



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

RiverCom 911

For the period January 1, 2020 through December 31, 2022

Published July 11, 2024

Report No. 1035135



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**Office of the Washington State Auditor
Pat McCarthy**

July 11, 2024

Board of Directors
RiverCom 911
Wenatchee, Washington

Report on Financial Statements

Please find attached our report on RiverCom 911's financial statements.

We are issuing this report in order to provide information on the Agency's financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

RiverCom 911 January 1, 2020 through December 31, 2022

Board of Directors
RiverCom 911
Wenatchee, Washington

We have audited, 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, the financial statements of RiverCom 911, as of and for the years ended December 31, 2022, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Agency's financial statements, and have issued our report thereon dated June 12, 2024.

We issued an unmodified opinion on the fair presentation of the Agency's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the Agency using accounting practices prescribed by state law and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) Manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the Agency'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 the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Agency'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 above 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.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Agency'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However,

this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

June 12, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

RiverCom 911 January 1, 2020 through December 31, 2022

Board of Directors
RiverCom 911
Wenatchee, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of RiverCom 911, as of and for the years ended December 31, 2022, 2021 and 2020, and the related notes to the financial statements, as listed in the financial section of our report.

Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the Agency has prepared these financial statements to meet the financial reporting requirements of state law and accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) Manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of RiverCom 911, and its changes in cash and investments, for the years ended December 31, 2022, 2021 and 2020, on the basis of accounting described in Note 1.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of RiverCom 911, as of December 31, 2022, 2021 and 2020, or the changes in financial position or cash flows thereof for the years then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. 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 Agency, 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 unmodified and adverse opinions.

Matter Giving Rise to Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the financial statements are prepared by the Agency in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the BARS Manual described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation 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.

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 Agency'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 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 GAAS 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.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency'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 Agency's ability to continue as a going concern for a reasonable period of time; and
- 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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's financial statements. The Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS Manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other 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. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2024 on our consideration of the Agency's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

June 12, 2024

FINANCIAL SECTION

RiverCom 911 January 1, 2020 through December 31, 2022

FINANCIAL STATEMENTS

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RiverCom 911
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

Beginning Cash and Investments

308	Beginning Cash and Investments	15,601,954
388 / 588	Net Adjustments	-

Revenues

310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	246,866
340	Charges for Goods and Services	7,532,324
350	Fines and Penalties	-
360	Miscellaneous Revenues	210,296
Total Revenues:		<u>7,989,486</u>

Expenditures

510	General Government	-
520	Public Safety	6,209,653
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		<u>6,209,653</u>
Excess (Deficiency) Revenues over Expenditures:		<u>1,779,833</u>

Other Increases in Fund Resources

391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		<u>-</u>

Other Decreases in Fund Resources

594-595	Capital Expenditures	2,097,533
591-593, 599	Debt Service	204,327
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
Total Other Decreases in Fund Resources:		<u>2,301,860</u>

Increase (Decrease) in Cash and Investments: **(522,027)**

Ending Cash and Investments

50821	Nonspendable	-
50831	Restricted	2,289,987
50841	Committed	10,342,469
50851	Assigned	1,218,310
50891	Unassigned	1,229,162
Total Ending Cash and Investments		<u>15,079,928</u>

RiverCom 911
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

Beginning Cash and Investments

308	Beginning Cash and Investments	13,571,872
388 / 588	Net Adjustments	-

Revenues

310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	319,163
340	Charges for Goods and Services	7,833,683
350	Fines and Penalties	-
360	Miscellaneous Revenues	37,397
Total Revenues:		8,190,243

Expenditures

510	General Government	-
520	Public Safety	5,433,582
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		5,433,582
Excess (Deficiency) Revenues over Expenditures:		2,756,661

Other Increases in Fund Resources

391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		-

Other Decreases in Fund Resources

594-595	Capital Expenditures	547,930
591-593, 599	Debt Service	178,650
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
Total Other Decreases in Fund Resources:		726,580

Increase (Decrease) in Cash and Investments: 2,030,081

Ending Cash and Investments

50821	Nonspendable	-
50831	Restricted	4,477,817
50841	Committed	9,256,307
50851	Assigned	821,436
50891	Unassigned	1,046,394
Total Ending Cash and Investments		15,601,954

RiverCom 911
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

Beginning Cash and Investments

308	Beginning Cash and Investments	12,821,297
388 / 588	Net Adjustments	-

Revenues

310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	276,609
340	Charges for Goods and Services	7,134,796
350	Fines and Penalties	-
360	Miscellaneous Revenues	122,107
Total Revenues:		<u>7,533,512</u>

Expenditures

510	General Government	-
520	Public Safety	4,821,039
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		<u>4,821,039</u>
Excess (Deficiency) Revenues over Expenditures:		<u>2,712,473</u>

Other Increases in Fund Resources

391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	8,455
Total Other Increases in Fund Resources:		<u>8,455</u>

Other Decreases in Fund Resources

594-595	Capital Expenditures	1,791,753
591-593, 599	Debt Service	178,600
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
Total Other Decreases in Fund Resources:		<u>1,970,353</u>

Increase (Decrease) in Cash and Investments: 750,575

Ending Cash and Investments

50821	Nonspendable	-
50831	Restricted	3,482,632
50841	Committed	8,831,557
50851	Assigned	499,483
50891	Unassigned	758,200
Total Ending Cash and Investments		<u>13,571,872</u>

RiverCom 911

Notes to Financial Statements For Fiscal Year Ending December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In early 2002, elected officials and representatives from public safety organizations in Chelan and Douglas counties held a series of meetings to explore the feasibility of consolidating the area's four 911 centers into one organization.

