BOARDMAN FIRE RESCUE

# BOARDMAN FIRE RESCUE DISTRICT
# MORROW COUNTY, OREGON

## ANNUAL FINANCIAL REPORT

## FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**BOARDMAN FIRE RESCUE DISTRICT**

**FOR THE YEAR ENDED JUNE 30, 2022**

**BOARD OF DIRECTORS**

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| NAME AND ADDRESS | POSITION | TERM EXPIRES |
|---|---|---|
| Ken Browne<br>69101 Wilson Lane<br>Boardman, OR 97818 | Chairman | June 30, 2025 |
| David Boor<br>300 Wilson Road<br>Boardman, OR 97818 | Vice-Chairman | June 30, 2023 |
| Lisa Pratt<br>PO Box 1302<br>Boardman, OR 97818 | Secretary/Treasurer | June 30, 2025 |
| Loren Dieter<br>300 Wilson Road<br>Boardman, OR 97818 | Board Member | June 30, 2025 |
| Donnie Griggs<br>78266 Peters Road<br>Boardman, OR 97818 | Board Member | June 30, 2025 |

**APPOINTED OFFICIALS**

| | |
|---|---|
| Michael Hughes | Fire Chief/Registered Agent |

**REGISTERED OFFICE**

Boardman FIRE Rescue District
300 Wilson Road
Boardman, OR 97818
Tel (541) 481-3473
Fax (541) 481-0909
Email: mail@boardmanfd.com

**BOARDMAN FIRE RESCUE DISTRICT**

**FOR THE YEAR ENDED JUNE 30, 2022**

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*INDEPENDENT AUDITOR'S REPORT*

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors
Boardman Fire Rescue District
Boardman, Oregon 97818

### Opinions

I have audited the accompanying modified cash-basis financial statements of the governmental activities and each major fund of Boardman Fire Rescue District (the District), as of and for the year ended June 30, 2022 and the related notes the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities and each major fund of the District, as of June 30, 2022, and the respective changes in modified cash-basis financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

### Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the District, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### Emphasis of Matter – Basis of Accounting

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statement 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.

### Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I:

- 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

**Other Reporting Required by Oregon Revised Statutes**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, I have also issued my report dated November 28, 2022, on my consideration of the District's internal control over financial reporting and on tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-320. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion.

REBECCA PRICE, CPA

Rebecca Price

Gilroy, California
November 28, 2022

# *BASIC FINANCIAL STATEMENTS*

**BOARDMAN FIRE RESCUE DISTRICT**

**GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION - Modified Cash Basis**

**June 30, 2022**

| | General Fund | Bond Fund | Total | Adjustments | Statement of Net Position |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and Investments | $ 1,371,019 | $ 7,072,806 | $ 8,443,826 | $ - | $ 8,443,826 |
| Due from other funds | 52,799 | - | 52,799 | (52,799) | - |
| Capital assets, | | | | | |
| net of accumulated depreciation | - | - | - | 4,942,230 | 4,942,230 |
| Total assets | $ 1,423,819 | $ 7,072,806 | $ 8,496,625 | 4,889,430 | 13,386,055 |
| **LIABILITIES** | | | | | |
| Due to other funds | - | 52,799 | 52,799 | (52,799) | - |
| Long-term debts: | | | | | |
| Due within one year | - | - | - | 371,509 | 371,509 |
| Due after one year | - | - | - | 10,415,548 | 10,415,548 |
| Total liabilities | - | 52,799 | 52,799 | 10,734,257 | 10,787,057 |
| **FUND BALANCES/NET POSITION** | | | | | |
| Fund balances: | | | | | |
| Unassigned | 1,423,819 | - | 1,423,819 | (1,423,819) | - |
| Restricted for capital projects | - | 7,020,007 | 7,020,007 | (7,020,007) | - |
| Total fund balances | 1,423,819 | 7,020,007 | 8,443,826 | (8,443,826) | - |
| Total liabilities and fund balances | $ 1,423,819 | $ 7,072,806 | $ 8,496,625 | | |
| Net position: | | | | | |
| Net investment in capital assets | | | | (5,844,827) | (5,844,827) |
| Restricted | | | | 7,072,806 | 7,072,806 |
| Unrestricted | | | | 1,371,019 | 1,371,019 |
| Total net position | | | | $ 2,598,999 | $ 2,598,999 |

