

CLACKAMAS C800 RADIO GROUP

BOARD OF DIRECTORS MEETING

May 17, 2023 at 9:00AM

Clackamas County Development Services Building Room 119
150 Beavercreek Rd Oregon City

1. Call the C800 Board of Directors meeting to Order - Chair Don Johnson
2. Roll Call of Partners: (19/10)

a. City of Canby	h. City of West Linn	o. Molalla Fire District
b. City of Gladstone	i. Aurora Fire District	p. Sandy Fire District
c. City of Lake Oswego	j. Canby Fire District	q. Tualatin Valley Fire & Rescue
d. City of Milwaukie	k. Clackamas County Fire District #1	r. Clackamas County Sheriff
e. City of Molalla	l. Colton Fire District	s. Clackamas County Health
f. City of Oregon City	m. Estacada Fire District	
g. City of Sandy	n. Hoodland Fire District	
3. *Approval of Minutes from April 19, 2023 Board Meeting - Don Johnson
4. Public Comment - Don Johnson
5. Communications - Mark Buchholz
6. *Accept Financial Report for April 2023 - Mark Buchholz
7. Committee Reports
 - Executive Committee - Don Johnson
 - Technical Committee - Ron Polluconi
 - Citizen Accountability - Don Johnson
8. Old Business
 - Radio System Management - Ron Polluconi
 - Remaining site construction update
 - Radio Use Issues
 - Home button reprogramming
 - Streaming delay
 - 800 Voice Paging
 - DVRS update
9. New Business
 - a. Review of the FY22 Audit - Russ Ries
 - b. Review Audit Finding Plan of Action

c. *Resolution 23-01 to approve Audit Finding Plan of Action

10. Open Agenda

11. Next Board Meeting: June 21, 2023 at 9:00am

12. Adjournment

* indicates action requested

CLACKAMAS C800 RADIO GROUP

BOARD OF DIRECTORS MEETING

Meeting Minutes of the April 19, 2023 Meeting

This meeting was held via ZOOM.

1. C800 Board Meeting Called to Order at 0900.

2. The following were in attendance:

City of Canby: Chief Jorge Tro	Estacada Fire: DC Joe Smith
City of Gladstone: Chief John Schmerber	Hoodland Fire:
City of Lake Oswego: Chief Don Johnson, Lt. Clayton Simon, Sue Scobert	Molalla Fire: Chief Davis Representing Chief Stafford
City of Milwaukie:	Sandy Fire District:
City of Molalla:	TVF&R:
City of Oregon City: Captain Shaun Davis	Clackamas County:
City of Sandy: Chief Ernie Roberts	Clackamas County Sheriff: Capt. Robert Wurpes
City of West Linn: Chief Peter Mahuna	Clackamas County Health: Bill Conway
Aurora Fire: AC Mike Corless	CCOM: Tony Collins, Meg Neece
Canby Fire: Chief Jim Davis	WCCCA: Mark Buchholz
Clackamas Fire:	C800:
Colton Fire:	Guests:

3. Approval of Minutes – March 15, 2023 Board Meeting

Chief Schmerber moved and Chief Tro seconded. Motion passed unanimously

4. Public Comment – Chief Don Johnson none.

5. Communications – Mark Buchholz none.

6. Financial Report – March 2023 – Mark Buchholz

- Mark noted that as of the last meeting there was approx. \$650k in outstanding invoices, and since then approx. \$250k in payments have been received reducing the outstanding balance to about \$400k
- Chief Davis moved to approve the report as presented and AC Corless seconded. Motion passed unanimously

7. Committee Reports

Executive Committee – Chief Don Johnson: Have been meeting regularly to get the budget ready for presentation today

Technical Committee – Ron Polluconi: Mark noted that a date has been set for May 11th for the next meeting

Citizen Accountability – Chief Don Johnson: none.

8. Old Business

Radio System Management – Mark Buchholz

- Remaining site construction update: still holding on TDH until summer
- Radio Use Issues: had 2, failure of a microwave link at Goat Mountain, which resulted in some repair work last week. In order to complete the repairs, they had to contract with the USFS to clear the road so that they could access the site. Unfortunately, while clearing the deep snow, the machinery hit and damaged a gate. This will be repaired in the summer. The crew was able to get the microwave repaired sufficiently
 - Received reports from some agencies that there were some issues with their transmissions on the radio system. These were logged as dropped calls when the radio transmission wasn't going through. They were able to demonstrate the problem and got Motorola involved to take a look. Once they started looking, the problem disappeared and they haven't heard anything further. They did notice that this issue coincided with the shifting of the primary core at WCCCA to the backup core at CCOM. Once transferred back to the primary core at WCCCA following their move, the problem has been resolved
- Home Button Reprogramming: everyone who was ready are completed
- Streaming Delay: Equature isn't delivering a solution, so our next step is to negotiate with them since their contract included this service. We will use the credit to get a long term solution
- DVRS update: Have approval for the additional frequencies that were necessary. The plan is in place on how it will be deployed to Fire. Next is to develop and install code-plugs for Lake O, Hillsboro, Canby, and Banks and begin testing/trial. Once trial is complete DVRS group will need to define plan and procedures for roll out to all participating agencies.

9. New Business

- Presentation of FY24 Recommended Budget and User Fees
 - i. Mark reviewed the recommended budget as attached in the meeting materials
- Public Hearing on FY24 Recommended Budget
 - i. No public comment or questions
- Deliberation of FY24 Budget and User Fees
 - i. Chief Johnson thanked Mark for his outstanding work to get the budget balanced
 - ii. Chair Johnson has recruited the Director of Finance from the City of Milwaukie to periodically participate in Board meetings and support the Budget Committee in reviewing the budget and financial statements using financial expertise.
 - iii. Dave Austin, former Asst. Chief from TVFR and former Director of WCCCA has also worked through the budget and we are confident in the numbers presented today.
 - iv. Chief Davis asked when we may know more about the ARPA funds from the county. Mark noted that the funds have been allocated, and Nancy Bush and her team are actively working on the required paperwork. They would like to focus ARPA funds on projects about to be completed in the near future, like the new Ski Bowl site (TDH).
 - v. Motion to approve the budget as presented today:
 - City of Canby – Approve
 - City of Gladstone – Approve
 - City of Lake Oswego – Approve
 - City of Milwaukie – Absent
 - City of Molalla – Absent
 - City of Oregon City – Approve

- City of Sandy – Approve
- City of West Linn – Approve
- Aurora Fire Dist. – Approve
- Canby Fire Dist. – Approve
- Clackamas Fire Dist. 1 – Absent
- Colton Fire Dist. – Absent
- Estacada Fire Dist. – Approve
- Hoodland Fire Dist. – Absent
- Molalla Fire Dist. – Approve
- Sandy Fire Dist. – Approve
- Tualatin Valley Fire & Rescue – Absent
- Clackamas County Sheriff – Approve
- Clackamas Public Health – Approve

Motion passed with 13 members in favor, none opposed.

