*June 30, 2020*

**NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)**

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, 2020, was 4.23%. During the year under audit, principal payments of \$84,132 were made and the balance of the loan at June 30, 2020 was \$1,253,641. 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 April 10, 2018, the Airport signed a promissory note with the Oregon Infrastructure Finance Authority in the amount of \$11,562,895. The Oregon Infrastructure Finance Authority sold bonds with a premium paid of \$1,422,200 leaving a principal balance of \$10,140,695. Principal and interest payments are due December 1, 2018, through December 1, 2037. The interest rates vary with the first two years at 4% and the future years at 5% with an all-in true interest cost of 3.48%. During the year under audit, principal payments of \$329,156 were made and the balance of the loan at June 30, 2020 was \$9,569,466. In the event of a default the Lender may pursue any remedies available under the Loan Agreement, including but not limited to the following remedies and actions: A: declaring all Loan payments and all other amounts to be paid by Recipient under this Loan Agreement or any other Loan Document (including, but not limited to Department's cost of defeasance of the portion of any State Bonds allocable to the Loan, if all or a portion of the principal of and interest on the State Bonds has been accelerated pursuant to the Bond Indenture) to be immediately due and payable, and upon notice to Recipient the same shall become immediately due and payable without further notice or demand. B: Terminating all further disbursements of Loan proceeds. C: Declaring Recipient ineligible to receive future awards from Department. D: Withholding all or a portion of any amounts otherwise due to Recipient and applying them. In the agreement Items held as collateral consist of real property located at 1431 Airport Lane, North Bend, OR 97459.

On July 1, 2019, the Airport entered into a taxable financing agreement with a bank in the amount of \$5,444,000. The loan was used to refinance certain debt loans as well as to finance construction costs. The loan requires monthly payments of principle and interest for years 1-5 of \$46,253. For years 6-15 monthly principle and interest amounts will be \$33,566 assuming no use of draw down provision. The interest rate is a 15 year taxable fixed interest rate of 3.35%.

**COOS COUNTY AIRPORT DISTRICT**  
**Notes to Basic Financial Statements**  
*June 30, 2020*

**NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)**

During the year under audit, principal payments of \$375,940 were made and the balance of the loan at June 30, 2020 was \$5,068,060. Upon the occurrence of any Event of Default the Lender may exercise any remedy available at law or in equity. However, the amounts due from the District under this Financing Agreement shall not be subject to acceleration.

Long-term liability activity for the year ended June 30, 2020, was as follows:

<b>Direct Borrowings and Placements</b>	<b>Business-Type Activities</b>				Due Within One Year
	Beginning Balances	Additions	Reductions	Ending Balances	
Intergovernmental loans	\$ 12,793,121	\$ -	\$ 3,162,657	\$ 9,630,464	\$ 365,418
Commercial loans	2,543,719	5,444,000	1,192,553	6,795,166	546,849
Premium	1,351,090	-	71,110	1,279,980	-
	<u>\$ 16,687,930</u>	<u>\$ 5,444,000</u>	<u>\$ 4,426,320</u>	<u>\$ 17,705,610</u>	<u>\$ 912,267</u>

Total debt service requirements to maturity for all issues is:

<b>Maturities by Fiscal Year</b>	<b>Business-Type Activities</b>		
	Principal	Interest	Total
2020-21	\$ 912,267	\$ 766,862	1,679,129
2021-22	1,286,233	722,544	2,008,777
2022-23	902,129	680,193	1,582,322
2023-24	928,136	642,914	1,571,050
2024-25	816,529	606,376	1,422,905
2025-30	4,642,863	2,470,412	7,113,275
2030-35	4,708,350	1,415,992	6,124,342
2035-40	2,229,123	282,819	2,511,942
Total	<u>\$ 16,425,630</u>	<u>\$ 7,588,112</u>	<u>\$ 24,013,742</u>

**NOTE 6 – COMPENSATED ABSENCES**

Following is a summary of changes in compensated absences for the fiscal year ended June 30, 2020:

<b>Business-Type Activities</b>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	<u>\$ 67,790</u>	<u>\$ 70,749</u>	<u>\$ 62,633</u>	<u>\$ 75,906</u>	<u>\$ 11,386</u>

**COOS COUNTY AIRPORT DISTRICT**  
**Notes to Basic Financial Statements**  
*June 30, 2020*

**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/2019-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.

**COOS COUNTY AIRPORT DISTRICT**  
**Notes to Basic Financial Statements**  
*June 30, 2020*

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

- iv. **Benefit Changes After Retirement.** Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.
  
- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
  - i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
    - Police and fire:* 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
    - General service:* 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.
  - ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.
  - iii. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

**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, 2017 actuarial valuation, which became effective July 1, 2019. 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, 2020 were \$111,033, excluding amounts to fund employer specific liabilities. In addition approximately \$41,750 in employee contributions were paid or picked up by the District in fiscal 2020. At June 30, 2020, the District reported a net pension liability of \$1,215,676 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2017. 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.

**COOS COUNTY AIRPORT DISTRICT**  
**Notes to Basic Financial Statements**  
*June 30, 2020*

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

As of the measurement date of June 30, 2019 and 2018, the District's proportion was .007 percent and .006 percent, respectively. Pension expense for the year ended June 30, 2020 was \$187,247.

The rates in effect for the year ended June 30, 2020 were:

- (1) Tier 1/Tier 2 – 18.91%
- (2) OPSRP general services – 14.61%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 67,041	\$ -
Changes in assumptions	164,920	-
Net difference between projected and actual earnings on pension plan investments	-	34,463
Net changes in proportionate share	98,427	47,745
Differences between District contributions and proportionate share of contributions	-	59,971
Subtotal - Amortized Deferrals (below)	330,388	142,179
Contributions subsequent to measuring date	111,033	-
Deferred outflow (inflow) of resources	\$ 441,421	\$ 142,179

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, 2021.

