

**SISTERS-CAMP SHERMAN
RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

**COMMUNICATION TO THE GOVERNING BODY
FOR THE YEAR ENDED JUNE 30, 2021**



**12700 SW 72nd Ave.
Tigard, OR 97223**



PAULY, ROGERS AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
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December 7, 2021

To the Board of Directors
Sisters-Camp Sherman Rural Fire Protection District
Deschutes County, Oregon

We have audited the basic financial statements of the governmental activities and each major fund of Sisters-Camp Sherman Rural Fire Protection District (the District) for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Purpose of the Audit

Our audit was conducted using sampling, inquiries and analytical work to opine on the fair presentation of the basic financial statements and compliance with:

- generally accepted accounting principles and auditing standards
- the Oregon Municipal Audit Law and the related administrative rules

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the basic financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the basic financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide assurance on the internal control over financial reporting.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; therefore, our audit involved judgment about the number of transactions examined and the areas to be tested.

Our audit included obtaining an understanding of the District and its environment, including internal control, sufficient to assess the risks of material misstatement of the basic financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the District or to acts by management or employees acting on behalf of the District. We also communicated any internal control related matters that are required to be communicated under professional standards.

Results of Audit

1. Audit opinion letter - an unmodified opinion on the basic financial statements has been issued. This means we have given a "clean" opinion with no reservations.
2. State minimum standards – We found no exceptions or issues requiring comment.
3. Management letter – No separate management letter was issued.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2021. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the basic financial statements in the proper period.

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the basic financial statements were management's estimate of accounts receivable, PERS pension liability and deferrals, OPEB liability and deferrals for Health Insurance, OPEB asset and deferrals for RHIA, capital asset depreciation and value of investments which are based on estimated collectability of receivables, actuarial assumptions, useful lives of assets and active market values or significant observable inputs. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the basic financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The disclosures in the basic financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements or determined that their effects are immaterial. There were immaterial uncorrected misstatements noted during the audit which were discussed with management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the basic financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Pauly, Rogers and Co., P.C.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the basic financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to our retention as the auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Required Supplementary Information

We applied certain limited procedures to the required supplementary information that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the required supplementary information and do not express an opinion or provide any assurance on it, with the exception of the budgetary comparison schedule presented as required supplementary information.

Supplementary Information

With respect to the supplementary information accompanying the basic financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the basic financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

Other Information

We were not engaged to report on the listing of Board members located before the table of contents which accompanies the basic financial statements but is not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Matters – Future Accounting and Auditing Issues

In order to keep you aware of new auditing standards issued by the American Institute of Certified Public Accountants and accounting statements issued by the Governmental Accounting Standards Board (GASB), we have prepared the following summary of the more significant upcoming issues:

GASB 87 – LEASES

This Statement is effective for fiscal years beginning after June 15, 2021, as extended by GASB 95. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB 89 – ACCOUNTING FOR INTEREST COST INCURRED BEFORE THE END OF A CONSTRUCTION PERIOD

This Statement is effective for fiscal years beginning after December 15, 2020, as extended by GASB 95. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 2009 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

Best Practices – Not Significant Deficiencies

1. **Governing Body Monitoring**

An integral part of internal controls is the monitoring of financial activities by those charged with governance (the Board). This can be accomplished by asking specifically designed questions to senior staff, by reviewing basic financial statements and projections and by comparing financial results to pre-established benchmarks. While the Board participates in the budget adoption process, receives staff prepared basic financial statements, and completes quarterly financial questionnaires with staff, these only partially fulfill the monitoring process.

We recommend that the Board continue to articulate their monitoring practices and record in the minutes when those activities occur.

2. Segregation of Duties

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records or to all phases of a transaction. More specifically, the finance manager has unlimited access to the general ledger and the accounts payable system. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected. We recommend that the Board continually monitor the financial activities to mitigate this risk and consider obtaining additional fidelity (employee honesty) insurance coverage to compensate for this risk.

3. Fidelity Insurance Coverage

In reviewing the fidelity (employee honesty) insurance coverage we found that the District often carries cash and investment balances well above the coverage amount. We recommend that the Board examine this exposure risk and make a determination as to the amount of coverage they feel is prudent in regard to their oversight.

4. SSAE 18

The District has contracted with a service provider for accounting (billing) services, which does not have an SSAE 18 report or internal control report covering their operations and IT controls. We recommend the board regularly evaluate this risk of the potential liability from any billing or confidential information which might become public and consider having the vendor provide insurance coverage to the District.

5. Miscellaneous Revenue

During our review of miscellaneous revenue, we found that the administrative assistant receives cash, creates deposit batches and has the ability to deposit the batch deposit to the bank. We recommend that the batch listing be reviewed in a timely manner by an individual outside the revenue receipt process and their review be documented with a signature and dated. We do understand that there is a review that occurs but no evidence of this review was found on the backup documentation.

6. Accounts Payable Timing

During our review of accounts payable, no date was recorded to show when goods were received. We recommend that there be a clear indication of when services are performed or when purchased goods are received so there is documentation as to the timing of an accounts payable and whether it is recorded as an expense and a payable in the correct year.

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


Roy R. Rogers, CPA
PAULY, ROGERS AND CO., P.C.

