

UMATILLA MORROW RADIO
AND DATA DISTRICT
Pendleton, Oregon

Financial Statements and
Independent Auditors' Report

June 30, 2024

UMATILLA MORROW RADIO AND DATA DISTRICT

Board of Directors

	<u>TERM EXPIRES</u>
Tony Pierotti	June 30, 2025
Karen Primmer	June 30, 2025
Keith Kennedy	June 30, 2027
Sam Irons	June 30, 2025
Mark Pratt	June 30, 2027

REGISTERED AGENT:

Brett Mueller, District Administrator
4700 NW Pioneer Place
Pendleton, Oregon 97801

Telephone 541-966-3774

UMATILLA MORROW RADIO AND DATA DISTRICT

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Barnett Moro, P.C.

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Umatilla Morrow Radio and Data District
Pendleton, Oregon

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities and the General Fund of Umatilla Morrow Radio and Data District, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities of Umatilla Morrow Radio and Data District, as of June 30, 2024, and the respective changes in modified cash basis financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with the basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Umatilla Morrow Radio and Data District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Reports on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated May 14, 2025 on our consideration of the District's internal control over financial reporting and on tests of its compliance with 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.

Barnett & Moro, P.C.

Paul A. Barnett, Shareholder
Hermiston, Oregon
June 10, 2025

UMATILLA MORROW RADIO AND DATA DISTRICT

Statement of Net Position and Governmental Fund Balance Sheet

-- Modified Cash Basis

June 30, 2024

	<u>General Fund</u>	<u>Adjustments (Note 10)</u>	<u>Statement of Net Position</u>
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 2,785,556	\$ -	\$ 2,785,556
Prepaid Expenses	-		-
Non-depreciable capital assets	-	1,115,465	1,115,465
Depreciable capital assets, net	-	2,378,747	2,378,747
Total assets	<u>\$ 2,785,556</u>	<u>3,494,212</u>	<u>6,279,768</u>
<u>LIABILITIES:</u>			
Credit cards payable	\$ -	-	-
Current portion of long-term debt	-	313,551	313,551
Long-term liabilities	-	1,758,402	1,758,402
Total liabilities	<u>-</u>	<u>2,071,953</u>	<u>2,071,953</u>
<u>FUND BALANCE / NET POSITION:</u>			
Unassigned	2,785,556	(2,785,556)	-
Non-Spendable	-	-	-
Total fund balance	<u>2,785,556</u>	<u>(2,785,556)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 2,785,556</u>		
Net position:			
Net investment in capital assets		1,422,262	1,422,262
Unrestricted		2,785,553	2,785,553
Total net position		<u>\$ 4,207,815</u>	<u>\$ 4,207,815</u>

See accompanying independent auditors'
report and notes to financial statements.

UMATILLA MORROW RADIO AND DATA DISTRICT

Statement of Activities and Governmental Fund Revenues, Expenditures, and
Changes in Fund Balance -- Modified Cash Basis
Year Ended June 30, 2024

	General Fund	Adjustments (Note 11)	Statement of Activities
<u>EXPENDITURES/EXPENSES:</u>			
Communication system operations:			
Personnel Services	\$ 417,527	\$ -	\$ 417,527
Materials and Services	492,534	-	492,534
Capital Outlay	525,080	(525,080)	-
Depreciation	-	1,076,731	1,076,731
Debt Service:			
Interest	91,394	-	91,394
Principal	301,928	(301,928)	-
Total Expenditures/Expenses	<u>1,828,463</u>	<u>249,723</u>	<u>2,078,186</u>
<u>PROGRAM REVENUES:</u>			
Charges for services	<u>167,724</u>	<u>-</u>	<u>167,724</u>
Net program expense	<u>1,660,739</u>	<u>-</u>	<u>1,910,462</u>
<u>GENERAL REVENUES:</u>			
Grants	207,509	-	207,509
Property taxes	1,851,115	-	1,851,115
Investment income	129,625	-	129,625
Miscellaneous	87,135	-	87,135
Total general revenues	<u>2,275,384</u>	<u>-</u>	<u>2,275,384</u>
<u>CHANGE IN FUND BALANCE</u>	614,645	(614,645)	-
<u>CHANGE IN NET POSITION</u>	-	364,922	364,922
<u>FUND BALANCE / NET POSITION:</u>			
Beginning of the year	<u>2,170,908</u>	<u>1,671,985</u>	<u>3,842,893</u>
End of the year	<u>\$ 2,785,553</u>	<u>\$ 1,422,262</u>	<u>\$ 4,207,815</u>