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
2021	\$ 108,397
2022	5,868
2023	31,242
2024	38,115
2025	4,587
Thereafter	-
Total	\$ 188,209

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, 2020. Oregon PERS produces an independently audited CAFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2019-CAFR.pdf>

**COOS COUNTY AIRPORT DISTRICT**  
**Notes to Basic Financial Statements**  
*June 30, 2020*

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

**Actuarial Methods and Assumptions:**

Valuation date	December 31, 2017
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
Discount rate	7.20 percent
Projected salary increase	3.50 percent
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service
Mortality	Healthy retirees and beneficiaries: RP-2014 Health 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, 2020*

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Assumed Asset Allocation:**

<b>Asset Class/Strategy</b>	<b>Low Range</b>	<b>High Range</b>	<b>OIC Target</b>
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	14.0%	21.0%	17.5%
Alternative Investments	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100.0%

*(Source: June 30, 2019 PERS CAFR; p. 100)*

**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 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.

**COOS COUNTY AIRPORT DISTRICT**  
**Notes to Basic Financial Statements**  
*June 30, 2020*

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Compound Annual (Geometric) Return</b>
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, 2019 PERS CAFR; p. 74)

**Discount Rate** – The discount rate used to measure the total pension liability as of the measurement date of June 30, 2019 and 2018 was 7.20 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from 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	\$ 1,946,979	\$ 1,215,676	\$ 603,828

**COOS COUNTY AIRPORT DISTRICT**  
**Notes to Basic Financial Statements**  
*June 30, 2020*

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**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, 2019 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

**Deferred Compensation Plan**

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

**OPSRP Individual Account Program (OPSRP IAP)**

*Plan Description:*

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

*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.

**COOS COUNTY AIRPORT DISTRICT**  
**Notes to Basic Financial Statements**  
*June 30, 2020*

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

*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, 2020.

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

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

**Other Post-Employment Benefit Plan - (RHIA)**

**Plan Description:**

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

**Funding Policy:**

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

Participating Districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.50% of annual covered OPERF payroll and 0.43% of OPSRP payroll under a contractual requirement in effect until June 30, 2020. 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

**COOS COUNTY AIRPORT DISTRICT**  
**Notes to Basic Financial Statements**  
*June 30, 2020*

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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, 2018, 2019 and 2020 were \$3,249, \$2,893 and \$123, respectively, which equaled the required contributions each year.

At June 30, 2020, 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.

**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, 2019 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:

**COOS COUNTY AIRPORT DISTRICT**  
**Notes to Basic Financial Statements**  
*June 30, 2020*

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

Discount Rate per year	3.50%
General Inflation Rate per year	2.50%
Salary Scale per year	3.50%

Health Care Cost Trends:

<u>Year</u>	<u>Trend</u>
2019	15.75 %
2020	6.00
2021	5.25
2022-2024	5.00
2024-2042	4.75
2043-2049	5.00
2050-2064	4.75
2065-2067	4.50
2068-2071	4.25
2072+	4.00

Mortality rates were based on rates adopted by the Oregon Public Employees Retirement System (PERS) for its December 31, 2018 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.

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:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Changes for the year:			
Service cost	\$ 2,885	\$ 2,866	\$ 3,051
Interest	3,716	3,594	3,064
Changes in benefit terms	-	-	
Differences between expected and actual experience	(39,218)	-	
Changes in assumptions or other input	9,974	(1,461)	(4,043)
Benefit payments	<u>(9,582)</u>	<u>(9,205)</u>	<u>(8,830)</u>
Net changes in total OPEB liability	(32,225)	(4,206)	(6,758)
Total OPEB liability - beginning	97,887	102,093	108,851
Total OPEB liability - ending	<u>\$ 65,662</u>	<u>\$ 97,887</u>	<u>\$ 102,093</u>

**COOS COUNTY AIRPORT DISTRICT**  
**Notes to Basic Financial Statements**  
*June 30, 2020*

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

**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 3.5 percent, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower (2.5 percent) or 1-percentage-point higher (3.5 percent) than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB Liability	\$ 69,607	\$ 65,662	\$ 61,912

The following presents the net other post-employment benefit liability (NOL), calculated using trend rate of 15.75 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 (14.75 percent graded down to 3.25 percent) or 1-percentage-point higher (16.75 percent graded down to 5.25 percent) than the current rate:

	1% Decrease (14.75% decreasing to 3.25%)	Healthcare Cost Trend Rates (15.75% decreasing to 4.25%)	1% Increase (16.75% decreasing to 5.25%)
Net OPEB Liability	\$ 60,770	\$ 65,662	\$ 71,159

	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>
Differences between expected and actual experience	\$ 34,908	\$ -
Changes in assumptions or inputs	3,869	8,878
Benefit Payments	-	3,353
Deferred outflow (inflow)	\$ 38,777	\$ 12,231

**COOS COUNTY AIRPORT DISTRICT**  
**Notes to Basic Financial Statements**  
*June 30, 2020*

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

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
2021	\$ (3,812)
2022	(3,812)
2023	(3,812)
2024	(3,812)
2025	(3,812)
Thereafter	<u>(10,839)</u>
Total	<u>\$ (29,899)</u>

**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.

**NOTE 12 – COVID - 19**

The COVID-19 outbreak in the United States has caused disruption through mandated and voluntary closure of government and business activities. These developments are expected to impact City revenues. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, the City expects this matter to negatively affect its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