10. Open Agenda

- None.

11. Next Board Meeting will be May 17, 2023 at 9:00AM Location: DSB 150 Beaver Creek Rd RM - 119

12. Adjournment - Meeting adjourned at 9:39 AM

9:37 AM

05/15/23

Accrual Basis

Clackamas 800 Radio Group

Profit & Loss Budget vs. Actual

July 2022 through April 2023

	Jul '22 - Apr 23	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
401-00 · Beginning Fund Balance	0.00	53,539.00	-53,539.00	0.0%
405-00 · Members Contracts	73,920.00	76,320.00	-2,400.00	96.9%
410-00 · Partners Fees	1,215,144.69	1,198,080.00	17,064.69	101.4%
420-00 · Partners Debt Service Zone Cont	0.00	0.00	0.00	0.0%
421-00 · Partner Debt Service Microwave	0.00	0.00	0.00	0.0%
430-00 · Subscriber Radio Payments	11,561.37	1,065,007.00	-1,053,445.63	1.1%
431-00 · Interest Income	62.52	500.00	-437.48	12.5%
435-00 · Lease Revenue	71,587.45	92,423.00	-20,835.55	77.5%
440-00 · Miscellaneous Income	0.01	350,000.00	-349,999.99	0.0%
450-00 · Intergovernmental-Clackamas Co	0.00	4,757,863.00	-4,757,863.00	0.0%
Total Income	1,372,276.04	7,593,732.00	-6,221,455.96	18.1%
Gross Profit	1,372,276.04	7,593,732.00	-6,221,455.96	18.1%
Expense				
605-00 · Site Rental	204,491.94	263,147.00	-58,655.06	77.7%
610-00 · Fuel/Generators	8,708.84	25,000.00	-16,291.16	34.8%
615-00 · HVAC Maintenance	10,251.70	60,000.00	-49,748.30	17.1%
620-00 · Landscape Maintenance	29,228.31	20,000.00	9,228.31	146.1%
621-00 · Office Supplies	161.82	900.00	-738.18	18.0%
622-00 · Bad Debt Expense	0.00	0.00	0.00	0.0%
625-00 · Generator Maintenance	5,953.53	25,000.00	-19,046.47	23.8%
630-00 · UPS Maintenance	5,558.98	4,000.00	1,558.98	139.0%
635-00 · Battery Maintenance	0.00	5,000.00	-5,000.00	0.0%
640-00 · Building Maintenance	26,875.54	10,000.00	16,875.54	268.8%
645-00 · Insurance	66,218.00	78,000.00	-11,782.00	84.9%
650-00 · Utilities	97,004.87	105,000.00	-7,995.13	92.4%
655-00 · Consultant Services	5,100.00	35,000.00	-29,900.00	14.6%
657-00 · Regional Radio Expense	0.00	0.00	0.00	0.0%
660-00 · WCCCA System Fees	963,181.00	963,181.00	0.00	100.0%
665-00 · Radio Maintenance Fees	7,460.48	35,000.00	-27,539.52	21.3%
667-00 · Radio Replacement Project	0.00	0.00	0.00	0.0%
668-00 · Fire Sta Alerting Oper. Expense	0.00	95,000.00	-95,000.00	0.0%
670-00 · Legal Services	3,575.00	2,000.00	1,575.00	178.8%
675-00 · Financial Services	14,297.00	7,800.00	6,497.00	183.3%
680-00 · Audit Fees	6,550.00	7,500.00	-950.00	87.3%
685-00 · Miscellaneous Expenses	10,389.18	5,000.00	5,389.18	207.8%
686-00 · Meeting Expenses	167.50	1,000.00	-832.50	16.8%
703-00 · Capital Outlay				
703-01 · Buildings & Land Improvement				
703-011 · Land Improvement	119,543.26			
703-012 · Building	46,279.52			
703-013 · Tower	15,803.52			
703-014 · Generator	4,100.00			
Total 703-01 · Buildings & Land Improvement	185,726.30			
703-02 · Radio Backbone				
703-021 · Simulcast / Master Site	56,512.06			
703-022 · Subscriber Radios	4,891.98			
703-023 · Console Equipment	10,285.00			
703-024 · Paging	21,233.60			
Total 703-02 · Radio Backbone	92,922.64			
703-03 · Equipment				
703-031 · Security System	4,281.31			
703-032 · DC Power	19,439.38			
703-034 · Microwave	7,565.50			
703-035 · Test Equipment	72.00			
Total 703-03 · Equipment	31,358.19			
703-00 · Capital Outlay - Other	0.00	5,822,870.00	-5,822,870.00	0.0%
Total 703-00 · Capital Outlay	310,007.13	5,822,870.00	-5,512,862.87	5.3%
999-00 · Unappropriated End Fund Bal	0.00	23,333.00	-23,333.00	0.0%
Total Expense	1,775,180.82	7,593,731.00	-5,818,550.18	23.4%
Net Ordinary Income	-402,904.78	1.00	-402,905.78	-40,290,478.0%

Net Income -402,904.78 1.00 -402,905.78 -40,290,478.0%

These financial statements omit all disclosures required by accounting principles generally accepted in the United States of America. Management has not recorded current capital assets, accumulated depreciation, depreciation expense, certain receivables and leases under GASB-87, which is a known departure from accounting principles generally accepted in the United States of America. In addition, these statements omit the statement of cash flows, which is a known departure from accounting principles generally accepted in the United States of America. These financial statements have not been subjected to an audit, review, or compilation engagement, and therefore no assurance is provided.