After considerable discussion, the group determined that there would be three primary benefits to consolidation:

1. The processing and dispatching of emergency calls for assistance from the public would be more efficient and timely.
2. The coordination of responses when more than one public safety agency was involved in an incident would be significantly improved.
3. Taxpayer funds for facilities, technical systems and personnel costs would be used more effectively.

Four jurisdictions; Chelan County, Douglas County, East Wenatchee and Wenatchee, each contributed funds to move the project forward and to hire a consulting company to estimate costs, examine technical system needs and to assist with forming the organization. RiverCom 911 was incorporated in October of 2002, under the authority granted under Title 39 of the Revised Code of Washington (RCW), the four jurisdictions noted above created RiverCom as an independent municipal corporation.

RiverCom reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System (BARS)* Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP are not presented.
- All funds are presented, rather than a focus on major funds.
- The Schedule of Liabilities is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.

1. Reporting Entity

RiverCom is organized as a municipal corporation and as a separate legal entity under the laws of Washington State. The agency is governed exclusively by the RiverCom Administrative Board.

RiverCom is recognized as a designated Public Safety Answering Point (PSAP) in the State of Washington and participates in State E911 Office programming under the management of the Emergency Management Division of the Washington Military Department.

RiverCom is a two-county, multi-jurisdictional designated Public Safety Answering Point (PSAP) that primarily provides emergency call-taking and dispatch services for law enforcement, fire districts and departments, and public and private ambulance services in Chelan and Douglas counties.

RiverCom is supported primarily through contract agency assessment fees, E911 phone excise taxes, State E911 contract funding, and a one-tenth of one percent sales and use tax.

The following is a summary of the significant policies, including identification of those policies which result in material departures from generally accepted accounting principles (GAAP).

2. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Rivercom911 financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized only when cash is received and expenditures when paid, including those properly chargeable against the report year budget appropriations as required by state law.

In accordance with state law RiverCom911 also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

The basis of accounting described above represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

3. Cash and Investments See Note 3 – Deposits and Investments

4. Compensated Absences

Compensated absences are absences for which an employee will be paid. Compensated absences include annual leave, holiday leave, sick leave, wellness leave, and compensatory time.

- Employees earn Annual Leave on a monthly accrual basis based on years of service; a maximum 200 Annual Leave hours may be carried-over from one year to the next. All employees receive a 100% cash-out of unexpended Annual Leave hours upon termination of employment. Unused Annual Leave that exceeds the maximum carry-over is automatically forfeited by the employee; there is no cash-out value.
- Each employee is provided with 8 hours of paid Holiday Leave for each of ten recognized holidays and 8 hours of paid Floating Holiday leave for each calendar year. Employees may accrue up to 160 hours combined Holiday Leave and Floating Holiday Leave throughout the year and may carry-over a maximum of 120 hours from one calendar year to the next. All employees receive a 100% cash-out of unexpended Holiday Leave and Floating Holiday hours upon termination of employment.

- Each employee earns 8 paid Sick Leave hours per month. Employees may carry-over up to 960 paid Sick Leave hours from one calendar year to the next. Employees working under the RiverCom Supervisors Association and the RiverCom Dispatchers Guild collective bargaining agreements receive a 25% cash-out of Sick Leave hours upon termination of employment; other employees receive a 25% Sick Leave cash-out upon retirement.
- Certain employees may be awarded Wellness Leave provided that certain eligibility criteria are met.

RiverCom's liability for compensated absences at month ending December 31, 2022 was \$339,911. (see attached Schedule of Liabilities).

5. Capital Assets

Capital Assets are assets with an initial cost of more than \$5,000 that are not consumed within one year. Infrastructure, buildings, and intangible assets are capitalized if cost is \$100,000 or greater. Major expenses for capital assets, including capital leases and major repairs that increase useful lives, are recorded as expenses when purchased. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased. Maintenance, repairs, and minor renewals are accounted for as expenses when paid.