**SISTERS-CAMP SHERMAN
RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021



**12700 SW 72nd Ave.
Tigard, OR 97223**

SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT

DESCHUTES COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

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**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

BOARD OF DIRECTORS

TERM EXPIRATION DATES

| | |
|------------------------------------|---------------|
| Chuck Newport – President | June 30, 2023 |
| Bill Rainey – Vice President | June 30, 2023 |
| Jack McGowan – Secretary/Treasurer | June 30, 2021 |
| Roger White – Director | June 30, 2021 |
| Kristie Miller – Director | June 30, 2021 |

All directors receive their mail at the address listed below

OFFICERS

Roger Johnson, District Fire Chief

ADMINISTRATION

Julie Spor, Executive Assistant

Roger Johnson, Registered Agent
PO Box 1509
301 S. Elm Street
Sisters, Oregon 97759
541-549-0771

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**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON
 TABLE OF CONTENTS**

| | <u>PAGE NUMBER</u> |
|---|------------------------|
| Independent Auditors' Report | i |
| <u>REQUIRED SUPPLEMENTARY INFORMATION</u> | |
| Management's Discussion and Analysis | iv |
| <u>BASIC FINANCIAL STATEMENTS</u> | |
| Statement of Net Position | 1 |
| Statement of Activities | 2 |
| Balance Sheet – Governmental Funds | 3 |
| Reconciliation of Balance Sheet to Statement of Net Position – Governmental Funds | 4 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 5 |
| Reconciliation of Statement of Revenues, Expenditures And Changes in Fund Balances to Statement of Activities – Governmental Funds | 6 |
| Notes to Basic Financial Statements | 7 |
| <u>REQUIRED SUPPLEMENTARY INFORMATION</u> | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Actual and Budget General Fund | 32 |
| Schedule of the Proportionate Share of the Net Pension Liability – PERS | 33 |
| Schedule of Contributions – PERS | 33 |
| Schedule of the Proportionate Share of the Net OPEB Asset – RHIA | 34 |
| Schedule of Contributions – RHIA | 34 |
| Schedule of Changes in total OPEB Liability and Related Ratios – Other Post-employment Benefits (Health Insurance) | 35 |
| <u>SUPPLEMENTARY INFORMATION</u> | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Actual and Budget: Debt Service Fund | 36 |
| Employment Reserve Fund | 37 |
| Equipment Reserve Fund | 38 |
| Building Reserve Fund | 39 |
| Schedule of Property Tax Transactions and Balances of Taxes Uncollected: General Fund | 40 |
| Debt Service Fund | 41 |
| <u>REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS</u> | |
| Independent Auditors' Report Required by Oregon State Regulations | 42 |

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December 7, 2021

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Sisters-Camp Sherman Rural Fire Protection District
Deschutes County, Oregon

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Sisters-Camp Sherman Rural Fire Protection District (the District), as of and for the year ended June 30, 2021, and the related notes to the basic financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Sisters-Camp Sherman Rural Fire Protection District, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on management's discussion and analysis, schedules of net pension liability, net OPEB asset or employer contributions for PERS or RHIA, or the Schedule of Funding Progress for OPEB Health Insurance, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on them.

The budgetary comparison schedule presented as Required Supplementary Information, as listed in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The listing of board members, located before the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 7, 2021 on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Roy R. Rogers, CPA

PAULY, ROGERS AND CO., P.C.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

The following narrative is an overview of the financial position of the Sisters-Camp Sherman Rural Fire Protection District for the fiscal year ending June 30, 2021.

Financial Highlights

- In the Government-Wide financial statements, the assets of the District exceeded its liabilities on June 30, 2021 by \$4,619,668.
- Total net change for the year was \$1,758,979. The bulk of the total net change is related to the PERS pension expense. This expense represents the change in net pension asset (liability) from year to year due to changes in total pension liability, and the fair value of pension plan net position available to pay pension benefits. For FY 21, the District's PERS pension, OPEB RHIA, and OPEB Health Insurance expense change was \$1,064,755. Net change in fund balances were \$414,640. Repayment of the bond principal reduced the District's long-term liabilities by \$170,000. Capital asset additions in buildings, equipment and vehicles, less depreciation expense is \$152,830. The remainder of the net change is related to interest on long-term debt \$1,298, changes in accrued vacation (\$34,068) and property tax receivables change is (\$10,476).
 - The District's current liabilities total \$349,430 consisting of: accrued vacation \$147,345; accounts payable \$12,658; interest payable \$9,427; and current portion of long-term debt \$180,000.
- As of June 30, 2021, the District had long-term bond payable debt of \$1,235,000 less current portion due within one year of \$180,000.
- The District's net changes fluctuated both in revenue and expenditures. District General Fund Revenue increased \$578,969 over last year mostly due to grant income and charges for service. Property tax income increased 4.3%. In addition, the District did not participate in any conflagrations in 20/21 and therefore this income was zero for the fiscal year. Expenses decreased \$1,001,715. Of this decreased amount, \$1M was utilized to establish the PERS side account in the Employment Reserve Fund in the 19/20 fiscal year. Expenditures fluctuated by department; Administration was 4.9% under budget at \$672,697, Operations was 7% under budget at \$2,084,792, Maintenance was 16% under budget at \$201,232 and Volunteers was 27% under budget at 284,149 (*note: The Volunteer Department was largely under budget due to grant expenses not coming in as high as expected for the fiscal year*).

Overview of the Financial Statements

This analysis is designed to provide a broad overview of the District's finances. The District's detailed information is provided in the annual financial statement provided by our independent auditor.

Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of District finances in a manner similar to private-sector business and includes the *Statement of Net Position* and the *Statement of Activities*.

The *Statement of Net Position* presents information on the District's assets and liabilities with the difference between the two reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information on how the District's Net Position changed during the fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, grant receivable, ambulance receivable and earned but unused vacation leave).

In the Government-Wide financial statements, the District's activities are shown in one category; *governmental funds*. The governmental activities of the District include general government and public safety and are principally supported by property taxes and charges for services.

Fund Financial Statements

The *Fund Financial Statements* provide more detailed information about the District's funds, focusing on its most significant or "major" funds. A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: General Fund and Debt Service. All Funds are Governmental Fund types.

Governmental Fund

Governmental funds are used to account for essentially all governmental activities focusing on its most significant fund (general fund). This fund shows the District's operational costs. Direct expenses of operations are reduced by direct program revenue.

District Funds

- General Fund – the General Fund accounts for the financial operations of the District's fire protection costs not accounted for in other funds.