9:38 AM

05/15/23

Accrual Basis

Clackamas 800 Radio Group Profit & Loss Detail

April 2023

Type	Date	Num	Name	Memo	Class	Amount	Balance
Ordinary Income/Expense							
Income							
431-00 · Interest Income							
Deposit	04/30/2023			Interest		4.76	4.76
Total 431-00 · Interest Income						4.76	4.76
435-00 · Lease Revenue							
Deposit	04/04/2023		FBI	Deposit		780.00	780.00
Deposit	04/24/2023		FBI	Deposit		130.00	910.00
Deposit	04/24/2023		FBI	Deposit		324.00	1,234.00
Deposit	04/24/2023		FBI	Deposit		1,106.83	2,340.83
Total 435-00 · Lease Revenue						2,340.83	2,340.83
Total Income						2,345.59	2,345.59
Gross Profit						2,345.59	2,345.59
Expense							
605-00 · Site Rental							
General Journal	04/01/2023	AJE 34		To record pre-paid April rent ...		1,395.00	1,395.00
Total 605-00 · Site Rental						1,395.00	1,395.00
620-00 · Landscape Maintenance							
Bill	04/30/2023	2023-2...	Greenup Enterprises	Snow plowing		3,400.00	3,400.00
Total 620-00 · Landscape Maintenance						3,400.00	3,400.00
650-00 · Utilities							
Check	04/03/2023	EFT	PGE			290.23	290.23
Check	04/03/2023	EFT	PGE			363.04	653.27
Check	04/04/2023	EFT	PGE			33.38	686.65
Check	04/04/2023	EFT	PGE			592.22	1,278.87
Check	04/05/2023	EFT	PGE			323.03	1,601.90
Check	04/06/2023	EFT	PGE			344.12	1,946.02
Check	04/06/2023	EFT	PGE			445.91	2,391.93
Check	04/07/2023	EFT	PGE			420.48	2,812.41
Check	04/10/2023	EFT	PGE			231.43	3,043.84
Check	04/12/2023	EFT	PGE			276.26	3,320.10
Check	04/14/2023	EFT	Comcast			178.30	3,498.40
Check	04/17/2023	EFT	PGE			436.40	3,934.80
Check	04/18/2023	EFT	NW Natural			34.84	3,969.64
Check	04/18/2023	EFT	PGE			152.45	4,122.09
Check	04/18/2023	EFT	PGE			314.96	4,437.05
Check	04/18/2023	EFT	PGE			320.03	4,757.08
Check	04/18/2023	EFT	PGE			338.04	5,095.12
Check	04/18/2023	EFT	PGE			436.40	5,531.52
Check	04/18/2023	EFT	PGE			609.62	6,141.14
Check	04/18/2023	EFT	PGE			903.96	7,045.10
Check	04/19/2023	EFT	PGE			275.68	7,320.78
Check	04/20/2023	EFT	PGE			769.08	8,089.86
Check	04/24/2023	EFT	PGE			359.92	8,449.78
Check	04/24/2023	EFT	PGE			476.25	8,926.03
Check	04/28/2023	EFT	Canby Utility	190236		142.17	9,068.20
Total 650-00 · Utilities						9,068.20	9,068.20
655-00 · Consultant Services							
Bill	04/30/2023	CIWD-...	Consistent Image Web Design	Monthly web maintenance - A...		100.00	100.00
Total 655-00 · Consultant Services						100.00	100.00
675-00 · Financial Services							
Check	04/30/2023			Service Charge		20.00	20.00
Bill	04/30/2023	164282	Talbot, Korvola & Warwick, LLP	April monthly bookkeeping		550.00	570.00
Total 675-00 · Financial Services						570.00	570.00
686-00 · Meeting Expenses							
Bill	04/05/2023	10622...	Oregonian Media Group	Public Hearing Notice		66.10	66.10
Total 686-00 · Meeting Expenses						66.10	66.10
703-00 · Capital Outlay							
703-01 · Buildings & Land Improvement							
703-011 · Land Improvement							
Bill	04/11/2023	C800-2...	Bryce Foster	Construction project support	22 Whale Head	1,200.00	1,200.00
Total 703-011 · Land Improvement						1,200.00	1,200.00
703-013 · Tower							
Bill	04/01/2023	INV74...	Day Wireless Systems Inc.	Electrical materials	23 Goat Mountain	2,108.52	2,108.52
Total 703-013 · Tower						2,108.52	2,108.52
Total 703-01 · Buildings & Land Improvement						3,308.52	3,308.52
Total 703-00 · Capital Outlay						3,308.52	3,308.52
Total Expense						17,907.82	17,907.82
Net Ordinary Income						-15,562.23	-15,562.23
Net Income						-15,562.23	-15,562.23

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9:39 AM

05/15/23

Accrual Basis

Clackamas 800 Radio Group

Trial Balance

As of April 30, 2023

	Apr 30, 23	
	Debit	Credit
115-00 · Cash/Checking Account	442,928.97	
11000 · Accounts Receivable	368,996.95	
120-00 · Member Fees Receivable	0.00	
12000 · Undeposited Funds	0.00	
150-00 · Prepaid Expenses	1,395.00	
160-00 · Buildings and Towers	10,956,645.15	
165-00 · Radio Backbone	2,520,898.80	
166-00 · Equipment	1,052,983.00	
167-00 · Work In Progress	0.00	
169-00 · CIP	51,212,885.21	
175-00 · Accumulated Depreciation		11,881,375.50
180-00 · Deferred O/F-P25 Maintenance	5,812,058.44	
201-00 · Accounts Payable		7,358.52
201-02 · Other Accounts Payable	0.00	
202-00 · Partner Prepayment	0.00	
210-00 · Reimb due Clackamas County	0.00	
250-00 · N/P - CCB (Microwave)	0.00	
280-00 · Prepaid Lease Income		2,065,694.44
300-00 · Fund Balance	0.00	
300-01 · GLTDAG	0.00	
310-00 · Investment in Fixed Assets		53,862,036.66
320-00 · Retained Earnings, Prior		4,955,231.18
405-00 · Members Contracts		73,920.00
410-00 · Partners Fees		1,215,144.69
430-00 · Subscriber Radio Payments		11,561.37
431-00 · Interest Income		62.52
435-00 · Lease Revenue		71,587.45
440-00 · Miscellaneous Income		0.01
605-00 · Site Rental	204,491.94	
610-00 · Fuel/Generators	8,708.84	
615-00 · HVAC Maintenance	10,251.70	
620-00 · Landscape Maintenance	29,228.31	
621-00 · Office Supplies	161.82	
625-00 · Generator Maintenance	5,953.53	
630-00 · UPS Maintenance	5,558.98	
640-00 · Building Maintenance	26,875.54	
645-00 · Insurance	66,218.00	
650-00 · Utilities	97,004.87	
655-00 · Consultant Services	5,100.00	
660-00 · WCCCA System Fees	963,181.00	
665-00 · Radio Maintenance Fees	7,460.48	
670-00 · Legal Services	3,575.00	
675-00 · Financial Services	14,297.00	
680-00 · Audit Fees	6,550.00	
685-00 · Miscellaneous Expenses	10,389.18	
686-00 · Meeting Expenses	167.50	
703-011 · Land Improvement	119,543.26	
703-012 · Building	46,279.52	
703-013 · Tower	15,803.52	
703-014 · Generator	4,100.00	
703-021 · Simulcast / Master Site	56,512.06	
703-022 · Subscriber Radios	4,891.98	
703-023 · Console Equipment	10,285.00	
703-024 · Paging	21,233.60	
703-031 · Security System	4,281.31	
703-032 · DC Power	19,439.38	
703-034 · Microwave	7,565.50	
703-035 · Test Equipment	72.00	
TOTAL	74,143,972.34	74,143,972.34

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Clackamas 800 Radio Group
Balance Sheet
As of April 30, 2023