6. Risk Management See Note 5

7. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by board resolution. When expenditures that meet restrictions are incurred, RiverCom intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of:

	Restricted	Committed	Note #
Capital Account	-	489,000	1
Communications Tax Account	2,289,987	-	2
Capital Facility Reserve Account	-	9,853,469	3
TOTAL CASH AND INVESTMENTS	\$ 2,289,987	\$ 10,342,469	

1. The Capital Account is committed to an E911 Phone System Replacement Project in the amount of \$120,000, an E911 Voice Recorder Project in the amount of \$4,000, and E911 Console Furniture Replacement in the amount of \$125,000, an E911 Console Equipment Replacement in the amount of \$200,000, and a Vehicle Replacement in the amount of \$40,000.
2. Funds in the Communications Tax Account are restricted by RCW 82.14.420 pertaining to the Emergency Communication Systems.
3. The Capital Facility Account was implemented by Board resolution to save, accrue, and expend funds for RiverCom's future primary center of operation (prime site facility). Funding is scheduled through adopted annual budget resolutions or as may otherwise be committed by the Board.

NOTE 2 – BUDGET COMPLIANCE

The RiverCom Board adopts an annual budget. The Executive Director must request approval from the Administrative Board to transfer budget amounts between object classes. In addition, any revisions that alter the total expenditures, or that affect the number of authorized positions, salary ranges, or other conditions of employment must also be approved by the RiverCom Administrative Board. Appropriations lapse at the fiscal year end. Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted 2022 budget were as follows:

Final Appropriated Amount	Actual Expenditures	Variance
\$20,017,869	\$8,511,513	\$11,506,356

NOTE 3 – DEPOSITS AND INVESTMENTS

It is Rivercom's policy to invest all temporary cash surpluses. The Douglas County Treasurer acts as the Treasurer for RiverCom. RiverCom's investments are insured, registered or held by RiverCom or its agent in RiverCom's name. Investments are presented at cost.

Investment balances by type as of December 31, 2022 are as follows:

<u>Type of Deposit or Investment</u>	
L.G.I.P.	\$11,248,165
Bank Deposits	\$ 4,637,014

RiverCom is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington, 98504-0200, online at www.tre.wa.gov.

NOTE 4 – PENSION PLANS

Substantially all RiverCom full-time and qualifying part-time employees participate in the Public Employees Retirement System (PERS) administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CARF) that includes financial statements and required supplementary information for each plan. A copy of this report may be obtained at:

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

At June 30, 2022, Rivercom's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

	Employer Contributions	Allocation Percentage	Liability (Asset)
PERS 1 UAAL	\$105,674	0.017243%	\$480,108
PERS 2 and 3	\$180,282	0.022441%	(\$832,288)

NOTE 5 – RISK MANAGEMENT

The RiverCom911 is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance, or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2022, 262 cities/towns/non-city entities participate and have enrollment in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members.

In April 2020, the Board of Trustees adopted a large employer policy, requiring newly enrolling groups with 600 or more employees to submit medical claims experience data in order to receive a quote for medical coverage. Outside of this, the AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members.

The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, Willamette Dental Group, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-city entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2022, the AWC Trust HCP purchased medical stop loss insurance for Regence/Asuris and Kaiser plans at an Individual Stop Loss (ISL) of \$1.5

million through United States Fire Insurance Company. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP Account

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

NOTE 6 – COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.

There have been no expenditures exceeding legal appropriations.

RiverCom participates in some state-assisted programs. These grants may be subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. Management believes that such disallowances, if any, will be immaterial.

NOTE 7 – SIGNIFICANT OBLIGATIONS OR COMMITMENTS

At the end of 2022, RiverCom had \$447,186 in outstanding significant obligations, primarily for capital improvement projects for the development, build-out, and improvement of a two-county public safety radio communications system and for operational equipment. All listed commitments are fully funded.

As of December 31, 2022, RiverCom had the following significant obligations:

Project	Amount Expended to Date	Remaining Commitment
Microwave System Upgrade Project	249,982	21,413
Microwave Connection – Goat Mtn to Moses Stool	99,075	45,248
Cathedral Rock Radio Site Development – Phase 1	410,510	19,870
Cathedral Rock Radio Site Development – Phase 2	657,548	153,997
Cathedral Rock Radio Site Development – Phase 3	127,243	206,658

NOTE 8 – LEASES

During the year ended 2022, RiverCom adopted guidance for the presentation and disclosure of leases, as required by the BARS manual. This requirement resulted in the addition of a lease liability reported on the Schedule of Liabilities.

RiverCom leases office space from the City of Wenatchee for \$1 annually under a 20 year lease agreement. The lease began in June of 2004 and will end in May of 2024.

RiverCom has land leases used for housing and operating its public safety radio systems. One lease is automatically renewed every 5 years but the other terminates after 10 years; both are set to expire in 2025.

RiverCom contracted for storage space in September of 2021. The installment amount automatically increases 3% on September 1 each year of the term, payments in 2022 started at \$939 and increased to \$968. The contract will end on August 31, 2026.

RiverCom has one 5-year copier lease from Kelley Imaging for a monthly installment of approximately \$200. The agreement is non-cancellable and will expire in January of 2025.