*The accompanying notes are an integral part of these financial statements.*

**BOARDMAN FIRE RESCUE DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES - Modified Cash Basis**

**For the Year Ended June 30, 2022**

| | General Fund | Bond Fund | Total | Adjustments | Statement of Activities |
|---|---|---|---|---|---|
| **REVENUES:** | | | | | |
| Property taxes | $ 1,576,146 | $ 389,187 | $ 1,965,333 | $ - | $ 1,965,333 |
| Charges for services | 137,839 | - | 137,839 | - | 137,839 |
| Intergovernmental revenues | 749,528 | - | 749,528 | - | 749,528 |
| Interest | 2,149 | 42,219 | 44,368 | - | 44,368 |
| Contributions and gifts | 412,492 | 139,776 | 552,269 | - | 552,269 |
| Miscellaneous | 21,991 | 5,000 | 26,991 | - | 26,991 |
| Total revenues | 2,900,147 | 576,181 | 3,476,328 | - | 3,476,328 |
| **EXPENDITURES:** | | | | | |
| Public Safety: | | | | | |
| Personal services | 1,343,725 | - | 1,343,725 | - | 1,343,725 |
| Materials and services | 341,447 | 6,123 | 347,570 | - | 347,570 |
| Capital outlay | 181,544 | 1,643,494 | 1,825,038 | (1,825,038) | - |
| Debt service: | | | | | |
| Principal | 327,831 | 80,000 | 407,831 | (407,831) | - |
| Interest | 52,490 | 320,027 | 372,517 | (2,869) | 369,648 |
| Depreciation | - | - | - | 335,771 | 335,771 |
| Total expenditures | 2,247,037 | 2,049,643 | 4,296,681 | (1,899,966) | 2,396,714 |
| Excess of revenues over expenditures | 653,109 | (1,473,462) | (820,353) | 1,899,966 | - |
| **OTHER FINANCING SOURCES** | | | | | |
| Proceeds from capital related long-term debt | - | 340,000 | 340,000 | (340,000) | - |
| Proceeds/gain from sale/disposal of capital assets | 38,293 | - | 38,293 | (4,396) | 33,898 |
| Bond Issuance Costs | - | (7,500) | (7,500) | - | (7,500) |
| Total other financing sources | 38,293 | 332,500 | 370,793 | (344,396) | 26,398 |
| Excess of revenues and other financing sources over expenditures | 691,403 | (1,140,962) | (449,559) | 449,559 | - |
| Change in net position | - | - | - | 1,106,011 | 1,106,011 |
| **FUND BALANCES/NET POSITION** | | | | | |
| Beginning of year | 732,416 | 8,160,969 | 8,893,385 | - | 1,492,987 |
| End of year | $ 1,423,819 | $ 7,020,007 | $ 8,443,826 | $ - | $ 2,598,999 |

*The accompanying notes are an integral part of these financial statements.*

## BOARDMAN FIRE RESCUE DISTRICT

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

### GENERAL FUND

**For the Year Ended June 30, 2022**

| | Budgeted Amounts | | Actual Amounts | Variance with |
|---|---|---|---|---|
| | Original | Final | Budgetary Basis | Final Budget |
| **REVENUES** | | | | |
| Property taxes | 1,506,356 | 1,506,356 | 1,576,146 | 69,790 |
| Charges for services | 100,000 | 100,000 | 137,839 | 37,839 |
| Intergovernmental revenues | 514,688 | 514,688 | 749,528 | 234,840 |
| Interest | 3,500 | 3,500 | 2,149 | (1,351) |
| Contributions and gifts | 1,000 | 1,000 | 412,492 | 411,492 |
| Miscellaneous | - | - | 21,991 | 21,991 |
| Total revenues | 2,125,544 | 2,125,544 | 2,900,147 | 774,603 |
| **EXPENDITURES** | | | | |
| Personal services | 1,407,000 | 1,407,000 | 1,343,726 | 63,274 |
| Materials and services | 405,300 | 405,300 | 341,447 | 63,853 |
| Capital outlay | 140,000 | 140,000 | 181,544 | (41,544) |
| Debt service | 380,320 | 380,320 | 380,320 | - |
| Contingency | 223,000 | 223,000 | - | 223,000 |
| Total expenditures | 2,555,620 | 2,555,620 | 2,247,037 | 308,582 |
| Excess of revenues over expenditures | (430,076) | (430,076) | 653,109 | 1,083,185 |
| **SPECIAL ITEM** | | | | |
| Proceeds from sale/disposal of capital assets | - | - | 38,293 | 38,293 |
| Net change in fund balance | (430,076) | (430,076) | 691,403 | 1,121,478 |
| **Fund balances, July 1, 2021** | 420,000 | 420,000 | 732,416 | 312,416 |
| **Fund balances, June 30, 2022** | $ (10,076) | $ (10,076) | $ 1,423,819 | $ 1,433,894 |