**COOS COUNTY AIRPORT DISTRICT**  
**Notes to Basic Financial Statements**  
*June 30, 2020*

**NOTE 13 – 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 14 – INTERFUND TRANSFERS AND LOANS**

**Interfund Transfers**

Interfund transfers for the year ended June 30, 2020, consisted of the following:

<b>Transfers In:</b>		<b>Transfers Out:</b>	
General Fund	\$ 201,672	General Fund	\$ 753,656
Construction Fund	753,656	Passenger Facility Charges Fund	51,672
Building Reserve Fund	150,000	BLM Fund	100,000
		BEC Fund	25,000
		DHS Fund	175,000
Total	\$ 1,105,328	Total	\$ 1,105,328

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

**Interfund Loans**

Interfund loans for the year ended June 30, 2020, consisted of the following:

<b>Due From Other Funds:</b>		<b>Due To Other Funds:</b>	
General Fund	\$ 120,000	Construction Fund	\$ 570,000
Building Reserve Fund	450,000		
Total	\$ 570,000	Total	\$ 570,000

**COOS COUNTY AIRPORT DISTRICT**  
**Notes to Basic Financial Statements**  
*June 30, 2020*

**NOTE 14 – INTERFUND TRANSFERS AND LOANS (CONTINUED)**

A \$450,000 loan was issued in 2020 from the Building Reserve Fund to the Construction Fund. The purpose of the loan is to enable the District to timely pay Construction Fund capital outlay expenses in advance of receiving reimbursement from FAA grant funds. The money borrowed from the Building Reserve Fund will be repaid in its entirety from the Construction Fund on June 30, 2021 with zero percent (0.00%) interest rate. A \$120,000 loan was issued in 2020 from the General Fund to the Construction Fund. The purpose of the loan is to fulfill existing financial commitments. The money borrowed from the General Fund will be paid back in its entirety from the construction fund on June 30, 2021 with zero percent (0.00%) interest rate.

**NOTE 15 – INTEREST EXPENSE**

Total interest expense, on the accrual basis, during the 2019-2020 fiscal year was \$674,461. No interest was capitalized.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**COOS COUNTY AIRPORT DISTRICT**  
**Required Supplementary Information**  
*For the fiscal year ended June 30, 2020*

**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
2020	0.01 %	\$ 1,215,676	\$ 648,756	187.4 %	80.2 %
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
2020	\$ 111,033	\$ 111,033	-	\$ 695,828	16.0 %
2019	70,178	70,178	-	648,756	10.8
2018	76,124	76,124	-	727,430	10.5
2017	55,744	55,744	-	696,748	8.0
2016	54,248	54,248	-	685,967	7.9
2015	47,514	47,514	-	666,322	7.1
2014	43,599	43,599	-	607,062	7.2

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

**COOS COUNTY AIRPORT DISTRICT**  
**Required Supplementary Information**  
*For the fiscal year ended June 30, 2020*

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Changes for the year:			
Service cost	\$ 2,885	\$ 2,866	\$ 3,051
Interest	3,716	3,594	3,064
Changes in benefit terms	-	-	
Differences between expected and actual experience	(39,218)	-	
Changes in assumptions or other input	9,974	(1,461)	(4,043)
Benefit payments	<u>(9,582)</u>	<u>(9,205)</u>	<u>(8,830)</u>
Net changes in total OPEB liability	(32,225)	(4,206)	(6,758)
Total OPEB liability - beginning	<u>97,887</u>	<u>102,093</u>	<u>108,851</u>
Total OPEB liability - ending	<u>\$ 65,662</u>	<u>\$ 97,887</u>	<u>\$ 102,093</u>
Covered Employee Payroll	\$ 744,030	\$ 672,545	681,509
Net OPEB liability as a percentage of covered employee payroll	9%	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, 2020*

	Total	General Fund	Building Reserve Fund	Construction Fund
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 3,282,708	\$ 724,384	\$ 1,825	\$ 11,933
Receivables				
Trade	81,528	62,873	-	14,406
Reserve for doubtful accounts	(7,450)	(7,450)	-	-
Interfund loan	570,000	120,000	450,000	-
Intergovernmental	2,700,777	310,292	-	2,390,485
Property taxes	130,530	130,530	-	-
Prepaid expenses, net	16,363	16,363	-	-
Total current assets	<u>6,774,456</u>	<u>1,356,992</u>	<u>451,825</u>	<u>2,416,824</u>
Non-current assets				
Capital assets				
Depreciable properties, net of accumulated depreciation	45,853,127	30,220,788	-	-
Nondepreciable properties	5,561,678	460,122	-	4,831,104
Total capital assets (net of accumulated depreciation)	<u>51,414,805</u>	<u>30,680,910</u>	<u>-</u>	<u>4,831,104</u>
Total non-current assets	<u>51,414,805</u>	<u>30,680,910</u>	<u>-</u>	<u>4,831,104</u>
Total assets	<u>58,189,261</u>	<u>32,037,902</u>	<u>451,825</u>	<u>7,247,928</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related deferral	441,421	441,421	-	-
OPEB related deferral	12,231	12,231	-	-
Total deferred outflows of resources	<u>453,652</u>	<u>453,652</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 58,642,913</u>	<u>\$ 32,491,554</u>	<u>\$ 451,825</u>	<u>\$ 7,247,928</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable - operating	\$ 75,803	\$ 40,755	\$ -	\$ 14,406
Accounts payable - construction	1,103,956	10,011	-	1,046,181
Accrued payroll costs	17,757	17,757	-	-
Accrued interest on long term debt	283,782	152	-	-
Deferred Interest - Current	56,309	56,309	-	-
Interfund loan	570,000	-	-	570,000
Unearned revenue	4,622	2,233	-	-
Contractor retention payable	378,802	-	-	376,617
Accrued compensated absences	75,906	75,906	-	-
Current portion of long-term debt	912,267	199,062	-	-
Total current liabilities	<u>3,479,204</u>	<u>402,185</u>	<u>-</u>	<u>2,007,204</u>
Non-current liabilities				
Deferred Interest	844,629	844,629	-	-
Long-term debt	16,793,343	1,193,948	-	-
Net pension liability	1,215,676	1,215,676	-	-
Net OPEB liability	65,662	65,662	-	-
Total non-current liabilities	<u>18,919,310</u>	<u>3,319,915</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>22,398,514</u>	<u>3,722,100</u>	<u>-</u>	<u>2,007,204</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related deferral	142,179	142,179	-	-
OPEB related deferral	38,777	38,777	-	-
Total deferred inflows of resources	<u>180,956</u>	<u>180,956</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>				
Net invested in capital assets	35,433,819	29,287,900	-	4,831,104
Unrestricted	629,624	(699,402)	451,825	409,620
Total net position	<u>36,063,443</u>	<u>28,588,498</u>	<u>451,825</u>	<u>5,240,724</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 58,642,913</u>	<u>\$ 32,491,554</u>	<u>\$ 451,825</u>	<u>\$ 7,247,928</u>