The total amount paid for leases in 2022 was \$24,077. As of December 31, 2022, the future lease payments are as follows:

Year ended December 31	Total
2023	\$ 24,734.98
2024	\$ 25,400.92
2025	\$ 11,827.35

RiverCom 911

Notes to Financial Statements For Fiscal Year Ending December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In early 2002, elected officials and representatives from public safety organizations in Chelan and Douglas counties held a series of meetings to explore the feasibility of consolidating the area's four 911 centers into one organization.

After considerable discussion, the group determined that there would be three primary benefits to consolidation:

1. The processing and dispatching of emergency calls for assistance from the public would be more efficient and timely.
2. The coordination of responses when more than one public safety agency was involved in an incident would be significantly improved.
3. Taxpayer funds for facilities, technical systems and personnel costs would be used more effectively.

Four jurisdictions; Chelan County, Douglas County, East Wenatchee and Wenatchee, each contributed funds to move the project forward and to hire a consulting company to estimate costs, examine technical system needs and to assist with forming the organization. RiverCom 911 was incorporated in October of 2002, under the authority granted under Title 39 of the Revised Code of Washington (RCW), the four jurisdictions noted above created RiverCom as an independent municipal corporation.

RiverCom reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System (BARS)* Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP are not presented.
- All funds are presented, rather than a focus on major funds.
- The Schedule of Liabilities is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.

1. Reporting Entity

RiverCom is organized as a municipal corporation and as a separate legal entity under the laws of Washington State. The agency is governed exclusively by the RiverCom Administrative Board.

RiverCom is recognized as a designated Public Safety Answering Point (PSAP) in the State of Washington and participates in State E911 Office programming under the management of the Emergency Management Division of the Washington Military Department.

RiverCom is a two-county, multi-jurisdictional designated Public Safety Answering Point (PSAP) that primarily provides emergency call-taking and dispatch services for law enforcement, fire districts and departments, and public and private ambulance services in Chelan and Douglas counties.

RiverCom is supported primarily through contract agency assessment fees, E911 phone excise taxes, State E911 contract funding, and a one-tenth of one percent sales and use tax.

The following is a summary of the significant policies, including identification of those policies which result in material departures from generally accepted accounting principles (GAAP).

2. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Rivercom911 financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized only when cash is received and expenditures when paid, including those properly chargeable against the report year budget appropriations as required by state law.

In accordance with state law RiverCom911 also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

The basis of accounting described above represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

3. Cash and Investments See Note 3 – Deposits and Investments

4. Compensated Absences

Compensated absences are absences for which an employee will be paid. Compensated absences include annual leave, holiday leave, sick leave, wellness leave, and compensatory time.

- Employees earn Annual Leave on a monthly accrual basis based on years of service; a maximum 200 Annual Leave hours may be carried-over from one year to the next. All employees receive a 100% cash-out of unexpended

Annual Leave hours upon termination of employment. Unused Annual Leave that exceeds the maximum carry-over is automatically forfeited by the employee; there is no cash-out value.

- Each employee is provided with 8 hours of paid Holiday Leave for each of ten recognized holidays and 8 hours of paid Floating Holiday leave for each calendar year. Employees may accrue up to 160 hours combined Holiday Leave and Floating Holiday Leave throughout the year and may carry-over a maximum of 120 hours from one calendar year to the next. All employees receive a 100% cash-out of unexpended Holiday Leave and Floating Holiday hours upon termination of employment.
- Each employee earns 8 paid Sick Leave hours per month. Employees may carry-over up to 960 paid Sick Leave hours from one calendar year to the next. Employees working under the RiverCom Supervisors Association and the RiverCom Dispatchers Guild collective bargaining agreements receive a 25% cash-out of Sick Leave hours upon termination of employment; other employees receive a 25% Sick Leave cash-out upon retirement.
- Certain employees may be awarded Wellness Leave provided that certain eligibility criteria are met.

RiverCom's liability for compensated absences at month ending December 31, 2021 was \$305,941 (see attached Schedule of Liabilities).

5. Long-Term Debt See Note 5 – Long Term Debt

6. Capital Assets

Capital Assets are assets with an initial cost of more than \$5,000 that are not consumed within one year. Infrastructure, buildings, and intangible assets are capitalized if cost is \$100,000 or greater. Major expenses for capital assets, including capital leases and major repairs that increase useful lives, are recorded as expenses when purchased. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased. Maintenance, repairs, and minor renewals are accounted for as expenses when paid.