*The accompanying notes are an integral part of these financial statements.*

**BOARDMAN FIRE RESCUE DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

**BOND FUND**

**For the Year Ended June 30, 2022**

| | Budgeted Amounts | | Actual Amounts | Variance with |
|---|---|---|---|---|
| | **Original** | **Final** | **Budgetary Basis** | **Final Budget** |
| **REVENUES** | | | | |
| Property taxes | 400,027 | 400,027 | 389,187 | (10,840) |
| Interest | 15,000 | 15,000 | 42,219 | 27,219 |
| Contributions and gifts | - | - | 144,776 | 144,776 |
| Proceeds from long-term debt | 8,163,033 | 8,163,033 | 332,500 | (7,830,533) |
| Total revenues | 8,578,060 | 8,578,060 | 908,681 | (7,669,378) |
| **EXPENDITURES** | | | | |
| Capital outlay | 8,178,033 | 8,178,033 | 1,643,494 | 6,534,539 |
| Debt service | 400,027 | 400,027 | 400,027 | - |
| Total expenditures | 8,578,060 | 8,578,060 | 2,049,643 | 6,528,416 |
| Excess of revenues over expenditures | - | - | (1,140,962) | (1,140,962) |
| **Fund balances, July 1, 2021** | - | - | 8,160,969 | 8,160,969 |
| **Fund balances, June 30, 2022** | $ - | $ - | $ 7,020,007 | $ 7,020,007 |

*The accompanying notes are an integral part of these financial statements.*

*NOTES TO THE BASIC FINANCIAL STATEMENTS*

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. REPORTING ENTITY

Boardman Fire Rescue District is organized pursuant to Chapter 478 of the Oregon Revised Statutes. The governing body is a Board of five members who were elected by the voters within the District. The administration of the day-to-day affairs of the District is the responsibility of the Fire Chief.

The District is a primary government. A primary government is a financial reporting entity, which has a separately elected governing body, is legally separate and is fiscally independent of other state and local governments. The District has considered for inclusion in its financial statements all potential governmental organizations (component units) for which the District is financially accountable. Financial accountability may be evidenced by the ability to appoint the voting majority of the governing body, and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific burdens on, the primary government; or a fiscal dependency or intergovernmental relationship so close that exclusion from the primary government would render the financial statements incomplete or misleading. The District has no component units.

### B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The District follows the “Reporting by Special Purpose Governments Engaged in Governmental Activities” of GASB Statement No. 34. Under this provision, the fund financial statements and the governmental-wide statements combined using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements.

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental activities are modified by the cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues and expenditures when they result from cash transactions with a provision for depreciation and long-term liabilities. This basis is a comprehensive basis of accounting other than generally accepted accounting principles.

If the District utilized generally accepted accounting principles, the fund financial statements would use the modified accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

Under the modified accrual basis, revenues are recognized when measurable and available. Measurable means being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

Under the accrual basis, revenues are recognized when earned. Expenses (including depreciation and amortization) are recorded when the liability is incurred or the economic assets is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the entire District.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The District reports the following major governmental funds:

The *General Fund* is the general operating fund of the District. It is used to account for all financial sources. Revenue consists of various state, federal and county grants, contributions and interest income.

The *Bond Fund* accounts from the proceeds from the sale of bonds. The proceeds will be used to construct a new fire station and purchase additional fire apparatus.

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

### C. ASSETS, LIABILITIES, AND NET POSITION

*Cash*

The cash and cash equivalents reported on the balance sheet include checking account and money market balances.

*Property taxes*

Property taxes are levied and attach as an enforceable lien on property on July 1 of each fiscal year. Taxes are payable in three installments on November 15, February 15 and May 15. A 3% discount is allowed for payment in full on November 15. Morrow County, Oregon, makes all assessments of property value, and levies and collects the taxes for the District, and all other taxing districts within the county.

For the current year, the District levied taxes at the rate of 0.7464 per $1,000 of assessed value for general operations of all taxable property within the District. Measure 50 establishes the permanent rate and allows for an increase of the assessed value of property of 3% per year.

*Capital assets*

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual $5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

| Assets | Years |
|---|---|
| Buildings and improvements | 40/20 |
| Equipment and vehicles | 10/5 |

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

*Long-term liabilities*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities.

*Net Position*

In the government-wide financial statements, net position represents the difference between assets and liabilities and is classified into two components.