	Apr 30, 23
ASSETS	
Current Assets	
Checking/Savings	
115-00 · Cash/Checking Account	442,928.97
Total Checking/Savings	442,928.97
Accounts Receivable	
11000 · Accounts Receivable	368,996.95
Total Accounts Receivable	368,996.95
Other Current Assets	
150-00 · Prepaid Expenses	1,395.00
Total Other Current Assets	1,395.00
Total Current Assets	813,320.92
Fixed Assets	
160-00 · Buildings and Towers	10,956,645.15
165-00 · Radio Backbone	2,520,898.80
166-00 · Equipment	1,052,983.00
169-00 · CIP	51,212,885.21
175-00 · Accumulated Depreciation	-11,881,375.50
Total Fixed Assets	53,862,036.66
Other Assets	
180-00 · Deferred O/F-P25 Maintenance	5,812,058.44
Total Other Assets	5,812,058.44
TOTAL ASSETS	60,487,416.02
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
201-00 · Accounts Payable	7,358.52
Total Accounts Payable	7,358.52
Total Current Liabilities	7,358.52
Long Term Liabilities	
280-00 · Prepaid Lease Income	2,065,694.44
Total Long Term Liabilities	2,065,694.44
Total Liabilities	2,073,052.96
Equity	
310-00 · Investment in Fixed Assets	53,862,036.66
320-00 · Retained Earnings, Prior	4,955,231.18
Net Income	-402,904.78
Total Equity	58,414,363.06
TOTAL LIABILITIES & EQUITY	60,487,416.02

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9:40 AM
05/15/23

Clackamas 800 Radio Group
A/R Aging Detail
As of April 30, 2023

Type	Date	Num	Name	Due Date	Aging	Open Balance
Current						
Total Current						
1 - 30						
Total 1 - 30						
31 - 60						
Total 31 - 60						
61 - 90						
Total 61 - 90						
> 90						
Invoice	05/19/2022	2019-2042	Aurora Fire District	05/19/2022	346	225,592.97
Invoice	05/19/2022	2019-2054	Lake Oswego Lake Corporation	05/19/2022	346	7,497.36
Credit Memo	05/19/2022	2019-2064	Wilsonville - PW / Transit	05/19/2022	346	-2,727.77
Credit Memo	05/27/2022	2019-2061	Clackamas County Community College	05/25/2022	340	-675.18
Invoice	06/01/2022	2019-2068	Aurora Fire District	06/01/2022	333	31,912.76
Invoice	06/01/2022	2019-2069	Colton Fire	06/01/2022	333	18,348.55
Credit Memo	06/01/2022	2019-2072	Molalla RFPD	06/01/2022	333	-50,861.31
Invoice	06/08/2022	2019-2039	Hoodland Fire District	06/08/2022	326	121,671.66
Invoice	07/01/2022	22-101	Aurora Fire District	07/01/2022	303	30,720.00
Invoice	07/01/2022	22-106	Colton Fire	07/01/2022	303	20,640.00
Payment	07/01/2022	120213592	KATU			-2.09
Credit Memo	12/12/2022	22-155	Molalla RFPD	12/12/2022	139	-33,120.00
Total > 90						368,996.95
TOTAL						368,996.95

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**Jarrard, Seibert,
Pollard & Co. LLC**

Certified Public Accountants

1800 Blankenship Rd., Suite 450
West Linn, OR 97068-4198
503-723-7600 503-723-5100 FAX

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH OREGON STATE REGULATION**

To Clackamas 800 Radio Group
Milwaukie, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to Oregon municipal corporation financial audits contained in Oregon State Regulation, the financial statements of the governmental activities and each major fund of Clackamas 800 Radio Group, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Clackamas 800 Radio Group's basic financial statements and have issued our report thereon dated April 26, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clackamas 800 Radio Group's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Clackamas 800 Radio Group's internal control. Accordingly, we do not express an opinion on the effectiveness of Clackamas 800 Radio Group's internal control.

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

Our consideration of internal control 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clackamas 800 Radio Group's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Oregon State Regulation and which is described in the accompanying schedule of findings and questioned costs as item 2022-001..

Clackamas 800 Radio Group's Response to Findings

Oregon State Regulation requires the auditor to perform limited procedures on the Clackamas 800 Radio Group's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Clackamas 800 Radio Group's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Oregon State Regulation in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

JARRARD, SEIBERT, POLLARD & COMPANY, LLC

Certified Public Accountants

West Linn, Oregon

April 26, 2023

By



Russell T. Ries, Partner

Clackamas 800 Radio Group
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Finding No. 2022-001:

Condition: The Group experienced construction cost overruns on a project to construct four public safety communication sites totaling approximately \$3,900,000. Contracts originally awarded for this project were neither amended nor changed to reflect the additional costs incurred as a result of unexpected issues in supplying power to the four communication sites.

Criteria: The Group is required to comply with Oregon Public Contracting Code, ORS Chapters 279A, 279B and 279C pertaining to the awarding of public contracts and the construction of public improvements. Model rules pertaining to contract amendments and changes to work are contained in OAR 137-049-0910.

Cause: The Group does not have a formal process for differentiating between construction contract changes orders and contract amendments

Effect or Potential Effect: Failure of complying with Oregon's public contracting code.

Recommendation: Internal controls related to compliance with provisions related to public contracts for construction services need to be evaluated at least annually to determine if changes are needed to made to ensure compliance in this area.

View of Responsible Officials: The Group's officials agree with the finding. The Board has made significant changes to management and are in the process of finalizing their plan of action to address the deficiency.



5900 NE Pinefarm Court
Hillsboro, Oregon 97124
(503) 690-4911

May 18, 2023

Oregon Secretary of State
Audits Division
255 Capitol Street NE, Suite #500
Salem, Oregon 97310

Plan of Action concerning the C800 FY22 audit finding

Clackamas 800 Radio Group (C800) respectfully submits the following corrective action plan in response to the deficiency reported in our audit of the fiscal year ended June 30, 2022. The audit was completed by the independent auditing firm Jarrard, Seibert, Pollard & Co (JSP) and reported the deficiency listed below. The plan of action was adopted by the governing body on May 17, 2023.

The deficiency is noted below and followed by the adopted plan of action and accepted timeframe for addressing the deficiency.

- C800 experienced construction cost overruns on a project to construct four public safety communication sites totaling approximately \$3,900,000. Contracts originally awarded for this project were neither amended nor changed to reflect the additional costs incurred as a result of unexpected issues in supplying power to the four communication sites, resulting in failure to comply with Oregon's public contracting code.

Cause: C800 does not have a formal process for differentiating between construction contract change orders and contract amendments. Furthermore, C800 does not have a process to identify whether a partial or progress invoice against an existing contract would exceed the authorized contract amount.

On April 26, 2023, the deficiency was discussed during a conference call between the C800 Executive Board and the Auditor. The deficiency was explained and the importance of following Oregon's public contracting code was emphasized. Effective immediately, the Board will require managers to identify whether any invoice being submitted for payment would exceed the authorized contract amount and if so, would first require the proper contract amendment or change order authorization per purchasing rules.