UMATILLA MORROW RADIO AND DATA DISTRICT

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
(Arising from Cash Transactions)
Year Ended June 30, 2024

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<u>REVENUES:</u>				
Property taxes	\$ 1,813,603	\$ 1,813,603	\$ 1,851,115	\$ 37,512
User fees	154,890	154,890	167,724	12,834
Grants	200,000	200,000	207,509	7,509
Interest and miscellaneous	87,200	87,200	216,760	129,560
Total revenues	<u>2,255,693</u>	<u>2,255,693</u>	<u>2,443,108</u>	<u>187,415</u>
<u>EXPENDITURES:</u>				
Communication system operations:				
Personnel services	472,000	472,000	417,527	54,473
Materials and services	801,300	801,300	492,534	308,766
Capital outlay	1,723,025	1,723,025	525,080	1,197,945
Debt service	394,322	394,322	393,322	1,000
Operating contingency	75,000	75,000	-	75,000
Total expenditures	<u>3,465,647</u>	<u>3,465,647</u>	<u>1,828,463</u>	<u>1,637,184</u>
Net change in fund balance	(1,209,954)	(1,209,954)	614,645	1,824,599
<u>FUND BALANCE,</u>				
<u>BEGINNING OF YEAR</u>	<u>2,116,596</u>	<u>2,116,596</u>	<u>2,170,908</u>	<u>54,312</u>
<u>FUND BALANCE,</u>				
<u>END OF YEAR</u>	<u>\$ 906,642</u>	<u>\$ 906,642</u>	<u>\$ 2,785,553</u>	<u>\$ 1,878,911</u>

UMATILLA MORROW RADIO AND DATA DISTRICT

Notes To Basic Financial Statements

June 30, 2024

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting entity:

The District incorporated in 2010 for the purpose of operating and maintaining a common communication system available to emergency services agencies in Umatilla and Morrow Counties. The District is governed by five board members elected to four year terms.

The District has determined that no outside agency meets the criteria to be included as a component unit in the District's financial statements.

Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements (the statement of net position and the statement of activities) are reported using the economic resources measurement focus. The governmental fund financial statements (the fund balance sheets and the statement of revenues, expenditures, and changes in fund balances) are reported on the current financial resources measurement focus. The statement of activities separates program revenues from general revenues. Program revenues include: 1) charges for goods, services, and privileges, 2) operating grants and contributions, 3) capital grants and contributions.

The District uses the modified cash basis of accounting for preparation of financial statements and budgeting. The District only recognizes items that involve receipts or disbursements of cash, except for the following modifications which have substantial support in generally accepted accounting principles:

The District deems a disbursement to have been made and an expenditure is recorded when a credit card is tendered to pay for a transaction.

The District capitalizes assets with an original cost over \$6,000 and an estimated useful life longer than one year. Capital assets are depreciated using the straight-line method over estimated useful lives. The District reports long-term debt that relates to the acquisition of capital assets.

Except for the modifications listed above, the District does not record transactions relating to revenues earned or expenses incurred until the period in which the cash is received or disbursed. Accordingly, receivables, payables (other than credit card payables), and accrued expenses are not reported.

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses, and balances of current financial resources. The difference between governmental fund assets and liabilities is reported as fund balance.

The District uses only one governmental fund, the General Fund, to account for all operations of the District.

UMATILLA MORROW RADIO AND DATA DISTRICT

Notes To Basic Financial Statements

June 30, 2024

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Budget procedures:

A budget is prepared in accordance with the cash basis of accounting and legal requirements set forth in the Oregon Local Budget Law. Budget amounts shown in the financial statements include the original and supplemental budget amounts and all appropriation transfers approved by the Board of Directors.