DHS Multi Services Campus Fund	Business Enterprise Center Fund	BLM Fund	Passenger Facility Charges Fund	Unemploy- ment Fund
\$ 575,107	\$ 101,908	\$ 1,835,634	\$ 3,002	\$ 28,915
-	1,064	-	3,185	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
575,107	102,972	1,835,634	6,187	28,915
13,517,286	-	2,115,053	-	-
-	-	270,452	-	-
13,517,286	-	2,385,505	-	-
13,517,286	-	2,385,505	-	-
14,092,393	102,972	4,221,139	6,187	28,915
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ 14,092,393	\$ 102,972	\$ 4,221,139	\$ 6,187	\$ 28,915
\$ 4,595	\$ 1,544	\$ 7,041	\$ -	\$ 7,462
-	-	47,764	-	-
-	-	-	-	-
283,630	-	-	-	-
-	-	-	-	-
-	2,389	-	-	-
-	-	2,185	-	-
-	-	-	-	-
496,944	-	216,261	-	-
785,169	3,933	273,251	-	7,462
-	-	-	-	-
12,079,608	-	3,519,787	-	-
-	-	-	-	-
-	-	-	-	-
12,079,608	-	3,519,787	-	-
12,864,777	3,933	3,793,038	-	7,462
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
940,734	-	374,081	-	-
286,882	99,039	54,020	6,187	21,453
1,227,616	99,039	428,101	6,187	21,453
\$ 14,092,393	\$ 102,972	\$ 4,221,139	\$ 6,187	\$ 28,915

**COOS COUNTY AIRPORT DISTRICT**  
**Reconciliation of Budgetary Cash Basis Revenues and Expenditures to GAAP, Accrual Basis, Income**  
*For the Year Ended June 30, 2020*

FUND	Budgetary Basis		Net Change in Fund Balance
	Receipts	Disbursements	
General Fund	\$ 4,442,674	\$ 4,858,267	\$ (415,593)
Building Reserve Fund	153,533	450,000	(296,467)
Construction Fund	3,067,557	3,270,319	(202,762)
DHS Multi Services Campus Fund	1,476,776	1,400,478	76,298
Business Enterprise Center Fund	90,663	59,230	31,433
BLM Facility Fund	589,435	(1,108,493)	1,697,928
Passenger Facility Charges Fund	46,838	51,672	(4,834)
Unemployment Fund	-	12,012	(12,012)
Total - budgetary reporting basis	<u>\$ 9,867,476</u>	<u>\$ 8,993,485</u>	873,991
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			(140,520)
Intergovernmental			2,186,486
Taxes			6,949
Prepaid expenses			2,665
Accounts payable			(868,875)
Accrued expenses			(4,236)
Accrued interest			70,704
Retainage payable			276,599
Deferred revenues - current			125,913
Deferred interest payable			56,309
Accrued compensated absences			(8,116)
Depreciation and amortization			(3,022,343)
Deferred inflows - pension related deferral			(3,603)
Deferred outflows - pension related deferral			112,224
Net pension liability			(295,868)
Deferred inflows - OPEB related deferral			(34,310)
Deferred outflows - OPEB related deferral			2,649
Net OPEB liability			32,225
Capital asset additions			4,260,782
Long-term debt principal			4,426,320
Loan proceeds			(5,444,000)
<b>Income (loss) (GAAP Accrual Basis)</b>			<u><u>\$ 2,611,945</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, 2020*