Furthermore, the system for paying invoices will be modified to contain data elements of both contract total and cumulative expense (including invoice) against contract to prevent exceeding an existing contract in the future.

On May 17, 2023, this Plan of Action was presented to and approved by the C800 Board.

Chief Don Johnson, Chair
Clackamas 800 Radio Group
Board of Directors

Date



5900 NE Pinefarm Court
Hillsboro, Oregon 97124
(503) 690-4911

RESOLUTION 23-01

RESOLUTION TO ACCEPT MANAGEMENT’S PROPOSED PLAN OF ACTION

WHEREAS at the completion of the Agency’s FY22 audit, the Auditor presented a finding regarding a significant deficiency in internal controls and

WHEREAS the Agency has developed plans to address the finding, as required by the State of Oregon

NOW THEREFORE BE IT RESOLVED that the Board of Directors hereby accepts and approves of the plan to correct the deficiency, outlined in the letter titled “Plan of Action Concerning the FY22 Audit.”

APPROVED AND ADOPTED this 17th day of May, 2023.

Chief Don Johnson, Chair
Clackamas 800 Radio Group

CLACKAMAS 800 RADIO GROUP
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2022

CLACKAMAS 800 RADIO GROUP

YEAR ENDED JUNE 30, 2022

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**CLACKAMAS 800 RADIO GROUP
CLACKAMAS COUNTY, OREGON
JUNE 30, 2022**

**Chief Rick Hoffman
City of Gladstone, Fire**

**Chief Phil Schneider
Sandy Fire District**

**Chief John Schmerber
City of Gladstone, Police**

**Chief Jim Davis
Canby Fire District**

**Chief Jorge Tro, Chair
City of Canby**

**Capt. Robert Wurpes
Clackamas County Sheriff**

**Capt. West Pay
City of Lake Oswego, Police**

**Asst. Chief Mike Everhart
Colton Fire District**

**Chief Don Johnson, 1st Vice Chair
City of Lake Oswego, Fire**

**Capt. Robbie Graves
City of Milwaukie**

**Chief Frank Schoenfeld
City of Molalla**

**Div. Chief Brian Hennrichs
Hoodland Fire District**

**Chief Ernie Roberts
City of Sandy**

**Chief Vince Stafford
Molalla Fire District**

**Chief Shaun Davis
City of Oregon City**

**Chief Nick Browne
Clackamas Fire District #1**

**Chief Peter Mahuna, 2nd Vice Chair
City of West Linn**

**Chief Ian O'Connor
Estacada Fire District**

**Eric Kennedy
TVF&R**

**William Conway
Clackamas County Health**

**Chief Mike Corless
Aurora Fire**

Administration

John Hartsock, Manager

**Address of Officers and Board Members
11300 SE Fuller Road
Milwaukie, Oregon 97222**

INDEPENDENT AUDITORS' REPORT

Board of Directors
Clackamas 800 Radio Group
Clackamas County, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of the Clackamas 800 Radio Group as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Clackamas 800 Radio Group'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 financial position of the governmental activities and major fund of the Clackamas 800 Radio Group, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the Clackamas 800 Radio Group 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Clackamas 800 Radio Group's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 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 Clackamas 800 Radio Group'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 Clackamas 800 Radio Group's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although 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 Management's Discussion, as listed in the table of contents, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires 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 Management's Discussion and Analysis, as listed in the table of contents, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

The budgetary comparison schedules presented as Supplementary Information, as listed in the table of contents, have 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 records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Group's financial statements. The other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The listing of board members, located before the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has 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 it.

Report on Other Legal and Regulatory Requirements

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated April 26, 2023, on our consideration of the Group's internal control over financial reporting and on our tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-240 to 162-10-320. The purpose of that report is to describe our evaluation of internal control over financial reporting and the scope of our testing of compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance.

JARRARD, SEIBERT, POLLARD & COMPANY, LLC
Certified Public Accountants

West Linn, Oregon
April 26, 2023

By



Russell T. Ries, Partner

**CLACKAMAS 800 RADIO GRUP
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

This discussion and analysis presents the highlights of financial activities and financial position for the Clackamas 800 Radio Group (C800). The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting C800.

Management's Discussion and Analysis focuses on current year activities and resulting changes. Please read it in conjunction with C800's financial statements.

REPORT LAYOUT

C800's annual financial report consists of several sections. Taken together they provide a comprehensive financial look at the organization. The components of the report include the following:

- **Management's Discussion and Analysis:** This section of the report provides financial highlights, overview and economic factors affecting C800.
- **Basic Financial Statements** includes Statement of Net Position, Statement of Activities, Fund Financial Statements and the notes to the financial statements. Statements of Net Position and Activities focus on an entity-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for C800.
 - The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets C800 owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts.
 - The Statement of Activities focuses on gross and net costs of C800 programs and the extent to which such programs rely upon partner income and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
 - Fund Financial Statements focus separately on major governmental funds. Governmental fund statements follow the more traditional presentation of financial statements. Notes to the Financial Statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding C800's financial condition.

This discussion and analysis presents the highlights of financial activities and financial position for the Clackamas 800 Radio Group (C800). The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting C800.

FINANCIAL ANALYSIS

The 2021-2022 revenues (including special items) show a \$10,135,487 decrease primarily due to replacement project bond funding.

Operating expenses increased overall by \$1,290,812.

C800 is funded by user fees on a per radio device basis. The allocation is developed by assembling all of the budgeted costs, and then dividing that number by the number of radios to develop the per radio cost. The budget is based on actual costs from the previous year with estimated increases in fixed costs such as utilities, and estimates of other anticipated expenses such as radio maintenance.

**CLACKAMAS 800 RADIO GRUP
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

SIGNIFICANT TRANSACTIONS AND CHANGES IN INDIVIDUAL FUNDS

General Fund balance decreased during FY 2021-2022 by \$2,547,843.

The current year revenue from the partners was sufficient to cover current year operating costs (excluding capital outlay related to construction in progress).

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGET

General Fund expenditures came in at \$3,628,075 more than the final budget, and significant differences between final adopted budget and actual expenditures include the following:

- Expenditures exceeded capital outlay appropriations by \$3,884,562.

CAPITAL ASSET ACTIVITY

At June 30, 2022, the Group had approximately \$61,878,644 invested in capital assets.

The total increase in investment in capital assets for the current fiscal year was \$8,016,608. The governmental type capital assets net increase of \$9,785,746 (radio replacement project/construction in progress) was offset by the depreciation expense of \$1,769,138.

LONG TERM DEBT ACTIVITY

At the end of the current fiscal year, the Group had debt outstanding of \$ 4,911,033.