*Net investment in capital assets* - This balance reflects the net position of the District that are invested in capital assets. This amount is generally not accessible for other purposes.

*Unrestricted net position* - This balance represents the net amount of the assets and liabilities that are available for use.

*Fund equity*

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), which has been adopted by the District in this fiscal year. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below:

*Nonspendable,* such as fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

*Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

*Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Directors (the District's highest level of decision-making authority),

*Assigned* fund balance classification are intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed, and

*Unassigned* fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications.

## D. USE OF ESTIMATES

The preparation of basic financial statements in the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

*BUDGETARY COMPLIANCE*

Budgets are prepared and adopted, and expenditures are appropriated, in accordance with Oregon Local Budget Law. Budgets are adopted on the cash-basis of accounting, which is not in conformity with generally accepted accounting principles, but is an acceptable method for Oregon Municipal Corporations under Oregon Local Budget Law. All annual appropriations lapse at fiscal year-end. The District does not use encumbrance accounting.

On or before June 30 of each year, the District enacts a resolution approving the budget, appropriating the expenditures, and levying the property taxes. Prior to enacting this resolution, the proposed budget is presented to the District Board for a budget hearing by a budget committee.

The budget is prepared by fund, activity and line item, and includes information of the past year, current year estimates, and requested appropriations for the next fiscal year. Expenditures may not exceed budgeted appropriations at the level of personal services, material and services, capital outlay, debt service and contingencies for each fund.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During the fiscal year, General Fund – Capital Outlay exceeded budgeted amounts by $41,544.

## NOTE 3 – DETAILED NOTES ON ALL FUNDS

### A. CASH AND INVESTMENT

The cash and investment as of June 30, 2022 was as follows:

| | | |
|---|---|---|
| Cash in financial institutions | $ | 1,713,186 |
| Local Government Investment Pool | | 6,727,648 |
| Cash with County Treasurer | | 2,992 |
| | $ | 8,443,826 |

DEPOSITS

Deposits with financial institutions are comprised of bank demand deposits. Total bank balances, as shown on the banks' records at year-end were $1,761,522. Amounts that exceed the FDIC insurance are covered by the Oregon Public Funds Collateralization Program (PFCP).

Custodial credit risk - deposits: Effective July 1, 2008, the Oregon State Treasurer became responsible for monitoring public funds held by bank depositories in excess of FDIC insured amounts, and for assuring that public funds on deposit are collateralized to the extent required by Oregon Revised Statutes (ORS) Chapter 295. ORS Chapter 295 requires depository banks to place and maintain on deposit with a third-party custodian bank securities having a value of 10%, 25% or 110% of public funds on deposit depending primary on the capitalization level of the depository bank. The District held its deposits in a qualifying bank depository for the year ended June 30, 2022.

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)**

INVESTMENTS

Interest rate risk: The District does not have a formal investment policy that limits investment maturities as a means of managing its exposures to fair value losses arising from increasing interest rates.

Credit risk: State law limits investments in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements and State Treasurer's Investment Pool, along with certain commercial paper and the corporate bonds which have top two ratings issued by nationally recognized statistical rating organizations. LGIP was unrated.

## B. CAPITAL ASSETS

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

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Non-Depreciable Assets: | | | | |
| Land | $ 27,975 | $ 433,913 | $ - | $ 461,888 |
| Construction in progress | 1,030,323 | 974,697 | - | 2,005,020 |
| Total capital assets being depreciated | 1,058,298 | 1,408,610 | - | 2,466,908 |
| Depreciable Assets: | | | | |
| Buildings and improvement | 826,087 | 125,000 | - | 951,087 |
| Equipment and vehicles | 4,475,743 | 291,428 | (921,328) | 3,845,843 |
| Total depreciable assets | 5,301,830 | 416,428 | (921,328) | 4,796,930 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvement | (338,999) | (27,017) | - | (366,016) |
| Equipment and vehicles | (2,563,771) | (308,754) | 916,933 | (1,955,592) |
| Total accumulated depreciation | (2,902,770) | (335,771) | 916,933 | (2,321,608) |
| Total capital assets, net | $ 3,457,359 | $ 1,489,267 | $ (4,396) | $ 4,942,230 |

## C. LONG-TERM DEBT

*Capital Equipment Lease*

The District has entered into a Master Lease-Purchase Agreement on April 24, 2014 in the amount of $1,097,869 with Oshkosh Capital to purchase a new fire truck. The interest rate is 3.0%. The maturity date is December 24, 2021. The balance of the loan as of June 30, 2022 was paid in full. Revenue to make the required payments was received from the Columbia River Enterprise Zone II.