The Board has designated certain amounts for future appropriations, these funds are:

- **Employment Reserve Fund:** established for payment of unanticipated employment and employment-related costs, employment contract termination costs and unused vacation and holiday pay-outs. The District joined the State and Local Government Rate Pool (SLGRP) and has created an additional line item within this fund to set aside monies to offset the transitional liability as a result of joining the pool. Principal source of revenue is transfers from the General Fund.

This fund is reported as a “Sub-Fund” of the General Fund.

The other funds of the District are:

- **Reserve Funds:**
 - **Building Reserve Fund:** established to reserve funds for the purpose of major repairs on buildings outside of normal maintenance issues and for future additions and improvements to District buildings. Principal source of revenue is transfers from the General Fund.
 - **Equipment Reserve Fund:** established for future acquisition of equipment and vehicles. Principal source of revenue is transfers from the General Fund.
- **Debt Service Fund:** established by the Board of Directors to account for the payment of the District’s general obligation bonds. Principal source of revenue is property taxes and interest. Expenditures are for principal and interest payments on the debt.

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The following schedule is a comparative summary of the Statement of Net Position:

| | June 30 | | 2020-2021 Over (Under) 2019-20 |
|--------------------------------------|------------------|-------------------|--------------------------------------|
| | <u>2020</u> | <u>2021</u> | |
| Current Assets | \$ 2,507,260 | \$ 2,887,418 | \$ 380,158 |
| Capital Assets | 4,670,613 | 4,823,443 | \$ 152,830 |
| Net Pension Asset | 1,495,729 | 2,618,783 | \$ 1,123,054 |
| Other Assets | 50,111 | 73,830 | 23,719 |
| Total Assets | 8,723,713 | 10,403,474 | 1,679,761 |
| Current Liabilities | 330,666 | 349,430 | 18,764 |
| Net Pension Liability | 3,878,578 | 3,197,492 | (681,086) |
| OPEB Liability - Health Ins. | 139,840 | 147,609 | 7,769 |
| Long - Term Debt | 1,235,000 | 1,055,000 | (180,000) |
| Total Liabilities | 5,584,084 | 4,749,531 | (834,553) |
| Deferred Inflows of Resources | | | |
| Net pension related deferrals | 291,233 | 1,029,376 | 738,143 |
| OPEB related deferrals - Health Ins. | 5,395 | 4,899 | (496) |
| Net Position | | | |
| Invested in Capital Assets - net | 3,265,613 | 3,588,443 | 322,830 |
| Restricted for Debt Service | 50,850 | 45,926 | (4,924) |
| Restricted for OPEB Asset | - | 10,343 | 10,343 |
| Unassigned | (473,462) | 974,956 | 1,448,418 |
| Total Net Position | 2,843,001 | 4,619,668 | \$ 1,776,667 |

The following is a summary schedule of the Statement of Activities:

| | June 30 | | 2020-21 Over (Under) |
|----------------------------------|-----------------------|---------------------|-------------------------|
| | <u>2020</u> | <u>2021</u> | <u>2019-20</u> |
| Expenses | | | |
| Public safety | \$ 5,056,480 | \$ 2,324,077 | \$ (2,732,403) |
| Facilities Acquisition | \$ 267,358 | \$ 131,670 | \$ (135,688) |
| Interest on Long-Term Debt | \$ 28,098 | \$ 24,975 | \$ (3,123) |
| Program Revenues | | | |
| Charges for service | (465,691) | (628,267) | (162,576) |
| Operating grants | (80,874) | (437,351) | (356,477) |
| Net Expense | <u>4,805,371</u> | <u>1,415,104</u> | <u>(3,390,267)</u> |
| General Revenues | | | |
| Property taxes | 3,050,538 | 3,114,970 | 64,432 |
| Interest | 56,230 | 21,442 | (34,788) |
| Capital grants | - | - | - |
| Gain(Loss) on Disposal of Assets | 32,553 | - | (32,553) |
| Other | 26,823 | 37,671 | 10,848 |
| | <u>3,166,144</u> | <u>3,174,083</u> | <u>7,939</u> |
| Change in Net Assets | <u>\$ (1,639,227)</u> | <u>\$ 1,758,979</u> | <u>\$ 3,398,206</u> |

General Fund Budgetary Highlights

All fund expenditures were within budget.

| | Budget | Actual | Over (Under) |
|--|---------------------|---------------------|---------------------|
| Administration | \$ 707,122 | \$ 672,697 | \$ (34,425) |
| Operations | 2,242,739 | 2,084,792 | (157,947) |
| Maintenance | 240,644 | 201,232 | (39,412) |
| Volunteers | 391,243 | 284,149 | (107,094) |
| Operating contingency | 326,443 | - | (326,443) |
| Total General Fund Expenditures | <u>\$ 3,908,191</u> | <u>\$ 3,242,870</u> | <u>\$ (665,321)</u> |

Debt Service: The District issued general obligation bonds in a prior year in the amount of \$2,500,000 to build the new fire station which was later refunded. The Bond is payable in annual principal payments together with bi-annual interest payments with an average interest rate of 1.87%. The obligation is scheduled to be retired in the 2026-27 fiscal year. The issue will be retired by tax levy on property within the District.

The District employed 13 full time employees, one half-time Fire Safety Manager, one part-time Office Assistant, and one part-time Mechanic. The District also contracts out some of its financial duties. One full-time employee's position, the Volunteer Recruitment and Retention Coordinator is 100% funded by the FEMA SAFER Grant. The District also has a large contingent of volunteer firefighters and paramedics that do not receive compensation for their services. Volunteers who meet training and response activity levels are eligible to participate in the Length of Service Awards Program (LOSAP). The LOSAP program provides limited retirement benefits for active volunteers.

The District offers two high deductible medical insurance plans. The District provides employees with a VEBA (health savings) plan to offset higher deductibles and out-of-pocket expenses. The VEBA plan benefits the District by shifting responsibility for reimbursing out-of-pocket health care costs to a third party VEBA plan administrator.