The District employs the following procedures in establishing the budgetary data reflected in the financial statements.

The appointed budget officer develops a proposed budget for submission to the budget committee appointed by the Board of Directors. The operating budget includes proposed expenditures and the means for financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years.

After the proposed budget is prepared, the budget officer publishes a "Notice of Budget Committee Meeting" in at least one newspaper of general circulation. At the budget committee meeting, the budget message is delivered explaining the proposed budget and any significant changes in the District's financial position. The budget committee meets thereafter as many times as necessary until the budget document is completed.

After approval by the budget committee and the required public hearing, and prior to July 1, the budget is adopted by the Board of Directors, and appropriations are enacted by resolution. Appropriations control expenditures in broad categories as required by Oregon Local Budget Law. Detailed classifications of budgeted expenditures are used for administrative control purposes. Budget appropriations lapse at year end.

The District is not allowed to modify the budget without action by the governing body. The governing body is authorized to modify the original budget appropriation ordinance in the following ways:

- a. Transfer of budget appropriations within a fund are authorized by resolution of the governing body.
- b. Budget revisions that increase total expenditures in any fund require a supplemental budget to be adopted. If a supplemental budget increases a fund's expenditures by less than 10%, the District can adopt it by publishing a notice seven days before a meeting is held to pass the adoption resolution. If a supplemental budget increases a fund's expenditures by more than 10%, the District must follow the same procedures in adopting a supplemental budget as those to adopt an original budget.

During the year the District did not adopt any supplemental budgets.

UMATILLA MORROW RADIO AND DATA DISTRICT

Notes To Basic Financial Statements

June 30, 2024

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Investment policy:

District monies are invested as allowed by Oregon Statute. A portion of the District's investments are invested in an external investment pool, The Oregon Short-Term Fund. The fair value of the District's position in the pool is the same as the value of the pool shares. The Fund is not registered with the U.S. Securities and Exchange Commission. The Fund's investment policies are governed by Oregon Revised Statutes and the Oregon Investment Council.

Capital assets:

The District capitalizes individual assets that cost more than \$6,000 and have an estimated useful life in excess of one year.

Donated fixed assets are not recorded on the statement of net position under the modified cash basis of accounting. The District received donated radio equipment in 2010 valued at \$8.9 million.

Capital assets are comprehensively reported in the government-wide financial statements. Maintenance and repairs are charged to expenditures in the fund incurred and are not capitalized. Upon disposal, the cost and applicable accumulated depreciation are removed from the respective account, and the resulting gain or loss is recorded in operations. Depreciation of fixed assets is computed on the straight-line method, over the estimated useful life of the asset.

Property taxes:

Umatilla County and Morrow County assess and collects taxes for the District. Property taxes are billed in October of each year. Unpaid personal and real property taxes become liens against the property on January 1 and July 1, respectively. Property taxes are payable in three installments due November 15, February 15, and May 15. A 3% discount is allowed for full payment by November 15. Interest at 16% annually is charged for late payments.

The 2023-2024 tax levies were adopted June 1, 2023. The levies are within the available tax base.

Use of estimates:

The preparation of financial statements in conformity with the modified cash basis of accounting used by the District 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.

UMATILLA MORROW RADIO AND DATA DISTRICT

Notes To Basic Financial Statements

June 30, 2024

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Income taxes:

The District is a municipal corporation exempt from federal and state income tax.

Net position:

Net position is the difference between assets and liabilities. Net investment in capital assets represents the cost of capital assets reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by laws or regulations.

Fund Balance:

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaid items and deposits, and assets held for resale.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the Board passes an ordinance that places specific constraints on how the resources may be used. The Board can modify or rescind the ordinance at any time through passage of an additional ordinance.

Resources that are constrained by the government's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the Board approves which resources should be "reserved" during the adoption of the annual budget.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund.

When the option is available to use restricted or unrestricted resources for any purpose, the District expends restricted resources first. When the option is available to use committed, assigned, or unassigned resources for any purpose, the District expends committed resources before assigned resources, and assigned resources before unassigned resources.