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)**

*Bank of Eastern Oregon Loan*

The District has entered into a capital equipment loan on December 11, 2019 for the purchase of a 2020 Pierce Velocity PUC Pumper in the amount of $847,306. The interest rate is 4.5%. The maturity date is June 30, 2027. The outstanding balance as of June 30, 2022 was $632,981. Payments will be made from the general revenue of the District. The 2020 Pierce Velocity PUC Pumper is held as collateral for the loan.

The following is a summary of the future debt service requirements:

| For the Year Ended June 30, | Principal | Interest | Totals |
|---|---|---|---|
| 2023 | $ 115,586 | $ 28,636 | $ 144,222 |
| 2024 | 120,880 | 23,342 | 144,222 |
| 2025 | 126,383 | 17,839 | 144,222 |
| 2026 | 132,070 | 12,152 | 144,222 |
| 2027 | 137,971 | 6,209 | 144,180 |
| Totals | $ 632,891 | $ 88,178 | $ 721,069 |

*Capital Equipment Lease #2*

The District has entered into a Master Lease-Purchase Agreement on December 28, 2020 in the amount of $521,760 with PNC Equipment Finance to purchase a new fire truck. The interest rate is 3.0%. The maturity date is April 15, 2030. The outstanding balance as of June 30, 2022 was $420,002. Payments will be made from the sale of general obligation bonds.

The following is a summary of the future debt service requirements:

| For the Year Ended June 30, | Principal | Interest | Totals |
|---|---|---|---|
| 2023 | $ 47,198 | $ 12,684 | $ 59,882 |
| 2024 | 48,624 | 11,259 | 59,882 |
| 2025 | 50,092 | 9,790 | 59,882 |
| 2026 | 51,605 | 8,277 | 59,882 |
| 2027 | 53,163 | 6,719 | 59,882 |
| 2028-2030 | 169,319 | 10,328 | 179,647 |
| Totals | $ 420,002 | $ 59,058 | $ 479,060 |

## NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

### General Obligation Bonds

On November 3, 2020, the voters of the District approved Measure 25-84 which authorized the issuance of $8,475,000 of general obligation bonds for capital costs including a new fire station, land for the new fire station, a new structural fire engine and emergency vehicles to replace older vehicles. The bonds were issued in two series as described below.

*General Obligation Bonds, Series 2021*

During the fiscal year ended June 30, 2021, the District issued $8,135,000 in General Obligation Bonds at a $1,171,633 premium. The interest rates for the bonds range from 2 to 4%. Those bonds are due in semi-annual installments for interest payments and annual installments for principal payments. Final bond maturity is scheduled for 2041.

The annual requirements to amortize bond debt outstanding as of June 30, 2022 is as follows:

| For the Year Ended June 30, | Principal | Interest | Totals | Premium |
|---|---|---|---|---|
| 2023 | $ 170,000 | $ 249,700 | $ 419,700 | $ 10,732 |
| 2024 | 200,000 | 244,600 | 444,600 | 17,896 |
| 2025 | 230,000 | 238,600 | 468,600 | 26,114 |
| 2026 | 250,000 | 231,700 | 481,700 | 33,578 |
| 2027 | 275,000 | 224,200 | 499,200 | 42,012 |
| 2028-2032 | 1,740,000 | 982,550 | 2,722,550 | 402,052 |
| 2033-2037 | 2,515,000 | 637,350 | 3,152,350 | 418,914 |
| 2038-2041 | 2,675,000 | 206,700 | 2,881,700 | 387,866 |
| Totals | $ 8,055,000 | $ 3,015,400 | $ 11,070,400 | $ 1,339,164 |

*General Obligation Bonds, Series 2022*

During the fiscal year ended June 30, 2022, the District issued $340,000 in General Obligation Bonds with an interest rate of 4.25%. Those bonds are due in annual installments for principal and interest payments. Final bond maturity is scheduled for 2032.