7. Risk Management See Note 4

8. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by board resolution. When expenditures that meet restrictions are incurred, RiverCom intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of:

	Restricted	Committed	Note #
Capital Account	-	424,750	1
E911 Reserve Account	146,364	-	2
Communications Tax Account	4,331,453	-	3
Capital Facility Reserve Account	-	8,831,557	4
TOTAL CASH AND INVESTMENTS	\$ 4,477,817	\$ 9,256,307	

1. The Capital Account is committed to Debt Service in the amount of \$180,250, a contractual E911 Radio Console Project in the amount of \$162,500, an E911 Phone System Replacement Project in the amount of \$62,000, and a Vehicle Replacement in the amount of \$20,000.
2. Funds in the E911 Reserve Account are restricted by WAC 118-66-050 and may be used only for WAC eligible purchases.
3. Funds in the Communications Tax Account are restricted by RCW 82.14.420 pertaining to the Emergency Communication Systems.
4. The Capital Facility Account was implemented by Board resolution to save, accrue, and expend funds for RiverCom's future primary center of operation (prime site facility). Funding is scheduled through adopted annual budget resolutions or as may otherwise be committed by the Board.

NOTE 2 – BUDGET COMPLIANCE

The RiverCom Board adopts an annual budget. The Executive Director must request approval from the Administrative Board to transfer budget amounts between object classes. In addition, any revisions that alter the total expenditures, or that affect the number of authorized positions, salary ranges, or other conditions of employment must also be approved by the RiverCom Administrative Board. Appropriations lapse at the fiscal year end. Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted 2021 budget were as follows:

Final Appropriated Amount	Actual Expenditures	Variance
\$19,910,540	\$6,160,162	\$13,750,378

NOTE 3 – DEPOSITS AND INVESTMENTS

It is Rivercom's policy to invest all temporary cash surpluses. The Douglas County Treasurer acts as the Treasurer for RiverCom. RiverCom's investments are insured, registered or held by RiverCom or its agent in RiverCom's name. Investments are presented at cost.

Investment balances by type as of December 31, 2021 are as follows:

Type of Deposit or Investment

L.G.I.P.	\$13,394,373
Bank Deposits	\$ 2,746,640

RiverCom is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington, 98504-0200, online at www.tre.wa.gov.

NOTE 4 – PENSION PLANS

Substantially all RiverCom full-time and qualifying part-time employees participate in the Public Employees Retirement System (PERS) administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CARF) that includes financial statements and required supplementary information for each plan. A copy of this report may be obtained at:

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

At June 30, 2021, Rivercom's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

	Employer Contributions	Allocation Percentage	Liability (Asset)
PERS 1 UAAL	\$ 124,550	0.016721%	204,203
PERS 2 and 3	\$ 203,823	0.021517%	(2,143,439)

NOTE 4 – RISK MANAGEMENT

RiverCom is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint

self-insurance, to the same extent that they may individually purchase insurance or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014, when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2021, 262 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members.

In April 2020, the Board of Trustees adopted a large employer policy, requiring newly enrolling groups with 600 or more employees to submit medical claims experience data in order to receive a quote for medical coverage. Outside of this, the AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run out for all current members.

The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2020, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Commencement Bay Risk Management, and Kaiser ISL at \$1 million with Companion Life through Intermediary Insurance Services. The aggregate policy is for 200% of expected medical claims.

Participating employers' contract to remain in the AWC Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC

Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

NOTE 5 – Long Term Debt

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of RiverCom and summarizes the district's debt transactions for year ended December 31, 2021.

In 2016, Chelan County, who holds the 2002 Limited Tax General Obligation for RiverCom, issued \$1,130,000 of general obligation bonds to refinance the 2002 Limited Tax General Obligation Bond of 1,165,000. Principal payments on this 2016 refinancing bond issue range between \$150,000 and \$175,000 at interest rates in the range of 2% to 3%. The final maturity of this bond issue is December 1, 2022.

The annual debt service requirement to maturity for the bond, for the year ending 2021 is as follows:

Year Ending December 31	Principal	Interest	Total
2022	175,000	5,250	180,250
Total	175,000	5,250	180,250

NOTE 6 – COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.

There have been no expenditures exceeding legal appropriations.

RiverCom participates in some state-assisted programs. These grants may be subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. Management believes that such disallowances, if any, will be immaterial.

NOTE 7 – SIGNIFICANT OBLIGATIONS OR COMMITMENTS

At the end of 2021, RiverCom had \$666,141 in outstanding significant obligations, primarily for capital improvement projects for the development, build-out, and improvement of a two-county public safety radio communications system and for operational equipment. All listed commitments are fully funded.

As of December 31, 2021, RiverCom had the following significant obligations:

Project	Amount Expended to Date	Remaining Commitment
2021 Radio Console Replacement Project	402,361	68,125
Microwave System Upgrade Project	-	96,146
Cathedral Rock Radio Site Development – Phase 1	74,027	356,353
Microwave Connection – Goat Mtn to Moses Stool	-	112,061
Security Camera Upgrade	-	18,099
RACOM Back Up Radio Consoles	-	15,357

NOTE 8 – COVID-19 PANDEMIC

The Governor of the State of Washington declared a state of emergency in February 2020 in response to the COVID-19 pandemic and health crisis. Following this declaration, a number of actions and restrictions were implemented to protect public health by limiting in-person contact. As applicable across the state, these measures included the closure of local businesses and/or services that are normally required to collect and file sales and use tax.