Capital Assets:

The District's investment in capital assets includes land and improvements, buildings and improvements, fire apparatus and vehicles, fixtures and equipment. The District continually replaces and updates equipment (e.g., SCBA bottles, radios and pagers).

The District has established an equipment replacement program that provides for the periodic replacement of the emergency response fleet. An annual allowance is being set aside for the future replacement of this fleet. An additional reserve fund amount is set aside for replacement of larger EMS and Fire equipment.

This year the District budgeted \$71,376 to reconfigure the bay doors at Station 703 (Squaw Creek), \$3,000 to develop a live-fire training prop at the District's Training Grounds, \$29,965 to repaint and add gutters at Station 701, \$250,000 for the purchase of a new ambulance, \$7,100 for iPads and cases for the fleet and \$800 for brush mounts. An additional ambulance was purchased used from another agency out of the Reserved for Future Expenditure in the Equipment Reserve Fund.

Long-term debt:

In 2007 the Board of Directors presented District residents with a request to approve a \$2.5M general obligation bond to construct a new fire station and remodel the current station. The District refinanced its Bond three years ago, reducing the interest rate from 4.5% down to 1.87%, saving the taxpayers approximately \$190,000 over the life of the bond.

Debt service payments:

Bond tax revenue becomes available in November of each year. Tax revenue can be paid all at once, or two or three payments as scheduled by the tax collector. The District works closely with the tax collector to estimate the amount of bond tax to be levied so the District has the required funds for the bond payments. The District must budget to collect enough bond tax revenue to make both payments. The District is required to submit payment for bond interest and principal due in February of each year and an additional interest payment scheduled in August of each year.

Economic Factors and Next Year's Budget:

The median home value in Sisters is \$779,006 and home values have increased 34.5% over the past year according to Zillow. According to a report from bestplaces.net, compared to the rest of the country, Sisters' cost of living is 24.9% higher than the U.S. average. The Deschutes County Assessor is projecting a 5.8% increase in assessed value in 2021/22 countywide and 8% increase within the City.

A continued concern for the District is the PERS (Public Employees Retirement System) rates. The District's Tier 1/Tier 2 PERS rates declined slightly for the 2021-23 period, while OPSRP Police and Fire both increased. The District created a side account in the 2019/20 budget year, and plans to deposit \$81,471 into the Employment Reserve Fund annually to help eliminate the transitional liability incurred with its creation over the next 15 years. While this will help with future rates, the District must continue to monitor this Unfunded Liability.

Contacting the District's Financial Management:

This financial report is designed to provide interested citizens with a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Fire Chief, Sisters-Camp Sherman RFPD, PO Box 1509, Sisters, Oregon 97759.

SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON

STATEMENT OF NET POSITION
 June 30, 2021

| | GOVERNMENTAL ACTIVITIES |
|--|----------------------------|
| ASSETS | |
| Cash and Investments | \$ 2,664,653 |
| Receivables: | |
| Property Taxes | 61,778 |
| Other - Net of Allowance | 160,987 |
| OPEB RHIA asset | 10,343 |
| Capital Assets - Nondepreciable | 329,000 |
| Capital Assets - Depreciable, Net of Depreciation | 4,494,443 |
| Total Assets | 7,721,204 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Pension related deferrals - PERS | 2,618,783 |
| OPEB Related Deferrals - Health Insurance | 55,882 |
| OPEB Related Deferrals - RHIA | 7,605 |
| TOTAL ASSETS AND PENSION-RELATED DEFERRALS | 10,403,474 |
| LIABILITIES | |
| Current Liabilities: | |
| Accounts Payable | 12,658 |
| Accrued Vacation | 147,345 |
| Interest Payable | 9,427 |
| Noncurrent Liabilities: | |
| Net Pension Liability - PERS | 3,197,492 |
| OPEB Obligation (Health Insurance) | 147,609 |
| Long-Term Debt Due Within One Year | 180,000 |
| Long-Term Debt Due in More than One Year | 1,055,000 |
| Total Liabilities | 4,749,531 |
| DEFERRED INFLOWS OF RESOURCES | |
| Pension related deferrals - PERS | 1,027,746 |
| Pension related deferrals - RHIA | 1,630 |
| OPEB related deferrals - Health Insurance | 4,899 |
| TOTAL LIABILITIES AND PENSION-RELATED DEFERRALS | 5,783,806 |
| NET POSITION | |
| Net Investment in Capital Assets | 3,588,443 |
| Restricted for: | |
| Debt Service | 45,926 |
| OPEB asset | 10,343 |
| Unrestricted | 974,956 |
| Total Net Position | \$ 4,619,668 |

See accompanying notes to basic financial statements.

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021**

| FUNCTIONS | EXPENSES | PROGRAM REVENUES | | NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION |
|--------------------------------------|---------------------|-------------------------|--|--|
| | | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | |
| Public Safety | \$ 2,324,077 | \$ 628,267 | \$ 437,351 | \$ (1,258,459) |
| Facilities Acquisition | 131,670 | - | - | (131,670) |
| Interest on Long-Term Debt | 24,975 | - | - | (24,975) |
| Total Governmental Activities | \$ 2,480,722 | \$ 628,267 | \$ 437,351 | (1,415,104) |
| General Revenues: | | | | |
| | | | | 2,924,223 |
| | | | | 190,747 |
| | | | | 21,442 |
| | | | | 37,671 |
| | | | | <u>3,174,083</u> |
| | | | | 1,758,979 |
| | | | | <u>2,860,689</u> |
| | | | | <u>\$ 4,619,668</u> |

See accompanying notes to basic financial statements.

SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2021

| | GENERAL | DEBT SERVICE | TOTALS |
|--|---------------------|------------------|---------------------|
| ASSETS | | | |
| Cash and Investments | \$ 2,620,146 | \$ 44,507 | \$ 2,664,653 |
| Property Taxes Receivable | 57,850 | 3,928 | 61,778 |
| Other Receivables - Net of Allowance | 160,987 | - | 160,987 |
| Total Assets | \$ 2,838,983 | \$ 48,435 | \$ 2,887,418 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts Payable | \$ 12,658 | \$ - | \$ 12,658 |
| Total Liabilities | 12,658 | - | 12,658 |
| Deferred Inflows of Resources: | | | |
| Unavailable Revenue-Property Taxes | 40,011 | 2,509 | 42,520 |
| Fund Balances: | | | |
| Restricted for Debt Service | - | 45,926 | 45,926 |
| Assigned | 1,034,557 | - | 1,034,557 |
| Unassigned | 1,751,757 | - | 1,751,757 |
| Total Fund Balances | 2,786,314 | 45,926 | 2,832,240 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 2,838,983 | \$ 48,435 | \$ 2,887,418 |

See accompanying notes to basic financial statements.

SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON

RECONCILIATION OF THE GOVERNMENTAL FUNDS
 BALANCE SHEET TO THE STATEMENT OF NET POSITION
 June 30, 2021

| | | |
|--|--------------------|---------------------|
| Total Fund Balances - Governmental Funds | | \$ 2,832,240 |
| <p>The PERS net pension asset (liability) is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.</p> | | |
| | | (3,197,492) |
| <p>Deferred inflows and outflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projects and actual earning, and contributions subsequent to the measurement date.</p> | | |
| Deferred Outflows - PERS | | 2,618,783 |
| Deferred Inflows - PERS | | (1,027,746) |
| Deferred Outflows - OPEB Health Insurance | | 55,882 |
| Deferred Inflows - OPEB Health Insurance | | (4,899) |
| Deferred Inflows - OPEB RHIA | | (1,630) |
| Deferred Outflows - OPEB RHIA | | 7,605 |
| <p>The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental accounting. The Statement of Net Position includes those capital assets among the assets of the District as a whole.</p> | | |
| Net Capital Assets | | 4,823,443 |
| <p>Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.</p> | | |
| OPEB Asset (Liability) - Health Insurance | \$ (147,609) | |
| OPEB Asset (Liability) - RHIA | 10,343 | |
| Interest Payable | (9,427) | |
| Bonds Payable | <u>(1,235,000)</u> | (1,381,693) |
| Accrued Vacation | | (147,345) |
| Unavailable Revenue related to Property Taxes | | <u>42,520</u> |
| Net Position of Governmental Activities | | <u>\$ 4,619,668</u> |

See accompanying notes to basic financial statements

SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2021

| | GENERAL | DEBT SERVICE | TOTALS |
|---|---------------------|------------------|---------------------|
| REVENUES | | | |
| Local Sources | | | |
| Current Property Taxes | \$ 2,879,497 | \$ 190,747 | \$ 3,070,244 |
| Prior Property Taxes | 55,202 | - | 55,202 |
| Interest | 20,840 | 602 | 21,442 |
| Charges for Services | 628,267 | - | 628,267 |
| Grants | 437,351 | - | 437,351 |
| Other | 37,671 | - | 37,671 |
| Total Revenues | 4,058,828 | 191,349 | 4,250,177 |
| EXPENDITURES | | | |
| Personnel Services | 2,315,788 | - | 2,315,788 |
| Materials and Services | 806,457 | - | 806,457 |
| Capital Outlay | 517,019 | - | 517,019 |
| Debt Service | - | 196,273 | 196,273 |
| Total Expenditures | 3,639,264 | 196,273 | 3,835,537 |
| Excess of Revenues Over (Under) Expenditures | 419,564 | (4,924) | 414,640 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | 596,717 | - | 596,717 |
| Transfers Out | (596,717) | - | (596,717) |
| Total Other Financing Sources (Uses) | - | - | - |
| Net Change in Fund Balance | 419,564 | (4,924) | 414,640 |
| Beginning Fund Balance | 2,366,750 | 50,850 | 2,417,600 |
| Ending Fund Balance | \$ 2,786,314 | \$ 45,926 | \$ 2,832,240 |

See accompanying notes to basic financial statements.

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ 414,640

The PERS pension expense represents the changes in net pension asset (liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits.

| | | |
|--|----------------|-----------|
| PERS Income (Expense) | \$ 1,067,627 | |
| OPEB - Health Insurance Income (Expense) | (1,502) | |
| OPEB-RHIA Income (Expense) | <u>(1,370)</u> | 1,064,755 |

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Additions to bond principal is an expense for the Statement of Net Position, but not the governmental funds.

| | | |
|---|--|---------|
| Principal on General Obligation Bonds, Net of Refinancing | | 170,000 |
|---|--|---------|

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets are capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation:

| | | |
|-------------------------|------------------|---------|
| Capital Asset Additions | \$ 385,349 | |
| Depreciation Expense | <u>(232,519)</u> | 152,830 |

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

1,298

Change in Accrued Vacation

(34,068)

Property tax in the Statement of Activities differs from the amount reported on the governmental funds. In the governmental funds, which are on the modified accrual basis, the District recognizes unearned revenue for all property taxes levied but not received; however, in the Statement of Activities, there is no unavailable revenue and the full property tax receivable is accrued.

(10,476)

Change in Net Position of Governmental Activities

\$ 1,758,979

See accompanying notes to basic financial statements.

SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

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**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. THE FINANCIAL REPORTING ENTITY

The District was organized under provisions of Oregon Statutes Chapter 478 for the purpose of providing fire protection and other emergency services. The Sisters-Camp Sherman Rural Fire Protection District is a municipal corporation governed by an elected Board. As required by accounting principles generally accepted in the United States of America, these financial statements present Sisters-Camp Sherman Rural Fire Protection District (the primary government) and any component units. Component units, as established by GASB 61, are separate organizations that are included in the District's reporting because of the significance of their operational or financial relationships with the District. The District has no component units.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

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

The government-wide statements report information on the District irrespective of fund activity, and the fund financial statements report information using the District's funds. The District has only governmental activities.

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities.