The annual requirements to amortize bond debt outstanding as of June 30, 2022 is as follows:

| For the Year Ended June 30, | Principal | Interest | Totals |
|---|---|---|---|
| 2023 | $ 27,992 | $ 14,450 | $ 42,442 |
| 2024 | 29,182 | 13,260 | 42,442 |
| 2025 | 30,422 | 12,020 | 42,442 |
| 2026 | 31,715 | 10,727 | 42,442 |
| 2027 | 33,063 | 9,379 | 42,442 |
| 2028-2032 | 187,626 | 24,586 | 212,211 |
| Totals | $ 340,000 | $ 84,422 | $ 424,422 |

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)**

Long-term liability activity for the year ended June 30, 2022 was as follows:

| | Beginning balance | Increase | Decrease | Ending balance | Due within one year |
|---|---|---|---|---|---|
| Capital Equipment Lease | $ 171,082 | $ - | $ 171,082 | $ - | $ - |
| Bank of Eastern Oregon Loan | 743,824 | - | 110,934 | 632,891 | 115,586 |
| Capital Equipment Lease #2 | 465,817 | - | 45,815 | 420,002 | 47,198 |
| General Obligation Bonds, Series 2021 | 8,135,000 | - | 80,000 | 8,055,000 | 170,000 |
| General Obligation Bonds, Series 2022 | - | 340,000 | - | 340,000 | 27,992 |
| Unamortized Premium GO Bond 2021 | 1,342,033 | - | 2,869 | 1,339,164 | 10,732 |
| | $ 10,857,756 | $ 340,000 | $ 410,700 | $ 10,787,057 | $ 371,509 |

**EXPLANATION OF DIFFERENCES BETWEEN BALANCE SHEET AND STATEMENT OF NET POSITION**

Total fund balances differs from "net position" reported in Page 1. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the balance sheet.

1. When capital assets are purchased or constructed, the costs of those assets are reported as expenditures in fund financial statement. However, the statement of net position includes those capital assets among the assets of the District as a whole.

| | |
|---|---|
| Cost of capital assets | $ 7,263,838 |
| Accumulated depreciation | (2,321,608) |
| Capital assets, net | $ 4,942,230 |

2. Long and short-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.

| | |
|---|---|
| Notes payable | $ 1,052,893 |
| Bonds payable | 8,395,000 |
| Premium on bonds payable | 1,339,164 |
| | $ 10,787,057 |

**D. EXPLANATION OF DIFFERENCES BETWEEN STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE STATEMENT OF ACTIVITIES**

Net changes in fund balances differs from net position reported in Page 2. This difference arises primarily from the long-term economic focus of the statement of net position versus the current financial resources focus of the fund financial statement.

1. Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases whereas net position decreases by the amount of depreciation

## NOTE 3 – DETAILED NOTES ON ALL FUNDS (Cont'd)

expense charged for the year. In the statement of activities, only the *gain* on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold.

| | | |
|---|---|---|
| Capital outlay | $ | (1,825,038) |
| Depreciation expense | | 335,771 |
| Cost of assets sold/disposed | | (4,396) |
| | $ | (1,493,662) |

2. Loan proceeds are reported as financing sources in fund financial statements and thus contribute to the change in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. Repayment of loan principal is reported as an expenditure in the fund financial statements and, thus, has the effect of reducing fund balance because current financial resources have been used. For the District as a whole, however, the principal payments reduce the liabilities in the statement of net position and do not result in an expense in the statement of activities. Proceeds and repayments are as follows:

| | | |
|---|---|---|
| Proceeds from capital related long-term debt | $ | (340,000) |
| Loan principal payment | | (407,831) |
| Amortization of GO Bond Premium | | (2,869) |
| | $ | (750,700) |

## NOTE 4 – OTHER INFORMATION

### A. PENSION PLAN

GENERAL INFORMATION ABOUT THE PENSION PLAN

*Plan Description*

Employees of the District are provided with pensions through Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employee defined benefit plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues an independently audited Comprehensive Annual Financial Report which can be obtained at:
http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

If the link is expired, please contact Oregon PERS by writing to the Fiscal Services Division, Public Employees Retirement System, 11410 SW 68th Parkway, PO BOX 23700, Tigard, Oregon, 97281.

***Benefits Provided***

***Tier One/Tier Two Retirement Benefit (ORS Chapter 238)***

1. *Pension Benefits* – The OPERS retirement allowance is payable monthly for life. It may be selected from

**NOTE 4 – OTHER INFORMATION (Cont'd)**

13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.00 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of $200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which he or she is entitled.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2021. The limit will be equal to $197,730 in 2021 and will be indexed with inflation in later years.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating for employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

2. *Death Benefits* – Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

   - Member was employed by a PERS employer at the time of death,
   - Member died within 120 days after termination of PERS-covered employment,
   - Member died as a result of injury sustained while employed in a PERS-covered job, or
   - Member was on an official leave of absence from a PERS-covered job at the time of death.