UMATILLA MORROW RADIO AND DATA DISTRICT

Notes To Basic Financial Statements

June 30, 2024

NOTE 2 -- CASH AND INVESTMENTS:

Cash and investments consisted of:

Checking account, Banner Bank	\$ 17,742
Savings accounts, Banner Bank	10,790
Total cash (bank overdraft)	<u>28,532</u>
Oregon Short-Term Fund (Local Government Investment Pool)	2,757,024
Total cash and investments	<u><u>\$ 2,785,556</u></u>

Custodial Credit Risk - Cash:

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned. ORS Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Public Funds Collateralization Program. The Public Funds Collateralization Program was created by the Office of the State Treasurer to facilitate bank depository, custodian and public official compliance with ORS 295. Public officials verify that deposit amounts in excess of deposit insurance limits are only maintained at qualified depositories. ORS 295 requires the qualified depository to pledge collateral against any public funds deposits in excess of deposit insurance amounts.

As of June 30, 2024, the total bank balance of \$26,921 was covered by federal depository insurance. The District maintains its funds at a financial institution deemed to be a qualified depository by the Office of the State Treasurer. As a result, the District's remaining deposits in excess of federal deposit insurance are considered by management to be fully collateralized.

The Local Government Investment Pool is not subject to custodial credit risk because it is not evidenced by securities that exist in physical or book entry form.

NOTE 3 -- RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in the prior year.

NOTE 4 -- RELATED PARTY TRANSACTIONS:

The District provides access to voice and data communications systems to law enforcement and other emergency service agencies throughout Umatilla and Morrow Counties of Oregon. Members of the Board of Directors are employees of agencies served by the District.

UMATILLA MORROW RADIO AND DATA DISTRICT

Notes To Basic Financial Statements

June 30, 2024

NOTE 5 -- CAPITAL ASSETS:

A summary of changes in capital assets during the year follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Construction in progress	\$ 1,115,465	\$ -	\$ -	\$ 1,115,465
Total non-depreciable capital assets	1,115,465	-	-	1,115,465
Equipment and vehicles	8,778,914	525,080	-	9,303,994
Less accumulated depreciation	(5,848,515)	(1,076,731)	-	(6,925,247)
Net depreciable capital assets	2,930,399	(551,651)	-	2,378,747
Total capital assets, net	\$ 4,045,864	\$ (551,651)	\$ -	\$ 3,494,212

NOTE 6 - LONG-TERM LIABILITIES:

The District borrowed \$3,505,134 from Signature Public Funding Corp. in February 2019: due \$393,322 each November including interest at 3.85%. Final payment due November 2029. The note is payable from the general, non-restricted revenues of the District. The lender has no lien or security interest in the property financed. In the event of default, the lender may declare 103% the outstanding loan immediately due and payable.

Long-term liability activity from direct borrowings for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
2019 Note	\$ 2,373,881	\$ -	\$ (301,928)	\$ 2,071,953	\$ 313,552

Debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2025	313,552	79,770	393,322
2026	325,622	67,700	393,322
2027	338,160	55,162	393,322
2028	351,179	42,143	393,322
2029	364,700	28,622	393,322
2030	378,740	14,582	393,322
	\$ 2,071,953	\$ 287,979	\$ 2,359,932

NOTE 7 – DEFINED BENEFIT PENSION PLAN:

Because the financial statements have been prepared on a modified cash basis of accounting, pension liabilities and the related deferred inflows and outflows of resources have not been recorded in the financial statements. Pension expenditures are recorded when the disbursements are made. If the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, the following information would have been included:

UMATILLA MORROW RADIO AND DATA DISTRICT

Notes to Basic Financial Statements

June 30, 2024

NOTE 7 – DEFINED BENEFIT PENSION PLAN (continued):

The Oregon Public Employees Retirement System consists of a single cost-sharing multiple employer defined benefit pension plan, which provides pension, death and disability benefits.

Tier One/Tier Two Retirement Benefit (Chapter 238).

Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

Pension Benefits

The PERS retirement allowance is payable monthly for life. The basic benefit is based on years of service and final average salary. Generally, a percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary.