FUND FINANCIAL STATEMENTS

The accounts of the District are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum numbers of funds are maintained consistent with legal and managerial requirements.

SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GOVERNMENTAL FUND TYPES

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, pension and OPEB costs, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

C. DESCRIPTION OF FUNDS

The District reports the following major funds:

GENERAL FUND

This fund accounts for all financial resources and expenditures, except those required to be accounted for in another fund. The primary source of revenue is property taxes and the primary expenditures are for fire protection and administration.

DEBT SERVICE FUND

This fund accounts for the revenues collected and the payment of the general obligation issue. Resources are from property taxes. Expenditures are for the payment of principal and interest on the issue.

D. BUDGET

A budget is prepared and legally adopted for each fund on the modified accrual basis of accounting in the main program categories required by the Oregon Local Budget Law. The budgetary basis of accounting is substantially the same as generally accepted accounting principles in the United States of America with the following exceptions: Capital outlay and inventory expenditures are expensed when purchased, compensated absences, pension costs, interest, and debt principal are expensed when paid rather than when accrued, property taxes are recorded as revenue when received rather than when levied.

The District begins its budget process early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are published generally in early spring with a public hearing being held approximately three weeks later. The board may amend the budget prior to adoption; however, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is adopted and appropriations are made no later than June 30th.

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. BUDGET (CONTINUED)

Expenditure budgets are appropriated at the following levels for each fund: Personnel Services, Materials and Services, Capital Outlay, Interfund Transactions, Debt Service, and Operating Contingency.

Expenditures cannot legally exceed the above appropriations levels. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur if the Board approves them due to a need which exists but could not be determined at the time the budget was adopted. Budget amounts shown in the basic financial statements reflect the original appropriations and a supplemental budget. Expenditures of the various funds were within authorized appropriation levels.

E. PROPERTY TAXES RECEIVABLE

In the Government-Wide Financial Statements uncollected property taxes are recorded on the Statement of Net Position. In the Fund Financial Statements property taxes that are collected within 60 days after year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining balance is recorded as unavailable revenue because it is not deemed available to finance operation of the current period. An allowance for doubtful accounts is not deemed necessary by management, as uncollectible taxes become a lien on the property. Property taxes are levied on all taxable property as of July 1, the beginning of the fiscal year, and become a lien on that date. Property taxes are payable on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

F. CAPITAL ASSETS

Capital assets are recorded at the original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year. Interest incurred during construction, maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful life estimates:

| | |
|-----------|----------------|
| Buildings | 10 to 40 years |
| Equipment | 5 to 20 years |
| Vehicles | 10 to 30 years |

G. RETIREMENT PLANS

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. USE OF ESTIMATES

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

I. VESTED COMPENSATED ABSENCES

It is the District's policy to permit employees to accumulate earned unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All unused vacation pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

J. NET POSITION

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

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

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

Unrestricted Net Position – consists of all other assets that are not included in the other categories previously mentioned.

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.

K. LONG-TERM OBLIGATIONS

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. CASH AND CASH EQUIVALENTS

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

M. FUND BALANCE

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

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and prepaid items.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Authority to classify portions of ending fund balance as Assigned has been given to the Fire Chief and Finance Manager. The assigned fund balance is the total of the three reserve funds which are combined with the General fund under GASB 54.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed, assigned, and unassigned. There were no nonspendable or committed fund balance at year end.

N. DEFERRED OUTFLOWS / INFLOW OF RESOURCES

In addition to assets, the basic financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2021, the District's statement of net position shows deferred outflows representing PERS pension, OPEB RHIA assets and OPEB Health Insurance related deferrals.

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. DEFERRED OUTFLOWS / INFLOW OF RESOURCES (CONTINUED)

In addition to liabilities, the basic financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category. Accordingly, the first item, unavailable revenue, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Secondly, at June 30, 2021, there were deferred inflows reported in the statement of net position, representing PERS pension, OPEB RHIA and OPEB Health Insurance related deferrals.

O. FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY

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

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

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

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

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

There were no investments at June 30, 2021, except for \$2,721,099 in the State Treasurer's Local Government Investment Pool. See footnote 2.

2. CASH AND INVESTMENTS

Oregon Revised Statutes (294.035) and District policy authorize investing in obligations of the U.S. Treasury and agencies, time certificates of deposit, bankers' acceptances, repurchase agreements, and the State of Oregon Local Government Investment Pool.

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

Cash and Investments at June 30 (recorded at cost) consisted of:

| | | |
|-----------------|----|--------------|
| Demand Deposits | \$ | (56,559) |
| Investments | | 2,721,099 |
| Cash on Hand | | 112 |
| Total | | \$ 2,664,653 |

INVESTMENTS

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund's compliance with all portfolio guidelines can be found in their annual report when issued. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx)

If the link has expired please contact the Oregon Short Term Fund directly.

The District had the following investments and maturities:

| Investment Type | Fair Value | Investment Maturities (in months) | | |
|-----------------------------------|--------------|-----------------------------------|------|-------|
| | | Less than 3 | 3-18 | 18-59 |
| State Treasurer's Investment Pool | \$ 2,721,099 | \$ 2,721,099 | \$ - | \$ - |
| Total | \$ 2,721,099 | \$ 2,721,099 | \$ - | \$ - |

Deposits

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk-Investments

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. The District does not have any investments that have a maturity date beyond 3 months.

Credit Risk - Investment

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

Concentration of Credit/Deposit Risk

At year-end, the total bank balance was \$111,483 all of which was covered by federal depository insurance or collateralized by the Oregon Public Funds Collateralization Program (PFCP).