OUTLOOK FOR THE FUTURE, BASED ON CURRENTLY KNOWN FACTS

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Group's financial condition, liquidity, and future results of operation. Management is actively monitoring the global situation on its financial condition, liquidity, and operations. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Group is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity.

CONDENSED FINANCIAL INFORMATION

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Increase/ Decrease</u>
Current assets (cash/receivables/ deposits)	\$ 7,368,758	\$ 7,439,424	\$ (70,066)
Fixed assets, net of depreciation	66,691,791	53,862,036	12,829,755
Total assets	<u>74,060,549</u>	<u>61,301,460</u>	<u>12,759,089</u>
Other liabilities	52,260	139,454	(87,194)
Long-term liabilities	4,911,033	-	4,911,033
Total liabilities	4,963,293	139,454	4,823,829
Deferred inflow	2,065,694	-	2,065,694
Net position			
Investment in capital assets	67,960,260	59,674,094	286,166
Unrestricted	(928,698)	1,487,912	(2,416,610)
Total Net Position	<u>\$ 67,031,562</u>	<u>\$ 61,162,006</u>	<u>\$ (5,869,556)</u>
Revenues			
Program Revenue			
Charges for service:			
Partner fees	\$ 2,337,444	\$ 1,225,435	\$ 1,112,009
General Revenues:			
Leases/Interest	249,490	38,731	210,759
Special Item:			
Replacement project bond funding	6,164,335	7,622,590	(1,458,255)
Total revenues	8,751,269	8,886,756	(135,487)
Public safety	3,380,390	2,089,578	1,290,812
Total expenditures	3,380,390	2,089,578	1,290,812
Increase (Decrease) in Net Position	<u>\$ 5,370,879</u>	<u>\$ 6,797,327</u>	<u>\$ (1,426,448)</u>

FINANCIAL CONTACT

C800's financial statements are designed to present radio system users with a general overview of C800's finances and to demonstrate C800's accountability. If you have questions about the report or need additional financial information, please contact Mark Buchholz, Manager Clackamas 800 Radio Group, c/o Fire District #1, 11300 SE Fuller Road, Milwaukie, OR 97222.

**CLACKAMAS 800 RADIO GROUP
STATEMENT OF NET POSITION
JUNE 30, 2022**

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 432,561
Due from other governments	828,566
Prepaid expenses	26,015
Prepaid Deposit – P25 /CCOM maintenance	6,081,616
Leased assets being amortized	4,813,147
Capital assets being depreciated	<u>61,878,644</u>
Total assets	<u>74,060,549</u>
 LIABILITIES	
Accounts payable	52,260
Long-term obligations:	
Due withing one year	138,523
Due in more than one year	<u>4,772,510</u>
Total liabilities	<u>4,963,293</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred lease resources	<u>2,065,694</u>
 NET POSITION	
Invested in capital assets	67,960,260
Unrestricted	<u>(928,698)</u>
Total net position	<u>\$ 67,031,562</u>

(See accompanying notes to basic financial statements)

**CLACKAMAS 800 RADIO GROUP
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

		<u>Program Revenues</u>		Net (Expense) Revenues and Changes in Net Position
<u>Program Activities</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>
Governmental Activities				
Public Safety	\$ 3,380,390	\$ 2,337,444	\$ -	\$ (1,042,946)
General Revenues				
Lease revenue				249,344
Investment earnings				146
Special item – replacement project bond funding				6,164,335
Total general revenues and special items				6,413,825
CHANGE IN NET POSITION				5,370,879
NET POSITION, beginning				61,660,683
NET POSITION, ending				\$ 67,031,562
Reconciliation of Net Change in Fund Balance to Net Change in Net Position on the Statement of Activities				
Net Change in Fund Balance				\$ (2,547,843)
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the capital assets:				
Lease principal payments				130,366
Capital assets purchased and capitalized				9,785,746
Depreciation and amortization expense				(1,997,390)
Net Change in Net Position				\$ 5,370,879

(See accompanying notes to basic financial statements)

**CLACKAMAS 800 RADIO GROUP
BALANCE SHEET
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>General Fund</u>
ASSETS	
Cash	\$ 432,561
Due from other governments	828,566
Prepaid expenses	26,015
Deposit – P25/CCOM maintenance	<u>6,081,616</u>
 Total assets	 <u>\$ 7,368,758</u>
 LIABILITIES	
Accounts payable	<u>\$ 52,260</u>
 DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue – leases	<u>2,065,694</u>
 FUND BALANCE	
Nonspendable	6,107,631
Unassigned	<u>(856,827)</u>
Total fund balances	<u>5,250,804</u>
 Total liabilities, deferred inflows and fund balance	 <u>\$ 7,368,758</u>

Reconciliation of total fund balance to net assets on the Statement of Net Position:

Total fund balance	\$ 5,250,804
Capital assets used in governmental activities, net of accumulated depreciation are not financial resources and, therefore are not reported in the fund.	61,878,644
Lease assets used in governmental activities and are not financial resources and therefore, are not reported in the fund.	4,813,147
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the fund.	<u>(4,911,033)</u>
Total Net Position	<u>\$ 67,031,562</u>

(See accompanying notes to basic financial statements)

CLACKAMAS 800 RADIO GROUP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund
REVENUES:	
Partners Fees/Contracts	\$ 2,337,444
Lease income	249,344
Miscellaneous	228,665
Interest on Investments	146
Total Revenues	<u>2,815,599</u>
EXPENDITURES:	
WCCCA Fees	888,651
Site Rental	268,012
Utilities	107,234
Insurance	70,360
Office Supplies	-
Fuel/Generators	29,285
HVAC Maintenance	56,345
Landscape Maintenance	3,700
Generator Maintenance	9,905
Battery Maintenance	3,146
Building Maintenance	4,598
Fire Station Alerting	86,485
Miscellaneous Costs	590
Consultant Services	51,521
Radio Maintenance Fees	39,853
Legal Services	7,595
Financial Services	9,020
Audit Fees	6,875
Regional Radio	-
Meeting Expense	40
Total Materials and Services	<u>1,643,215</u>
Capital Outlay	<u>9,884,562</u>
Total Expenditures	<u>11,527,777</u>
EXCESS OF REVENUES OVER (UNDER)	
EXPENDITURES	(8,712,178)
Special Item:	
Replacement Project Bond Funding	<u>6,164,335</u>
Net Change in Fund Balance	<u>(2,547,843)</u>
FUND BALANCE, beginning	<u>7,798,647</u>
FUND BALANCE, ending	<u>\$ 5,250,804</u>

(See accompanying notes to basic financial statements)

**CLACKAMAS 800 RADIO GROUP
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting Entity

The Clackamas 800 Radio Group (the "Group") financial reporting entity is composed solely of the primary government. In determining the financial reporting entity, the Group complies with the provisions of GASB. There are no other entities for which the Group has responsibility, exercises control, is financially accountable for, and has a financial benefit or burden relationship.