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>RECEIPTS</b>				
Current taxes	\$ 1,230,957	\$ 1,230,957	\$ 1,225,723	\$ (5,234)
Prior taxes	68,000	68,000	60,373	(7,627)
Business park building and land leases	236,521	236,521	238,989	2,468
Aeronautical				
Hangars	47,070	47,070	51,569	4,499
Corporate hangars-land leases	19,122	19,122	18,741	(381)
Overnight ramp fees	99,776	99,776	96,564	(3,212)
Landing fees	60.00	60.00	71	11
Airport use fees	205,720	205,720	191,987	(13,733)
Carriers	53,800	53,800	46,489	(7,311)
Fuel fees	68,500	68,500	57,611	(10,889)
Fixed based operators	71,429	71,429	76,362	4,933
Non-Aeronautical				
Land leases	17,833	17,833	18,075	242
Ground transportation	1,500	1,500	1,500	-
Terminal rooms	100,028	100,028	87,687	(12,341)
Terminal advertising	12,900	12,900	11,950	(950)
Concessions	91,530	91,530	79,402	(12,128)
Rental parking	5,760	5,760	5,280	(480)
Apartment rentals	12,000	12,000	12,000	-
Interest on investments	10,000	10,000	17,092	7,092
Security background fees	700	700	1,254	554
US DOT air route subsidy	750,000	750,000		(750,000)
Federal grants			423,994	
State grants	500,000	500,000		(500,000)
Reimbursements & cost shares		-	2,064	2,064
Insurance proceeds		-	14,042	14,042
Legal settlements		-		-
Miscellaneous	2,520	2,520	2,000	(520)
<b>Total receipts</b>	<b>3,605,726</b>	<b>3,605,726</b>	<b>2,740,819</b>	<b>(864,907)</b>
<b>DISBURSEMENTS</b>				
Personnel services	1,330,532	1,330,532	1,240,912	89,620
Materials and services	2,376,134	2,376,134	835,803	1,540,331
Capital outlay	164,900	164,900	108,151	56,749
Debt service				
Principal and interest	1,851,436	1,851,436	1,799,745	51,691
Contingency	269,374	169,374	-	169,374
<b>Total disbursements</b>	<b>5,992,376</b>	<b>5,892,376</b>	<b>3,984,611</b>	<b>1,907,765</b>
Excess (deficiency) of receipts over (under) disbursements (carried forward to next page)	\$ (2,386,650)	\$ (2,286,650)	\$ (1,243,792)	\$ 1,042,858

**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, 2020*

	<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)	\$ (2,386,650)	\$ (2,286,650)	\$ (1,243,792)	\$ 1,042,858
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund loan out	-	(120,000)	(120,000)	-
Loan Proceeds	1,544,000	1,544,000	1,500,183	(43,817)
Transfers in	565,044	565,044	201,672	(363,372)
Transfers out	(653,656)	(753,656)	(753,656)	-
Total other financing sources (uses)	<u>1,455,388</u>	<u>1,235,388</u>	<u>828,199</u>	<u>(407,189)</u>
Net change in fund balance	(931,262)	(1,051,262)	(415,593)	635,669
<b>FUND BALANCES - CASH BASIS</b>				
Beginning of the year	<u>931,262</u>	<u>931,262</u>	<u>1,139,977</u>	<u>208,715</u>
<b>End of the Year</b>	<u><u>\$ -</u></u>	<u><u>\$ (120,000)</u></u>	<u>724,384</u>	<u><u>\$ 844,384</u></u>

**RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**

Accounts receivable	55,423
Intergovernmental receivable	310,292
Taxes receivable	130,530
Interfund loan receivable	120,000
Prepaid expenses	16,363
Capital assets (net of depreciation)	30,680,910
Deferred outflows - pension related deferral	441,421
Deferred inflows - pension related deferral	(142,179)
Deferred outflows - OPEB related deferral	12,231
Deferred inflows - OPEB related deferral	(38,777)
Accounts payable	(50,766)
Payroll liabilities	(17,757)
Leasehold security deposits	(460)
Accrued interest payable	(152)
Deferred interest payable	(900,938)
Deferred revenue	(1,773)
Accrued compensated absences	(75,906)
Net pension liability	(1,215,676)
Net OPEB liability	(65,662)
Debt payable	<u>(1,393,010)</u>

Net Position, June 30, 2020 (GAAP, accrual basis) \$ 28,588,498

**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, 2020*

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>RECEIPTS</b>				
Interest on investments	\$ 8,035	\$ 8,035	\$ 3,533	\$ (4,502)
Total receipts	<u>8,035</u>	<u>8,035</u>	<u>3,533</u>	<u>(4,502)</u>
<b>DISBURSEMENTS</b>				
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>8,035</u>	<u>8,035</u>	<u>3,533</u>	<u>(4,502)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund loan		(450,000)	(450,000)	
Transfers in	150,000	150,000	150,000	-
Total other financing sources (uses)	<u>150,000</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
Net change in fund balance	158,035	(291,965)	(296,467)	(4,502)
<b>FUND BALANCES - CASH BASIS</b>				
Beginning of the year	<u>298,201</u>	<u>298,201</u>	<u>298,292</u>	<u>91</u>
End of the year	<u>\$ 456,236</u>	<u>\$ 6,236</u>	1,825	<u>\$ (4,411)</u>
<b>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>				
Intergovernmental receivable			<u>450,000</u>	
Net Position, June 30, 2020 (GAAP, accrual basis)			<u>\$ 451,825</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, 2020*

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>RECEIPTS</b>				
FAA grants	\$ 10,146,416	\$ 10,146,416	\$ 1,410,366	\$ (8,736,050)
State grants	306,060	306,060	8,025	(298,035)
Reimbursements	134,168	134,168	-	(134,168)
Total receipts	<u>10,586,644</u>	<u>10,586,644</u>	<u>1,418,391</u>	<u>(9,168,253)</u>
<b>DISBURSEMENTS</b>				
Capital outlay	11,406,132	11,831,642	3,270,319	8,561,323
Total disbursements	<u>11,406,132</u>	<u>11,831,642</u>	<u>3,270,319</u>	<u>8,561,323</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(819,488)</u>	<u>(1,244,998)</u>	<u>(1,851,928)</u>	<u>(606,930)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan proceeds	-	325,510	325,510	-
Interfund loan proceeds	-	570,000	570,000	-
Transfers in	653,656	753,656	753,656	-
Total other financing sources (uses)	<u>653,656</u>	<u>1,649,166</u>	<u>1,649,166</u>	<u>-</u>
Net change in fund balance	(165,832.00)	404,168.00	(202,762)	(606,930)
<b>FUND BALANCES - CASH BASIS</b>				
Beginning of the year	216,668	216,668	214,695	(1,973)
End of the year	<u>\$ 50,836</u>	<u>\$ 620,836</u>	11,933	<u>\$ (608,903)</u>

**RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**

Accounts receivable	14,406
Intergovernmental receivable	2,390,485
Construction in progress	4,831,104
Accounts payable	(1,060,587)
Interfund loan payable	(570,000)
Contractor retention payable	<u>(376,617)</u>
Net Position, June 30, 2020 (GAAP, accrual basis)	<u>\$ 5,240,724</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, 2020*

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>RECEIPTS</b>				
Rent receipts	\$ 1,492,114	\$ 1,492,114	\$ 1,469,463	\$ (22,651)
Interest on investments	9,605	9,605	6,892	(2,713)
Reimbursements	250,000	250,000	421	(249,579)
Total receipts	<u>1,751,719</u>	<u>1,751,719</u>	<u>1,476,776</u>	<u>(274,943)</u>
<b>DISBURSEMENTS</b>				
Materials and services	226,132	226,132	179,925	46,207
Capital outlay	250,000	250,000	3,987	246,013
Debt service	1,045,788	1,045,788	1,041,566	4,222
Operating contingency	171,017	171,017	-	171,017
Total disbursements	<u>1,692,937</u>	<u>1,692,937</u>	<u>1,225,478</u>	<u>467,459</u>
Excess (deficiency) of receipts over (under) disbursements	<u>58,782</u>	<u>58,782</u>	<u>251,298</u>	<u>192,516</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(540,000)</u>	<u>(540,000)</u>	<u>(175,000)</u>	<u>365,000</u>
Total other financing sources (uses)	<u>(540,000)</u>	<u>(540,000)</u>	<u>(175,000)</u>	<u>365,000</u>
Net change in fund balance	(481,218)	(481,218)	76,298	557,516
<b>FUND BALANCES - CASH BASIS</b>				
Beginning of the year	<u>481,218</u>	<u>481,218</u>	<u>498,809</u>	<u>17,591</u>
End of the year	<u>\$ -</u>	<u>\$ -</u>	<u>575,107</u>	<u>\$ 575,107</u>
<b>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>				
Capital assets			13,517,286	
Interest payable			(283,630)	
Accounts payable			(4,595)	
Loan payable			(11,296,572)	
Loan premium			(1,279,980)	
Net Position, June 30, 2020 (GAAP, accrual basis)			<u>\$ 1,227,616</u>	

**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, 2020*

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>RECEIPTS</b>				
Rent receipts	\$ 90,670	\$ 90,670	\$ 90,603	\$ (67)
Security deposit	-	-	60	60
Total receipts	<u>90,670</u>	<u>90,670</u>	<u>90,663</u>	<u>(7)</u>
<b>DISBURSEMENTS</b>				
Materials and services	60,765	60,765	34,230	26,535
Contingency	59,526	59,526	-	59,526
Total disbursements	<u>120,291</u>	<u>120,291</u>	<u>34,230</u>	<u>86,061</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(29,621)</u>	<u>(29,621)</u>	<u>56,433</u>	<u>86,054</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	-
Total other financing sources (uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	-
Net change in fund balance	(54,621)	(54,621)	31,433	86,054
<b>FUND BALANCES - CASH BASIS</b>				
Beginning of the year	<u>54,621</u>	<u>54,621</u>	<u>70,475</u>	<u>15,854</u>
<b>End of the year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>101,908</u>	<u><u>\$ 101,908</u></u>

**RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**

Accounts receivable	1,063
Accounts payable	(1,544)
Deferred revenue	(39)
Security deposits	<u>(2,349)</u>
Net Position, June 30, 2020 (GAAP, accrual basis)	<u><u>\$ 99,039</u></u>

**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, 2020*

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>RECEIPTS</b>				
Rent receipts	\$ 706,424	\$ 706,424	\$ 588,514	\$ (117,910)
Interest on investments	3,300	3,300	921	(2,379)
Reimbursements	20,000	20,000	-	(20,000)
<b>Total receipts</b>	<u>729,724</u>	<u>729,724</u>	<u>589,435</u>	<u>(140,289)</u>
<b>DISBURSEMENTS</b>				
Materials and services	325,802	325,802	182,360	143,442
Capital outlay	1,820,000	1,820,000	172,641	1,647,359
Debt service	2,431,128	2,431,128	2,380,323	50,805
Operating contingency	50,739	50,739	-	50,739
<b>Total disbursements</b>	<u>4,627,669</u>	<u>4,627,669</u>	<u>2,735,324</u>	<u>1,892,345</u>
Excess (deficiency) of receipts over (under) disbursements	(3,897,945)	(3,897,945)	(2,145,889)	1,752,056
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(100,000)	(100,000)	(100,000)	-
Loan proceeds	3,900,000	3,900,000	3,943,817	43,817
<b>Total other financing sources (uses)</b>	<u>3,800,000</u>	<u>3,800,000</u>	<u>3,843,817</u>	<u>43,817</u>
Net change in fund balance	(97,945)	(97,945)	1,697,928	1,795,873
<b>FUND BALANCES - CASH BASIS</b>				
Beginning of the year	97,945	97,945	137,706	39,761
<b>End of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>1,835,634</u>	<u>\$ 1,835,634</u>
<b>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>				
Capital assets			2,385,505	
Accounts payable			(54,805)	
Contractor retention payable			(2,185)	
Loan payable			<u>(3,736,048)</u>	
Net Position, June 30, 2020 (GAAP, accrual basis)			<u>\$ 428,101</u>	