As a result of the COVID-19 pandemic, RiverCom expected and prepared for a substantial loss of sales and use tax revenue in 2021, perhaps an overall 25% annual decrease compared to what was anticipated for the year. The projected decrease was generally consistent with various predictions.

RiverCom's immediate goal was to slow and regulate cash outflows to maintain short-term cash flow. At the same time, the organization looked to maintain adequate cash position levels to remain fiscally flexible, to ensure future sustainability, and to be better prepared for long-term measures if needed.

The organization instituted the following measures in response to a potential economic downturn:

- Restricted and limited spending to necessary items where possible, without negatively impacting critical/essential services
- Implemented more restrictive purchasing approval processes to increase spending controls
- Prioritized essential capital improvement projects; suspended, deferred, and timed-out some capital projects where possible; considered non-prioritized projects on a case-by-case basis

While the organization did in fact experience an economic downturn in 2020, the scope of the downturn was limited and did not have a long-lasting effect on the organization. In 2021 Sales Tax rebounded and Rivercom saw a growth of 24% over collections in 2020.

Additional costs resulting from COVID-19 have been minimal to date. Additional costs include health and cleaning supplies, supplemental cleaning services, and overtime to backfill employee absences due to COVID-19 related events.

RiverCom 911

Notes to Financial Statements For Fiscal Year Ending December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In early 2002, elected officials and representatives from public safety organizations in Chelan and Douglas counties held a series of meetings to explore the feasibility of consolidating the area's four 911 centers into one organization.

After considerable discussion, the group determined that there would be three primary benefits to consolidation:

1. The processing and dispatching of emergency calls for assistance from the public would be more efficient and timely.
2. The coordination of responses when more than one public safety agency was involved in an incident would be significantly improved.
3. Taxpayer funds for facilities, technical systems and personnel costs would be used more effectively.

Four jurisdictions; Chelan County, Douglas County, East Wenatchee and Wenatchee, each contributed funds to move the project forward and to hire a consulting company to estimate costs, examine technical system needs and to assist with forming the organization. RiverCom 911 was incorporated in October of 2002, under the authority granted under Title 39 of the Revised Code of Washington (RCW), the four jurisdictions noted above created RiverCom as an independent municipal corporation.

RiverCom reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System (BARS)* Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP are not presented.
- All funds are presented, rather than a focus on major funds.
- The Schedule of Liabilities is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.

- Ending balances are presented using classification that are similar to the ending balance classification in GAAP.

1. Reporting Entity

RiverCom is organized as a municipal corporation and as a separate legal entity under the laws of Washington State. The agency is governed exclusively by the RiverCom Administrative Board.

RiverCom is recognized as a designated Public Safety Answering Point (PSAP) in the State of Washington and participates in State E911 Office programming under the management of the Emergency Management Division of the Washington Military Department.

RiverCom is a two-county, multi-jurisdictional designated Public Safety Answering Point (PSAP) that primarily provides emergency call-taking and dispatch services for law enforcement, fire districts and departments, and public and private ambulance services in Chelan and Douglas counties.

RiverCom is supported primarily through contract agency assessment fees, E911 phone excise taxes, State E911 contract funding, and a one-tenth of one percent sales and use tax.

The following is a summary of the significant policies, including identification of those policies which result in material departures from generally accepted accounting principles (GAAP).

2. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Rivercom911 financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized only when cash is received and expenditures when paid, including those properly chargeable against the report year budget appropriations as required by state law.

In accordance with state law RiverCom911 also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

The basis of accounting described above represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

3. Cash

It is RiverCom's policy to invest all temporary cash surpluses. At December 31, 2020, the treasurer was holding \$13,482,770 in short-term residual investments of surplus cash. The amount is included on the statement of fund resources and uses arising from cash transactions as net cash and investments.

4. Investments See Note 2

5. Compensated Absences

Compensated absences are absences for which an employee will be paid. Compensated absences include annual leave, holiday leave, sick leave, wellness leave, and compensatory time.

- Employees earn Annual Leave on a monthly accrual basis based on years of service; a maximum 200 Annual Leave hours may be carried-over from one year to the next. All employees receive a 100% cash-out of unexpended Annual Leave hours upon termination of employment. Unused Annual Leave that exceeds the maximum carry-over is automatically forfeited by the employee; there is no cash-out value.
- Each employee is provided with 8 hours of paid Holiday Leave for each of ten recognized holidays and 8 hours of paid Floating Holiday leave for each calendar year. Employees may accrue up to 160 hours combined Holiday Leave and Floating Holiday Leave throughout the year and may carry-over a maximum of 120 hours from one calendar year to the next. All employees receive a 100% cash-out of unexpended Holiday Leave and Floating Holiday hours upon termination of employment.
- Each employee earns 8 paid Sick Leave hours per month. Employees may carry-over up to 960 paid Sick Leave hours from one calendar year to the next. Employees working under the RiverCom Supervisors Association and the RiverCom Dispatchers Guild collective bargaining agreements receive a 25% cash-out of Sick Leave hours upon termination of employment; other employees receive a 25% Sick Leave cash-out upon retirement.
- Certain employees may be awarded Wellness Leave provided that certain eligibility criteria are met.