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 Two members are eligible for full benefits at age 60.

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, if certain conditions are met.

Disability Benefits

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.

Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

After retirement members may choose to continue participation in a variable equities investment account and may experience annual benefit fluctuations due to changes in market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA is 2.0 percent.

OPSRP Pension Program (ORS Chapter 238A)

Pension Benefits.

The Pension Program provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are based on years of service and final average salary.

For 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.

UMATILLA MORROW RADIO AND DATA DISTRICT

Notes to Basic Financial Statements

June 30, 2024

NOTE 7 – DEFINED BENEFIT PENSION PLAN (continued):

For 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 OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

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.

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.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA will vary: 1.25 percent for beneficiaries receiving yearly benefits below \$60,000 or \$750 plus 0.15 percent for beneficiaries receiving yearly benefits above \$60,000.

OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

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 Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

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

UMATILLA MORROW RADIO AND DATA DISTRICT

Notes to Basic Financial Statements

June 30, 2024

NOTE 7 – DEFINED BENEFIT PENSION PLAN (continued):

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

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. Employer contribution rates during the period were based on the December 31, 2022 actuarial valuation. Covered employees are required to contribute 6.00% of wages and the employer is required to contribute 13.44% of Tier 1/ Tier 2 wages and 12.10% of OSPRS wages.

Pension Liabilities, Pension Expense, and Deferred Inflows and Outflows of Resources:

At June 30, 2024, the District reported a liability of \$166,907 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 and rolled forward to the measurement date of June 30, 2023. At June 30, 2023, the District's proportion was 0.00085204%, compared to its proportion measured of 0.00089109% as of June 30, 2022.

For the year ended June 30, 2024, the District recognized a pension expense of \$40,578, and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,162	\$ 662
Changes of assumptions	14,827	111
Net differences between projected and actual earnings on investments	3,000	-
Changes in proportionate share	12,835	1,927
Differences between employer contributions and employer's proportionate share of system contributions	12,203	3,671
Contributions subsequent to the measurement date	26,400	-
	<u>\$ 77,427</u>	<u>\$ 6,371</u>
Net deferred Outflow / (Inflow) of resources		<u>\$ 71,056</u>

UMATILLA MORROW RADIO AND DATA DISTRICT

Notes To Basic Financial Statements

June 30, 2024

NOTE 7 – DEFINED BENEFIT PENSION PLAN (continued):

Contributions subsequent to the measurement date will be expensed in the year ended June 30, 2024. Other deferred outflows and inflow of resources will be recognized in pension expense/(income) in the following years:

	<u>Year</u>	<u>Amount</u>
	2025	\$ 11,235
	2026	2,269
	2027	21,568
	2028	8,384
	2029	1,201
		<u>44,656</u>
Contributions		26,400
Net deferred Outflow / (Inflow) of resources		<u>\$ 71,056</u>

Oregon PERS produces an independently audited financial statements which can be found at: <https://www.oregon.gov/pers/Documents/Financials/ACFR/2022-Annual-Comprehensive-Financial-Report.pdf>.

Changes in Plan Provisions:

The were no changes to the pension plan or postemployment health insurance plan during or subsequent to the June 30, 2024 measurement period that require disclosure.

NOTE 8 -- POSTEMPLOYMENT HEALTH INSURANCE PLAN:

Because the financial statements have been prepared on a modified cash basis of accounting, postemployment health insurance liabilities and the related deferred inflows and outflows of resources have not been recorded in the financial statements. Postemployment health insurance expenditures are recorded when the disbursements are made. If the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, the following information would have been included:

Plan description:

ORS 238.420 established the Retirement Health Insurance Account (RHIA) and authorizes a payment of up to \$60 from RHIA toward the monthly cost of health insurance for eligible PERS members. RHIA is a cost-sharing multiple-employer Other Postemployment Benefit (OPEB) plan. The plan was closed to new entrants hired on or after August 29, 2003. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan.