The Group is governed by a Board of Directors, consisting of eighteen members. Clackamas County has issued bonded debt for the purpose of upgrade and expansion of the public safety communication system throughout Clackamas County for the benefit of the Group's partners. The Group collects fees for debt service and operations from its participating partners. Upon the Clackamas County bonded debt obligation being paid off, the County has assigned the radio system infrastructure to the Group. The towers and radio backbone are reported as capital assets of the Group.

Measurement Focus, Basis of Accounting and Basis of Presentation

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Non-exchange Transactions."

Program Revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Group's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Group's general revenues.

The Group reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function.

Fund Financial Statements

The accounts of the Group 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 numbers of funds are maintained consistent with legal and managerial requirements.

**CLACKAMAS 800 RADIO GROUP
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Governmental Fund Types

Governmental funds are used to account for the Group's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the liability is incurred.

Revenues susceptible to accrual are interest, state, county and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The Group reports the following governmental fund:

General Fund

This fund accounts for all financial resources and expenditures of the Group. The principal revenue source is from reimbursements from the partners.

Radio Group Operations

Generally accepted accounting principles (GAAP) allow a choice of funds and accounting measurement focus. Governmental fund accounting is allowed where determination of financial position and changes in financial position is the measurement focus. Proprietary fund accounting is allowed where the intent of the governing body is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Governing Board of the Group measures the operation of its emergency communication service by determining financial position and changes in financial position, and therefore uses governmental fund accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the 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 reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

CLACKAMAS 800 RADIO GROUP
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Cash and Cash Equivalents

For financial reporting purposes, the Group considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Capital Assets

Capital assets, which include land, buildings, equipment and construction in progress, are reported in the government wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated Capital assets are recorded at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives: Buildings – 50 years and Equipment 5 to 20 years.

Net Position

Net position is comprised of the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position is classified in the following three categories:

Net Investment in Capital Assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – consists of external constraints placed on asset use by creditors, grantors, contributors, laws or regulations of other governments or constraints through constitutional provisions or enabling legislation.

Unrestricted net position – consists of all other assets not included in the other categories previously mentioned.

Fund Equity

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

**CLACKAMAS 800 RADIO GROUP
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

- Nonspendable fund balance represents amounts that are not in a spendable form.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Authority to classify portions of ending fund balance as Assigned has been given to the Manager and Finance Director
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

When both restricted and unrestricted resources are available for use, it is the Group's policy to use restricted resources first and then unrestricted resources as they are needed.

NOTE B - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, BUDGETARY INFORMATION:

Clackamas 800 Radio Group is organized as an intergovernmental entity under ORS 190.010 and is exempt from the provisions of Oregon Budget Law. However, the Group does prepare a budget which is reflected in the budgetary Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual.

NOTE C – CASH AND INVESTMENTS:

Cash consisted of:

Deposits with a Financial Institution:

Demand Deposits, Non-interest

bearing - Checking

\$432,561

**CLACKAMAS 800 RADIO GROUP
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE C – CASH AND INVESTMENTS (Continued):

Investments

Oregon Revised Statutes (294.035) and Group policy authorize the authority to invest in obligations of the U.S. Treasury and agencies, time certificates of deposit, bankers' acceptances, repurchase agreements, and the State of Oregon Local Government Investment Pool. Such investments are stated at cost, increased by accretion of discounts and reduced by amortization of premiums, both computed by the straight-line method, which approximates fair value. The Group had no investments at June 30, 2022.

Interest Rate Risk

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

Credit Risk

Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE.

Custodial Credit Risk

At year-end, the Group's net carrying amount of deposits was \$432,561 and the bank balance was \$455,743. Of these deposits, \$250,000 was covered by federal depository insurance and the remainder is collateralized by the Oregon Public Funds Collateralization Program (PFCP). Oregon Revised Statutes and District policy require depository institutions to maintain on deposit, with the collateral pool manager, securities having a value not less than 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. Currently all banks are required to post 100% collateral.

NOTE D – CAPITAL AND LEASE ASSETS:

The changes in capital assets for the fiscal year ended June 30, 2022 are as follows:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2022</u>
Governmental Activities:				
Non-depreciable assets:				
Construction In Process	\$ 51,212,885	\$ 9,785,746	\$(60,998,631)	\$ -
Depreciable assets:				
Radio Backbone	2,520,899	13,052,825	-	15,573,724
Buildings and towers	10,956,645	40,279,377	-	51,236,022
Equipment	<u>1,052,983</u>	<u>7,666,429</u>	<u>-</u>	<u>8,719,412</u>
	14,530,527	60,998,631	-	75,529,158
Accumulated Depreciation:				
Radio Backbone	1,592,146	567,773	-	2,159,919
Buildings and towers	9,675,373	736,361	-	10,411,734
Equipment	<u>613,857</u>	<u>465,004</u>	<u>-</u>	<u>1,078,861</u>
	<u>11,881,376</u>	<u>1,769,138</u>	<u>-</u>	<u>13,650,514</u>
Net Capital Assets	<u>\$ 53,862,036</u>			<u>\$ 61,878,644</u>

**CLACKAMAS 800 RADIO GROUP
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE D – CAPITAL AND LEASE ASSETS (Continued):

Lease asset activity for the year ended June 30, 2022, was as follows:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2022</u>
Governmental Activities:				
Lease assets being amortized::				
Land	\$ 5,041,399	\$ -	\$ -	\$ 5,041,399
Accumulated Amortization:				
Land	-	(228,252)	-	(228,252)
Net Lease Assets	<u>\$ 5,041,399</u>	<u>\$ (228,252)</u>		<u>\$ 4,813,147</u>

Commitments under construction contracts approximated \$3,298,000 at June 30, 2022.

On May 17, 2016 voters approved Bond Measure 3-476 authorizing Clackamas County to issue general obligation bonds totaling \$59 million to construct a new P25 open source digital radio system. All bond proceeds have been spent as of June 30, 2022.

NOTE E – RISK MANAGEMENT:

The Group is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Group purchases commercial insurance to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage.

NOTE F – LEASES:

The Group is involved in various leasing arrangements for land use rights. With the implementation of GASB Statement No. 87 Leases, effective the fiscal year ended June 30, 2022, all existing and newly acquired leases during the current fiscal year were analyzed and classified as either qualified or non-qualified leases, for both lessor and lessee positions. With this implementation, a respective receivable or payable is recognized.

Lessor lease receivables

The Group has entered into 1 lease agreement as the lessor for site use. The receivable related to this lease was initially recognized on July 1, 2021, with the adoption of GASB Statement No. 87. The lease began February 1, 2019 and expires on January 1, 2034. The entire lease was prepaid June 2, 2022 (\$2,675,000). The Group recognized \$178,333 in lease revenue released from the Deferred Lease Resources related to this lease.