RiverCom's liability for compensated absences at month ending December 31, 2020 was \$279,139 (see attached Schedule of Liabilities).

6. Debt Service Requirements See Note 5

7. Capital Assets

Capital Assets are assets with an initial cost of more than \$5,000 that are not consumed within one year. Infrastructure, buildings, and intangible assets are capitalized if cost is \$100,000 or greater. Major expenses for capital assets, including capital leases and major repairs that increase useful lives, are recorded as expenses when purchased. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased. Maintenance, repairs, and minor renewals are accounted for as expenses when paid.

8. Risk Management See Note 4

9. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by board resolution. When expenditures that meet restrictions are incurred, RiverCom intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of:

	Restricted	Committed	Note #
Capital Account	-	321,300	1
E911 Reserve Account	151,967	-	2
Communications Tax Account	3,330,665	-	3
Capital Facility Reserve Account	-	8,510,257	4
TOTAL CASH AND INVESTMENTS	\$ 3,482,632	\$ 8,831,557	

1. The Capital Account is committed to Debt Service in the amount of \$178,650, a contractual E911 Radio Console Project in the amount of \$97,650 and an E911 Phone System Replacement Project in the amount of \$45,000.
2. Funds in the E911 Reserve Account are restricted by WAC 118-66-050 and may be used only for WAC eligible purchases.
3. Funds in the Communications Tax Account are restricted by RCW 82.14.420 pertaining to the Emergency Communication Systems.
4. The Capital Facility Account was implemented by Board resolution to save, accrue, and expend funds for RiverCom's future primary center of operation (prime site facility). Funding is scheduled through adopted annual budget resolutions or as may otherwise be committed by the Board.

NOTE 2 – BUDGET COMPLIANCE

The RiverCom Board adopts an annual budget. The Executive Director must request approval from the Administrative Board to transfer budget amounts between object classes. In addition, any revisions that alter the total expenditures, or that affect the number of authorized positions, salary ranges, or other conditions of employment must also be approved by the RiverCom Administrative Board. Appropriations lapse at the fiscal year end. Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted 2020 budget were as follows:

Final Appropriated Amount	Actual Expenditures	Variance
\$17,414,833	\$6,791,391	\$10,623,442

NOTE 3 – DEPOSITS AND INVESTMENTS

It is Rivercom's policy to invest all temporary cash surpluses. The Douglas County Treasurer acts as the Treasurer for RiverCom. RiverCom's investments are insured, registered or held by RiverCom or its agent in RiverCom's name. Investments are presented at cost.

Investment balances by type as of December 31, 2020 are as follows:

<u>Type of Deposit or Investment</u>	
L.G.I.P.	\$13,482,770
Bank Deposits	\$ 522,261

RiverCom is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington, 98504-0200, online at www.tre.wa.gov.

NOTE 4 – PENSION PLANS

Substantially all RiverCom full-time and qualifying part-time employees participate in the Public Employees Retirement System (PERS) administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CARF) that includes financial statements and required supplementary information for each plan. A copy of this report may be obtained at:

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

At June 30, 2020, Rivercom's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

	Employer Contributions	Allocation Percentage	Liability (Asset)
PERS 1 UAAL	\$ 127,846	0.017617%	621,975
PERS 2 and 3	\$ 210,200	0.022817%	291,816

NOTE 4 – RISK MANAGEMENT

RiverCom is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance, or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2020, 262 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members.

In April 2020, the Board of Trustees adopted a large employer policy, requiring newly enrolling groups with 600 or more employees to submit medical claims experience data in order to receive a quote for medical coverage. Outside of this, the AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement. Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2020, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an individual stop loss (ISL) of \$1.5 million through Commencement Bay Risk Management, and Kaiser ISL at \$1 million with Companion Life through ASG Risk Management. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC

Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

NOTE 5 – DEBT SERVICE REQUIREMENTS

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of RiverCom and summarizes the district's debt transactions for year ended December 31, 2020.

In 2016, Chelan County, who holds the 2002 Limited Tax General Obligation for RiverCom, issued \$1,130,000 of general obligation bonds to refinance the 2002 Limited Tax General Obligation Bond of 1,165,000. Principal payments on this 2016 refinancing bond issue range between \$150,000 and \$175,000 at interest rates in the range of 2% to 3%. The final maturity of this bond issue is December 1, 2022.

The annual debt service requirement to maturity for the bond, for the year ending 2020 is as follows:

Year Ending December 31	Principal	Interest	Total
2021	170,000	8,650	178,650
2022	175,000	5,250	180,250
Total	345,000	13,900	358,900

NOTE 6 – COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.

There have been no expenditures exceeding legal appropriations.

RiverCom participates in some state-assisted programs. These grants may be subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. Management believes that such disallowances, if any, will be immaterial.