UMATILLA MORROW RADIO AND DATA DISTRICT

Notes To Basic Financial Statements

June 30, 2024

NOTE 8 -- POSTEMPLOYMENT HEALTH INSURANCE PLAN (continued):

Contributions:

PERS employers contributed 0.06 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2024, the District reported an asset of \$19,252 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2023. The total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2021 and rolled forward to the measurement date of June 30, 2023. The basis for the employer's proportion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actuarial contributions in the fiscal year of all employers. At June 30, 2024, the District's proportion was 0.00525774% compared to its proportion of 0.00472967% measured as of June 30, 2023.

For the year ended June 30, 2024, the District recognized OPEB income of \$4,406. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 483
Changes of assumptions	-	208
Net differences between projected and actual earnings on investments	55	-
Changes in proportionate share	87	924
Contributions subsequent to the measurement date	-	-
	<u>\$ 142</u>	<u>\$ 1,615</u>
Net deferred Outflow / (Inflow) of resources		<u>\$ (1,473)</u>

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

	Year	Amount
	2025	\$ (1,503)
	2026	(937)
	2027	711
	2028	255
		(1,473)
Contributions subsequent to the measurement date		-
Net deferred Outflow / (Inflow) of resources		<u>\$ (1,473)</u>

UMATILLA MORROW RADIO AND DATA DISTRICT

Notes To Basic Financial Statements

June 30, 2024

NOTE 8 -- POSTEMPLOYMENT HEALTH INSURANCE PLAN (continued):

Oregon PERS produces an independently audited financial statements which can be found at: <http://www.oregon.gov/pers/Documents/Financials/ACFR/2022-Annual-Comprehensive-Financial-Report.pdf>.

NOTE 9 -- TERMINATION BENEFITS:

The District provides compensation to the District Administrator in the event of termination other than for cause. The District has agreed to pay one month's salary for each year the District Administrator has been employed with the District at the time of termination. Additionally, the District pays accrued and unused vacation benefits to all employees upon separation from service. Under the modified cash basis of accounting, expenditures are not recorded until the disbursement has been made. Accordingly, no liability or expenditure will be recorded until a disbursement is made upon termination.

NOTE 10 -- RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO STATEMENT OF NET POSITION:

Total governmental fund balance	\$ 2,785,556
Capital assets used in the governmental activities are not financial resources, and therefore are not reported in the governmental funds balance sheet.	3,494,212
All liabilities are reported in the Statement of Net Position whereas in governmental funds, liabilities not due and payable in the current period are not reported.	<u>(2,071,953)</u>
Total governmental net position	<u><u>\$ 4,207,815</u></u>

NOTE 11-- RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES:

Net change in governmental fund balance	\$ 614,645
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Expenditures for capital assets	525,080
Less current year depreciation	(1,076,731)
Repayment of principal of loans and capital leases are an expenditure in the general fund, but repayment reduces liabilities in the statement of net position. This is the amount by which debt payments exceed the current interest expense.	<u>301,928</u>
Change in net position of governmental activities	<u><u>\$ 364,922</u></u>

UMATILLA MORROW RADIO AND DATA DISTRICT

Notes To Basic Financial Statements

June 30, 2024

NOTE 12 -- TAX ABATEMENTS:

The District is subject to tax abatements granted by Umatilla and Morrow Counties. The Counties grants exemptions from property taxes within enterprise zones and under the strategic investment program as authorized in ORS 285C.

District property tax revenues were reduced as follows:

Enterprise Zones	\$ 843,246
Long-term Rural Enterprize Zones	226,712
Strategic Investment Program	\$ 721,960
Housing Authority	<u>5,108</u>
	<u><u>\$ 1,797,026</u></u>

The District received \$114,179 related to these agreements.

Barnett Moro, P.C.

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

Board of Directors

Umatilla Morrow Radio and Data District

Pendleton, Oregon

We have audited the basic financial statements of the Umatilla Morrow Radio and Data District as of and for the year ended June 30, 2024, and have issued our report thereon dated May 14, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether Umatilla Morrow Radio and Data District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including 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, 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 Umatilla Morrow Radio & Data District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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

Barnett & Moro, P.C.

By: _____
Paul A. Barnett, Shareholder
Hermiston, Oregon
June 10, 2025