3. CAPITAL ASSETS

The changes in capital assets for the fiscal year ended June 30, 2021 are as follows:

| | <u>July 1, 2020</u> | <u>Additions</u> | <u>(Deletions)</u> | <u>June 30, 2021</u> |
|---------------------------------------|---------------------|------------------|--------------------|----------------------|
| Capital Assets | | | | |
| Land | \$ 329,000 | \$ - | \$ - | \$ 329,000 |
| Buildings | 5,009,025 | 95,801 | - | 5,104,826 |
| Equipment | 362,567 | 26,894 | - | 389,461 |
| Vehicles | 2,034,615 | 262,654 | - | 2,297,269 |
| Total Capital Assets | <u>7,735,207</u> | <u>385,349</u> | <u>-</u> | <u>8,120,556</u> |
| Less: Accumulated Depreciation | | | | |
| Buildings | 1,432,084 | 103,896 | - | 1,535,980 |
| Equipment | 209,865 | 23,894 | - | 233,759 |
| Vehicles | 1,422,645 | 104,729 | - | 1,527,374 |
| Total Accumulated Depreciation | <u>3,064,594</u> | <u>232,519</u> | <u>-</u> | <u>3,297,113</u> |
| Capital Assets, Net | <u>\$ 4,670,613</u> | | | <u>\$ 4,823,443</u> |

Depreciation expense was charged to functions as follows:

| | |
|------------------------|-------------------|
| Personnel Services | \$ 181,094 |
| Materials and Services | <u>51,425</u> |
| Total | <u>\$ 232,519</u> |

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

4. DEFINED BENEFIT PENSION PLAN

PLAN DESCRIPTION

The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>

If the link is expired please contact Oregon PERS for this information.

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
 - i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.
 - ii. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
 - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
 - iv. **Benefit Changes After Retirement.** Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

4. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation, which became effective July 1, 2019. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Effective January 1, 2020, Senate Bill 1049 requires employees to pay contributions on re-employed PERS retirees' salaries as if they were an active member, excluding IAP (6%) contributions. Employer contributions for the year ended June 30, 2021 were \$382,941, excluding amounts to fund employer specific liabilities. In addition approximately \$63,396 in employee contributions were paid or picked up by the District in fiscal 2020-21.

Pension Asset or Liability – At June 30, 2021, the District reported a net pension liability of \$3,197,492 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date of June 30, 2020 and 2019, the District's proportion was .015 percent and .022 percent, respectively. Pension income for the year ended June 30, 2021 was \$1,067,627.

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

4. DEFINED BENEFIT PENSION PLAN (CONTINUED)

The rates in effect for the year ended June 30, 2021 were:

- (1) Tier 1/Tier 2 – 40.06%
- (2) OPSRP general services – 27.19%
- (3) OPSRP Police and Fire – 31.82%

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> |
|---|--|---|
| Difference between expected and actual experience | \$ 140,728 | \$ - |
| Changes in assumptions | 171,599 | 6,012 |
| Net difference between projected and actual earnings on pension plan investments | 375,983 | - |
| Net changes in proportionate share | - | - |
| Differences between District contributions and proportionate share of contributions | 337,974 | 974,853 |
| Subtotal - Amortized Deferrals (below) | <u>1,209,558</u> | <u>46,881</u> |
| District contributions subsequent to measuring date | 2,235,842 | 1,027,746 |
| Deferred outflow (inflow) of resources | <u>\$ 2,618,783</u> | <u>\$ 1,027,746</u> |

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2022.

Subtotal amounts related to pension as deferred outflows of resources, \$2,235,842 and deferred inflows of resources, (\$1,027,746), net to \$1,208,096 and will be recognized in pension expense as follows:

| <u>Year ending June 30,</u> | <u>Amount</u> |
|-----------------------------|---------------------|
| 2021 | \$ 347,475 |
| 2022 | 330,929 |
| 2023 | 300,138 |
| 2024 | 207,191 |
| 2025 | 22,363 |
| Thereafter | - |
| Total | <u>\$ 1,208,096</u> |

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 12, 2021. Oregon PERS produces an independently audited CAFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>

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

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

4. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Actuarial Methods and Assumptions:

| | |
|---------------------------|--|
| Valuation Date | December 31, 2018 rolled forward to June 30, 2020 |
| Experience Study Report | 2018, Published July 24, 2019 |
| Actuarial cost method | Entry Age Normal |
| Amortization method | Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years |
| Asset valuation method | Market value of assets |
| Inflation rate | 2.50 percent |
| Investment rate of return | 7.20 percent (changed from 7.50 percent) |
| Projected salary increase | 3.50 percent overall payroll growth |
| Cost of Living Adjustment | Blend of 2% COLA and graded COLA (1.25%/1.5%) in accordance with Moro decision, blend based on service |
| Mortality | Healthy retirees and beneficiaries: 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. Active members: Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Date Scale with job category as described in the valuation. |

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

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

4. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Assumed Asset Allocation:

| Asset Class/Strategy | Low Range | High Range | OIC 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% |

(Source: June 30, 2020 PERS CAFR; p. 102)

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.

| Asset Class | Target Allocation | Compound Annual (Geometric) Return |
|-----------------------------------|--------------------------|---|
| Core Fixed Income | 9.60% | 4.07% |
| Short-Term Bonds | 9.60% | 3.68% |
| Bank/Leveraged Loans | 3.60% | 5.19% |
| High Yield Bonds | 1.20% | 5.74% |
| Large/Mid Cap US Equities | 16.17% | 6.30% |
| Small Cap US Equities | 1.35% | 6.68% |
| Micro Cap US Equities | 1.35% | 6.79% |
| Developed Foreign Equities | 13.48% | 6.91% |
| Emerging Market Equities | 4.24% | 7.69% |
| Non-US Small Cap Equities | 1.93% | 7.25% |
| Private Equity | 17.50% | 8.33% |
| Real Estate (Property) | 10.00% | 5.55% |
| Real Estate (REITS) | 2.50% | 6.69% |
| Hedge Fund of Funds - Diversified | 1.50% | 4.06% |
| Hedge Fund - Event-driven | 0.38% | 5.59% |
| Timber | 1.13% | 5.61% |
| Farmland | 1.13% | 6.12% |
| Infrastructure | 2.25% | 6.67% |
| Commodities | 1.13% | 3.79% |
| <i>Assumed Inflation - Mean</i> | | 2.50% |