3. *Disability Benefits* – A member with 10 or more years of creditable service who become disabled from other than duty connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

4. *Benefit Changes After Retirement* – Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living (COLA) changes. The COLA is capped at 2.0 percent.

**OPSRP Pension Program (OPSRP DB)**

1. *Pension Benefits* – The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

   This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated

**NOTE 4 – OTHER INFORMATION (Cont'd)**

with the following formula for members who attain normal retirement age:

- Police and fire - 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

- General service - 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final salary will be limited for all members beginning in 2021. The limit will be equal to $197,730 in 2021 and will be indexed with inflation in later years.

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

2. *Death Benefits* – Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

3. *Disability Benefits* – A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

4. *Benefit Changes after Retirement* – Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first $60,000 of annual benefit and 0.15 percent on annual benefits above $60,000.

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

1. *Pension Benefits* – The Individual Account Program (IAP) is a defined contribution pension plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

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

**NOTE 4 – OTHER INFORMATION (Cont'd)**

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

3. *Recordkeeping* – OPERS contracts with VOYA Financial to maintain IAP participant records.

**Contributions**

1. *Employer Contributions* - PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. Employer contributions for the year ended June 30, 2022 were $128,086, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2022 were 17.21 percent for Tier One/Tier Two General Service Member, 17.21 percent for Tier One/Tier Two Police and Fire, 10.68 percent for OPSRP Pension Program General Service Members, 15.04 percent for OPSRP Pension Program Police and Fire Members.

2. *Employee Contributions* - Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members behalf. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements.

   Starting July 1, 2020, Senate Bill 1049 required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. If the member earns more than $2,500 per month (increased to $2,535 per month on January 1, 2021) 0.75 percent (if OPSRP member) or 2.5 percent (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the new Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

**Pension Assets/Liabilities, Pension Expense, and Pension-Related Deferrals**

At June 30, 2022, the District reported a net pension liability of $422,438 as its proportionate share of the collective net pension liability for PERS, measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was based on a December 31, 2019 actuarial valuation, rolled forward to the measurement date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to PERS relative to the projected contributions of all participating employers, as actuarially determined. The District's proportion was 0.00353018% as of the June 30, 2021 measurement date, compared to 0.00394789% as of June 30, 2020.

## NOTE 4 – OTHER INFORMATION (Cont'd)

### Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions

| | |
|---|---|
| Valuation Date | December 31, 2019 |
| Measurement Date | June 30, 2021 |
| Experience Study Report | 2018, published July 24, 2019 |
| Actuarial Cost Method | Entry Age Normal |
| Actuarial Assumptions: | |
| Inflation Rate | 2.40 percent |
| Long-Term Expected Rate of Return | 6.90 percent |
| Discount Rate | 6.90 percent |
| Projected Salary Increases | 3.40 percent overall payroll growth |
| Cost of Living Adjustments (COLA) | Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with *Moro* decision, blend based on service. |
| Mortality | Healthy retirees and beneficiaries:<br>Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.<br><br>Active members:<br>Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.<br><br>Disabled retirees:<br>Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. |

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2018 Experience Study which reviewed experience for the four-year period ending on December 31, 2018.

### Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

**NOTE 4 – OTHER INFORMATION (Cont'd)**

| | Assumed Asset Allocation | | |
|---|---|---|---|
| **Asset Class/Strategy** | **Low Range** | **High Range** | **Target** |
| Debt Securities | 15.0% | 25.0% | 20.0% |
| Public Equity | 27.5% | 37.5% | 32.5% |
| Real Estate | 9.5% | 15.5% | 12.5% |
| Private Equity | 14.0% | 21.0% | 17.5% |
| Alternative Investments | 7.5% | 17.5% | 15.0% |
| Opportunity Portfolio | 0.0% | 3.0% | 0.0% |
| Risk Parity | 0.0% | 2.5% | 2.5% |
| Total | | | 100.0% |

| Asset Class | Target Allocation | Component Annual Return (Geometric) |
|---|---|---|
| Global Equity | 30.62 % | 5.85 % |
| Private Equity | 25.50 | 7.71 |
| Core Fixed Income | 23.75 | 2.73 |
| Real Estate | 12.25 | 5.66 |
| Master Limited Partnerships | 0.75 | 5.71 |
| Infrastructure | 1.50 | 6.26 |
| Commodities | 0.63 | 5.31 |
| Hedge Fund of Funds – Multistrategy | 1.25 | 5.11 |
| Hedge Fund Equity – Hedge | 0.63 | 5.31 |
| Hedge Fund – Macro | 5.62 | 5.06 |
| US Cash | -2.50 | 1.76 |
| | 100.00 % | 3.79 |
| Assumed Inflation - Mean | | 2.50 % |