**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, 2020*

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>RECEIPTS</b>				
Passenger facilities charges	\$ 50,000	\$ 50,000	\$ 46,804	\$ (3,196)
Interest on investments	44	44	34	(10)
Total receipts	<u>50,044</u>	<u>50,044</u>	<u>46,838</u>	<u>(3,206)</u>
<b>DISBURSEMENTS</b>				
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>50,044</u>	<u>50,044</u>	<u>46,838</u>	<u>(3,206)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(50,044)</u>	<u>(50,044)</u>	<u>(51,672)</u>	<u>(1,628)</u>
Total other financing sources (uses)	<u>(50,044)</u>	<u>(50,044)</u>	<u>(51,672)</u>	<u>(1,628)</u>
Net change in fund balance	-	-	(4,834)	(4,834)
<b>FUND BALANCES - CASH BASIS</b>				
Beginning of the year	<u>3,000</u>	<u>3,000</u>	<u>7,836</u>	<u>4,836</u>
End of the year	<u>\$ 3,000</u>	<u>\$ 3,000</u>	3,002	<u>\$ 2</u>
<b>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>				
Accounts receivable			<u>3,185</u>	
Net Position, June 30, 2020 (GAAP, accrual basis)			<u>\$ 6,187</u>	

**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, 2020*

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>RECEIPTS</b>				
Interest on investments	\$ -	\$ -	\$ -	\$ -
<b>DISBURSEMENTS</b>				
Personnel services	36,000	36,000	12,012	23,988
Net change in fund balance	(36,000)	(36,000)	(12,012)	23,988
<b>FUND BALANCES - CASH BASIS</b>				
Beginning of the year	40,927	40,927	40,927	-
<b>End of the year</b>	<u>\$ 4,927</u>	<u>\$ 4,927</u>	28,915	<u>\$ 23,988</u>
<b>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>				
Accounts payable			<u>(7,462)</u>	
Net Position, June 30, 2020 (GAAP, accrual basis)			<u>\$ 21,453</u>	

**COOS COUNTY AIRPORT DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
*Year Ended June 30, 2020*

Federal Grantor/Program or Cluster Title	Federal CDFA Number	Pass- Through Organization	Pass-Through Entity Number	Federal Expenditures	Passed Through Subrecipients
U.S. Department of Transportation					
Airport Improvement Program	20.106	US DOT	3-41-0041-041-2018	\$ 268,103 (1)	-
Airport Improvement Program	20.106	US DOT	3-41-0041-043-2019	2,990,383 (1)	-
Airport Improvement Program	20.106	US DOT	3-41-0041-044-2020	753,611 (1)	
COVID-19 - Airport Improvement Program	20.106	US DOT	3-41-0041-045-2020	734,287 (1)	-
<b>TOTAL GRANTS EXPENDED OR PASSED THROUGH TO SUBRECIPIENTS</b>				<b><u>\$ 4,746,384</u></b>	<b>-</b>

(1) Major Program

**COOS COUNTY AIRPORT DISTRICT**  
**Schedule of Expenditures of Passenger Facility Charges**  
*For the Year Ended June 30, 2020*

**Southwest Oregon Regional Airport - OTH**

	Quarter Ending				Total
	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	
Balance of unliquidated PFC's at beginning of period	\$ 7,856	\$ 26,738	\$ 33,819	\$ 47,416	\$ 7,856
Revenues:					
PFC receipts	18,877	7,072	13,584	7,270	46,803
Interest earned	5	9	13	7	34
Total revenues	<u>18,882</u>	<u>7,081</u>	<u>13,597</u>	<u>7,277</u>	<u>46,837</u>
Expenses:					
Application 09-09-C-00-OTH	-	-	-	51,672	51,672
Total expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,672</u>	<u>51,672</u>
Balance of unliquidated PFC's at end of period	<u>\$ 26,738</u>	<u>\$ 33,819</u>	<u>\$ 47,416</u>	<u>\$ 3,021</u>	<u>\$ 3,021</u>

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**OTHER INFORMATION**

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**COOS COUNTY AIRPORT DISTRICT**  
**Schedule of Cash and Investments**  
*June 30, 2020*

**CASH ON DEPOSIT**

Umpqua Bank	
Checking accounts	\$ 593,309
Money Market accounts	29,692
Oregon Pacific Bank Checking	4,297
Banner Bank Checking	1,735,793
Local Government Investment Pool	919,356
Cash on hand	261
	261
<b>Total</b>	<b>\$ 3,282,708</b>

**OWNERSHIP OF CASH**

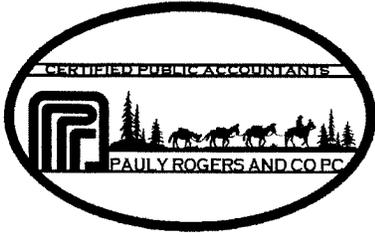
General Fund	\$ 724,384
BEC Fund	101,908
BLM Facility Fund	1,835,634
Construction Fund	11,933
Passenger Facilities Charges Fund	3,002
Building Reserve Fund	1,825
Unemployment Fund	28,915
DHS Fund	575,107
	575,107
<b>Total</b>	<b>\$ 3,282,708</b>