**CLACKAMAS 800 RADIO GROUP
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE F – LEASES (Continued):

Lessee lease payables

The Group has entered into 14 lease agreements as the lessee for land use rights. The liability related to these leases was initially recognized on July 1, 2021, with the adoption of GASB Statement No. 87. Periods cover various ranges and the latest expires in 2052. Interest rates range from 1.66% to 2.56%. Annual payments for the current year range from \$7,275 to \$31,426.

Future annual lease commitments as of June 30, 2022, are shown below

	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2023	\$138,523	\$106,030	\$244,553
2024	113,349	103,806	217,155
2025	120,276	101,438	221,714
2026	127,473	98,921	226,294
2027	134,949	96,245	231,198
2028 - 2032	797,376	435,268	1,232,644
2023 - 2039	976,237	341,795	1,318,032
2040 - 2044	1,155,984	229,650	1,385,634
2045 - 2049	1,216,982	95,177	1,312,159
2050 - 2052	129,884	5,746	135,620
Total	\$4,911,033	\$ 1,614,080	\$ 6,525,113

NOTE G – INTERGOVERNMENTAL AGREEMENT:

Clackamas County Public Safety Radio System Replacement Project Bond Funding

The Agreement defines the respective roles and responsibilities of Clackamas County and C800 with respect to the Public Safety Radio System Replacement Project and any subsequent activities related to the bond funding. As the entity responsible for the bond funding, the County will retain management control and oversight of all bond related expenditures and compliance with laws, policies, debt covenants, and procedures, and C800 covenants to comply with the same. Once completed, the Project will replace and enhance the current county-wide two-way 800MHz radio system. The Project also includes an allowance for helping agencies purchase subscriber radio equipment, such as portable, mobile, and/or control station radios as needed by the personnel of the individual agencies comprising C800 to utilize the system. Construction is anticipated to be completed with the radio system in service by the end of December 2021. The cost of the Project is projected not to exceed \$59,000,000, including financing-related costs. The County's role is to provide overall oversight and fiscal administration of the bonds. C800's role is to provide responsible project management of the public safety radio system upgrade and radio replacement elements through its Board and assigned staff representatives. Requests by C800 for bond disbursement to reimburse Project expenses that are within the agreed upon scope, cost, and timeline of the Project require joint approval by the County Lead and Finance Director. C800 will own all assets purchased or constructed with bond proceeds and will account for such assets in its accounting records.

**CLACKAMAS 800 RADIO GROUP
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE H – RESTATEMENT OF BEGINNING NET POSITION/FUND BLANACE:

The Group recognized the following adjustments to its beginning net position and fund balance:

	<u>Govermnetal Activities</u>	<u>General Fund</u>
Beginning Net Position/Fund Balance	\$ 61,162,006	\$ 7,299,970
Adjustments:		
Lease Revenue	430,971	420,971
Deferred maintenance	67,706	67,706
Adjusted Beginning Net Positlon/Fund Blanace	<u>\$ 61,660,683</u>	<u>\$ 7,798,647</u>

SUPPLEMENTARY INFORMATION

CLACKAMAS 800 RADIO GROUP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Partners Fees/Contracts	\$ 2,028,240	\$ 2,028,240	\$ 2,337,444	\$ 309,204
Lease income	85,265	85,265	249,344	164,079
Miscellaneous	500	500	228,665	228,165
Interest on Investments	500	500	146	(354)
Total revenues	<u>2,114,505</u>	<u>2,114,505</u>	<u>2,815,599</u>	<u>701,094</u>
EXPENDITURES:				
WCCCA Fees	888,651	888,651	888,651	-
Site Rental	253,051	253,051	268,012	(14,961)
Utilities	95,000	95,000	107,234	(12,234)
Insurance	62,700	62,700	70,360	(7,660)
Office Supplies	750	750	-	750
Fuel/Generators	12,500	12,500	29,285	(16,785)
HVAC Maintenance	23,000	23,000	56,345	(33,345)
Landscape Maintenance	19,780	19,780	3,700	16,080
Generator Maintenance	20,400	20,400	9,905	10,495
UPS Maintenance	3,200	3,200	-	3,200
Battery Maintenance	12,000	12,000	3,146	8,854
Building Maintenance	5,000	5,000	4,598	402
Miscellaneous Costs	6,500	6,500	590	5,910
Consultant Services	64,000	64,000	51,521	12,479
Radio Maintenance Fees	60,000	60,000	39,853	20,147
Fire Station Alerting	75,370	75,370	86,485	(11,115)
Legal Services	2,500	2,500	7,595	(5,095)
Financial Services	7,800	7,800	9,020	(1,220)
Audit Fees	8,500	8,500	6,875	1,625
Regional Radio	1,500	1,500	-	1,500
Meeting Expense	2,500	2,500	40	2,460
Total Materials & Services	<u>1,624,702</u>	<u>1,624,702</u>	<u>1,643,215</u>	<u>(18,513)</u>
Operating Contingency	125,000	125,000	-	125,000
Capital Outlay	6,000,000	6,000,000	9,884,562	(3,884,562)
Capital Reserves	150,000	150,000	-	150,000
Total Expenditures	<u>7,899,702</u>	<u>7,899,702</u>	<u>11,527,777</u>	<u>(3,628,075)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,785,197)	(5,785,197)	(8,712,178)	(2,926,981)
Special Item:				
Replacement Project Bond Funding	6,000,000	6,000,000	6,164,335	164,335
Net change in Fund Balance	214,803	214,803	(2,547,843)	(2,762,646)
FUND BALANCE, Beginning	7,367,420	7,367,420	7,798,647	431,227
FUND BALANCE, Ending	\$ 7,582,223	\$ 7,582,223	\$ 5,250,804	\$ (2,331,419)

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**



**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**

We have audited the basic financial statements of Clackamas 800 Radio Group, as of and for the year ended June 30, 2022, and have issued our report thereon dated April 26, 2023. 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 Clackamas 800 Radio Group'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.
Insurance and fidelity bonds in force or required by law.
Authorized investment of surplus funds (ORS Chapter 294).
Public contracts and purchasing (ORS Chapter 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the Clackamas 800 Radio Group 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 for the following:

Public Contracts and Purchasing (ORS Chapter 279A, B and C) – Please see our separately issued report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Oregon State Regulations dated April 26, 2023.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered Clackamas 800 Radio Group's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Clackamas 800 Radio Group's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Clackamas 800 Radio Group'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 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 the 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 the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did identify a deficiency in internal control over financial reporting that we consider to be material weaknesses, as defined above. Please see our separately issued report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Oregon State Regulations dated April 26, 2023.

This report is intended solely for the information and use of the Board of Directors and management of Clackamas 800 Radio Group and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

JARRARD, SEIBERT, POLLARD & COMPANY, LLC
Certified Public Accountants
West Linn, Oregon

By 
Russell T. Ries, Partner

April 26, 2023