NOTE 7 – SIGNIFICANT OBLIGATIONS OR COMMITMENTS

At the end of 2020, RiverCom had \$854,329 in outstanding significant obligations, primarily for capital improvement projects for the development, build-out, and improvement of a two-county public safety radio communications system and for operational equipment. All listed commitments are fully funded.

As of December 31, 2020, RiverCom had the following significant obligations:

Project	Amount Expended to Date	Remaining Commitment
CODAN Radio System Project	2,528,826	119,345
Goat Mountain Radio Site – Phase 2	794,957	38,463
2020 Voice Recorder Project	7,378	2,441
2020 Radio Console Replacement Project	402,361	68,125
2020 E911 Phone System Replacement Project	172,030	57,343
Microwave System Upgrade Project	-	96,146
Cathedral Rock Radio Site Development – Phase 1	-	430,379
Equipment Room Server and Storage Array	-	14,795
Cybersecurity Evaluation	-	11,935
CODAN Radio Replacement Parts	-	15,357

NOTE 8 – COVID-19 PANDEMIC

The Governor of the State of Washington declared a state of emergency in February 2020 in response to the COVID-19 pandemic and health crisis. Following this declaration, a number of actions and restrictions were implemented to protect public health by limiting in-person contact. As applicable across the state, these measures included the closure of local businesses and/or services that are normally required to collect and file sales and use tax.

As a result of the COVID-19 pandemic, RiverCom expected and prepared for a substantial loss of sales and use tax revenue in 2020, perhaps an overall 25% annual decrease compared to what was anticipated for the year. The projected decrease was generally consistent with various predictions.

RiverCom's immediate goal was to slow and regulate cash outflows to maintain short-term cash flow. At the same time, the organization looked to maintain adequate cash position

levels to remain fiscally flexible, to ensure future sustainability, and to be better prepared for long-term measures if needed.

The organization instituted the following measures in response to a potential economic downturn:

- Restricted and limited spending to necessary items where possible, without negatively impacting critical/essential services
- Implemented more restrictive purchasing approval processes to increase spending controls
- Prioritized essential capital improvement projects; suspended, deferred, and timed-out some capital projects where possible; considered non-prioritized projects on a case-by-case basis

While the organization did in fact experience an economic downturn for the months of March through July, the scope of the downturn was limited and did not have a long-lasting effect on the organization. A portion of the decrease in sales tax revenue may have been due to the delay of sales tax receipts due to the State's extension of sales and use tax filing. Whatever the case, nearly all revenue losses were made up by the close of the year.

Additional costs resulting from COVID-19 have been minimal to date. Additional costs include health and cleaning supplies, supplemental cleaning services, and overtime to backfill employee absences due to COVID-19 related events.

RiverCom 911
Schedule of Liabilities
For the Year Ended December 31, 2022

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	LGO BOND	12/31/2022	175,000	-	175,000	-
263.56	COPIER LEASE	1/31/2025	7,310	-	2,371	4,939
263.56	OFFICE SPACE	5/31/2024	2	-	1	1
263.56	STORAGE SPACE	8/31/2025	43,404	-	11,384	32,020
263.56	DNR SITE LEASE	9/30/2025	22,224	-	7,190	15,034
263.56	SACHS RANCH SITE LEASE	12/31/2025	13,101	-	3,131	9,970
Total General Obligation Debt/Liabilities:			261,041	-	199,077	61,964
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	COMPENSATED ABSENCES		305,941	472,678	438,708	339,911
264.30	NET PENSION LIABILITY		204,203	275,905	-	480,108
Total Revenue and Other (non G.O.) Debt/Liabilities:			510,144	748,583	438,708	820,019
Total Liabilities:			771,185	748,583	637,785	881,983

RiverCom 911
Schedule of Liabilities
For the Year Ended December 31, 2021

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	LGO BOND	12/31/2022	345,000	-	170,000	175,000
Total General Obligation Debt/Liabilities:			345,000	-	170,000	175,000
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	COMPENSATED ABSENCES	1/1/1900	279,139	414,784	387,982	305,941
264.30	NET PENSION LIABILITY	1/1/1900	913,792	-	709,589	204,203
Total Revenue and Other (non G.O.) Debt/Liabilities:			1,192,931	414,784	1,097,571	510,144
Total Liabilities:			1,537,931	414,784	1,267,571	685,144

RiverCom 911
Schedule of Liabilities
For the Year Ended December 31, 2020

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	LGO BOND	12/31/2022	510,000	-	165,000	345,000
Total General Obligation Debt/Liabilities:			510,000	-	165,000	345,000
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	COMPENSATED ABSENCES	1/1/1900	278,335	404,905	404,101	279,139
264.30	NET PENSION LIABILITY	1/1/1900	917,055	-	3,263	913,792
Total Revenue and Other (non G.O.) Debt/Liabilities:			1,195,390	404,905	407,364	1,192,931
Total Liabilities:			1,705,390	404,905	572,364	1,537,931

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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