**Depletion Date Projection**

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

**NOTE 4 – OTHER INFORMATION (Cont'd)**

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate**

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

| | 1% Decrease (5.90%) | Discount Rate (6.90%) | 1% Increase (7.90%) |
|---|---|---|---|
| Proportionate share of the net pension liability | $829,568 | $422,438 | $81,819 |

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

**Changes in Plan Provisions During the Measurement Period**

A legislative change that occurred after the December 31, 2019 actuarial valuation date affected the plan provisions reflected for June 2021 financial reporting liability calculations. Senate Bill 111, enacted in June 2021, provides an increased preretirement death benefit for members who die on or after their early retirement age.

For GASB 67 and GASB 68, the benefits valued in the Total Pension Liability are required to be in

## NOTE 4 – OTHER INFORMATION (Cont'd)

accordance with the benefit terms legally in effect as of the relevant fiscal year-end for the plan. As a result, Senate Bill 111 was reflected in the June 30, 2021 Total Pension Liability. The increase in the Total Pension Liability resulting from Senate Bill 111, measured as of June 30, 2021, is shown in Exhibit A as the "Effect of plan changes" during the measurement period. While Senate Bill 111 also made changes to certain aspects of the System's funding and administration, the change in the death benefit provision is the only change that affects the measured Total Pension Liability. As a result, the death benefit provision is the only difference between June 30, 2020 and June 30, 2021 in the plan provisions basis used to determine the Total Pension Liability as of those two respective Measurement Dates.

**Changes in Plan Provisions Subsequent to Measurement Date**

There were no changes subsequent to the June 30, 2021 measurement period that require disclosure.

### B. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Management has represented that there are no other contingent liabilities, which are understood to include among other things: notes or accounts receivable which have been discounted; pending suits, proceedings, hearings, or negotiations possibly involving retroactive judgments or claims; endorsements or guarantees; and options given that would require disclosure or recognition under Statement of Financial Accounting Standards ASC 450 (formerly SFAS Number 5).

### C. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District participates in the Special District Insurance Services (SDIS) formed in 1985 by the Special Districts Association of Oregon (SDAO). SDIS is a public entity risk pool currently operating as a common risk management and insurance program for approximately 900 special districts in the state of Oregon. SDIS is self-sustaining through member contributions and reinsures through commercial companies for excess of certain claims amounts. The District has a claim upon cash balances held on its behalf by SDIS but the amount cannot be determined. Claims liabilities of the District within SDIS also cannot be determined. The District has not significantly reduced insurance coverage or had any losses in excess of coverage in the past three years.

*REPORT OF THE INDEPENDENT AUDITOR REQUIRED BY THE STATE OF OREGON MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS*

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**REPORT OF INDEPENDENT AUDITOR REQUIRED BY THE STATE OF OREGON MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS**

Members of the Board
Boardman Fire Rescue District
Boardman, Oregon 97818

I have audited the basic financial statements of Boardman Fire Rescue District, Boardman, Oregon, as of and for the year ended June 30, 2022, and have issued my report thereon dated November 28, 2022. I conducted my audit in accordance with auditing standards generally accepted in the United States of America.

*Compliance*

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes (ORS) 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion.

I performed procedures to the extent that I considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayment
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources
- Authorized investment of surplus funds (ORS Chapter 294)
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)

In connection with my testing, except as reported in Note 2 of the basic financial statements, nothing came to my attention that caused me to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Municipal corporations.

*OAR 162-10-320 Internal Control*

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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.

My consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during my audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

My audit was also not designed to identify deficiencies in internal control that might be significant deficiencies. 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. I consider the following deficiencies in the City's internal control to be significant deficiencies:

PROVIDE OVERSIGHT OF THE PREPARATION OF FINANCIAL STATEMENTS

Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, results of operations and disclosures in the financial statements, in conformity with the modified cash basis of accounting. The District does not have a system of internal controls that would enable management to conclude the financial statements and related disclosures are complete and presented in accordance with the modified cash basis of accounting which could lead to material errors that may not be identified and corrected by the District. As such, management requested me to prepare a draft of the financial statements, including the related footnote disclosures. The outsourcing of these services is not unusual in entities of your size and is a result of management's cost benefit decision to rely on my accounting expertise rather than incurring this internal resource cost.

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

REBECCA PRICE, CPA

Rebecca Price

Gilroy, California
November 28, 2022