**COOS COUNTY AIRPORT DISTRICT**  
**Schedule for Retirement of Long-term Obligations**  
*For the Year Ended June 30, 2020*

	Business Oregon Infrastructure Finance Authority			Oregon Pacific Bank		Banner Bank	Total
	T-Hanger	Terminal	DHS Build	DHS Remodel	DHS Build	Refinance & BLM Improvements	
<b>Yearly</b>							
<b>2020-21</b>							
Principal	\$ 24,095		\$ 341,322	\$ 87,680	\$ 67,942	\$ 391,228	\$ 912,267
Interest	3,124	\$ 56,309	478,473	51,342	13,806	163,808	766,862
Total	<u>27,219</u>	<u>56,309</u>	<u>819,795</u>	<u>139,022</u>	<u>81,748</u>	<u>555,036</u>	<u>1,679,129</u>
<b>2021-22</b>							
Principal	25,574		359,138	91,462	405,523	404,536	1,286,233
Interest	1,646	56,309	461,407	47,560	5,122	150,500	722,544
Total	<u>27,220</u>	<u>56,309</u>	<u>820,545</u>	<u>139,022</u>	<u>410,645</u>	<u>555,036</u>	<u>2,008,777</u>
<b>2022-23</b>							
Principal	11,329		377,095	95,407		418,298	902,129
Interest	80	56,309	443,450	43,616		136,738	680,193
Total	<u>11,409</u>	<u>56,309</u>	<u>820,545</u>	<u>139,023</u>		<u>555,036</u>	<u>1,582,322</u>
<b>2023-24</b>							
Principal			395,200	99,522		433,414	928,136
Interest		56,309	424,596	39,501		122,508	642,914
Total		<u>56,309</u>	<u>819,796</u>	<u>139,023</u>		<u>555,922</u>	<u>1,571,050</u>
<b>2024-25</b>							
Principal			413,459	103,814		299,256	816,529
Interest		56,309	404,836	35,208		110,023	606,376
Total		<u>56,309</u>	<u>818,295</u>	<u>139,022</u>		<u>409,279</u>	<u>1,422,905</u>
<b>5 Year Increments</b>							
<b>2025-30</b>							
Principal			2,397,196	589,574		1,656,093	4,642,863
Interest		281,543	1,693,030	105,539		390,300	2,470,412
Total		<u>281,543</u>	<u>4,090,226</u>	<u>695,113</u>		<u>2,046,393</u>	<u>7,113,275</u>
<b>2030-35</b>							
Principal			3,056,933	186,182		1,465,235	4,708,350
Interest		281,543	1,030,792	5,882		97,775	1,415,992
Total		<u>281,543</u>	<u>4,087,725</u>	<u>192,064</u>		<u>1,563,010</u>	<u>6,124,342</u>
<b>2035-40</b>							
Principal			2,229,123				2,229,123
Interest		56,307	226,512				282,819
Total		<u>56,307</u>	<u>2,455,635</u>				<u>2,511,942</u>
<b>2040-2045</b>							
Principal							
Interest							
Total							
<b>Totals</b>							
Principal	60,998	-	9,569,466	1,253,641	473,465	5,068,060	16,425,630
Interest	4,850	900,938	5,163,096	328,648	18,928	1,171,652	7,588,112
Total	<u>\$ 65,848</u>	<u>\$ 900,938</u>	<u>\$ 14,732,562</u>	<u>\$ 1,582,289</u>	<u>\$ 492,393</u>	<u>\$ 6,239,712</u>	<u>\$ 24,013,742</u>

**INDEPENDENT AUDITORS' REPORT AS REQUIRED BY**  
**OREGON STATE REGULATIONS**

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December 21, 2020

### **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, 2020, and have issued our report thereon dated December 21, 2020. 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).**

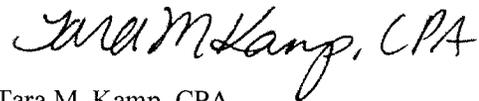
In connection with our testing nothing came to our attention that caused us to believe the Coos County Airport District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows:

1. Budget over expenditure as noted in page 17.

**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.

**COOS COUNTY AIRPORT DISTRICT**  
**COMPLIANCE REVIEW**

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December 21, 2020

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, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 21, 2020.

**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.

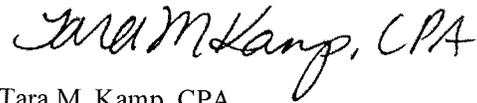
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

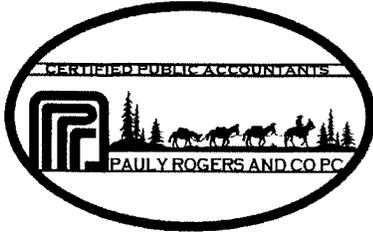
As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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  
PAULY, ROGERS AND CO., P.C.



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

December 21, 2020

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

**Report on Compliance for Each Major Federal Program**

We have audited the Coos County Airport District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2020. The major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the major federal programs 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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 a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Coos County Airport District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

*Other Matters*

**Report on Internal Control Over Compliance**

Management 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 internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Tara M. Kamp, CPA  
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December 21, 2020

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, 2020.

**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, 2020.

*Other Matters*

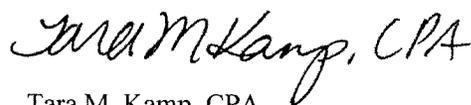
**Report on Internal Control Over Compliance**

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, 2020*

**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 – FEDERAL AWARD FINDINGS AND QUESTIONS COSTS**

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 FEDERAL AWARDS AND 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. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

3. **PASSENGER FACILITY CHARGES**

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