(Source: June 30, 2020 PERS CAFR; p. 74)

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

4. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate – The discount rate used to measure the total pension liability as of the measurement dates of June 30, 2020 and 2019 was 7.20 percent for both years for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate – the following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.20 percent) or one percent higher (8.20 percent) than the current rate.

| | 1% Decrease (6.20%) | Discount Rate (7.20%) | 1% Increase (8.20%) |
|--|------------------------|--------------------------|------------------------|
| District's proportionate share of the net pension liability | \$ 4,748,011 | \$ 3,197,492 | \$ 1,897,309 |

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer’s reporting date that are expected to have a significant effect on the employer’s share of the collective Net Pension Liability, along with an estimate of the resulting change, if available. There are no changes subsequent to the June 30, 2020 Measurement Date that meet this requirement.

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

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

Pension Benefits:

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

4. DEFINED BENEFIT PENSION PLAN (CONTINUED)

OPSRP Individual Account Program (OPSRP IAP) (Continued)

Death Benefits:

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

Contributions:

Employees of the District pay six (6) percent of their covered payroll. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSERP members earning \$2,500 or more per month will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly IAP contribution, Tier 1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSERP will have 0.75 percent redirected to the Employee Pension Stability Account, with the remaining going to the member's existing IAP account. Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full 6 percent contribution to the IAP. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2021.

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

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

5. OTHER POST-EMPLOYMENT BENEFIT PLAN - (RHIA)

Plan Description:

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

Funding Policy:

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

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

5. OTHER POST-EMPLOYMENT BENEFIT PLAN - (RHIA) (CONTINUED)

Funding Policy (Continued)

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.06% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2021. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers. The District's contributions to RHIA equaled the required contributions.

At June 30, 2021, the District reported a net OPEB liability/(asset) of (\$10,343) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2020, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2018. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement dates of June 30, 2020 and 2019, the District's proportion was .005 and .011, respectively. OPEB expense for the year ended June 30, 2021 was \$1,370.

Components of OPEB Expense/(Income):

| | | |
|---|-----------|--------------|
| Employer's Proportionate share of collective system OPEB Expense/(Income) | \$ | (1,664) |
| Net amortization of employer-specific deferred amounts from: | | |
| - Changes in proportionate share (per paragraph 64 of GASB 75) | | 3,357 |
| - Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75) | | |
| | <u>\$</u> | <u>1,693</u> |

Components of Deferred Outflows/Inflows of Resources:

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> |
|---|--|---|
| Difference between expensed and actual experience | - | 1,057 |
| Changes of assumptions | - | 550 |
| Net Differences between project and actual earning on investment | 1,150 | - |
| Changes in proportionate share | 6,455 | 23 |
| Differences between employer contributions and employer's proportionate share of system contributions | - | - |
| Subtotal - Amortized Deferrals (below) | <u>7,605</u> | <u>1,630</u> |
| Contributions subsequent to measurement date | <u>-</u> | <u>-</u> |
| Deferred outflow (inflow) of resources | <u>\$ 7,605</u> | <u>\$ 1,630</u> |

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability/(asset) in the fiscal year ended June 30, 2022.

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

5. OTHER POST-EMPLOYMENT BENEFIT PLAN - (RHIA) (CONTINUED)

Components of Deferred Outflows/Inflows of Resources (Continued):

Subtotal amounts related to OPEB as deferred outflows of resources, \$7,605, and deferred inflows of resources, (\$1,630), net to (\$5,975) and will be recognized in OPEB expense as follows:

| <u>Year ending June 30,</u> | | |
|-----------------------------|----|--------------|
| 2022 | \$ | 2,398 |
| 2023 | | 2,789 |
| 2024 | | 425 |
| 2025 | | 363 |
| 2026 | | - |
| Thereafter | | - |
| Total | \$ | <u>5,975</u> |

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2020. That independently audited report was dated March 12, 2021 and can be found at:

https://www.oregon.gov/pers/EMP/Documents/GASB/2020/GASB_75_FYE_6.30.2020.pdf

Actuarial Methods and Assumptions:

| | |
|----------------------------------|--|
| Valuation Date | December 31, 2018 |
| Experience Study Report | 2018, Published July 24, 2019 |
| Actuarial cost method | Entry Age Normal |
| Inflation rate | 2.50 percent |
| Investment rate of return | 7.20 percent |
| Discount rate | 7.20 percent |
| Projected salary increase | 3.50 percent |
| Retiree healthcare participation | Healthy retirees: 32%; Disabled retirees: 20% |
| Mortality | Healthy retirees and beneficiaries: 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. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled 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 value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2018 Experience Study which is reviewed for the four-year period ending December 31, 2018.

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

5. OTHER POST-EMPLOYMENT BENEFIT PLAN - (RHIA) (CONTINUED)

Discount Rate:

The discount rate used to measure the total OPEB liability as of the measurement dates of June 30, 2020 and 2019 was 7.20 and 7.20 percent, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA 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 OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

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.

| Asset Class | Target Allocation | Compound Annual (Geometric) Return |
|-----------------------------------|--------------------------|---|
| Core Fixed Income | 9.60% | 4.07% |
| Short-Term Bonds | 9.60% | 3.68% |
| Bank/Leveraged Loans | 3.60% | 5.19% |
| High Yield Bonds | 1.20% | 5.74% |
| Large/Mid Cap US Equities | 16.17% | 6.30% |
| Small Cap US Equities | 1.35% | 6.68% |
| Micro Cap US Equities | 1.35% | 6.79% |
| Developed Foreign Equities | 13.48% | 6.91% |
| Emerging Market Equities | 4.24% | 7.69% |
| Non-US Small Cap Equities | 1.93% | 7.25% |
| Private Equity | 17.50% | 8.33% |
| Real Estate (Property) | 10.00% | 5.55% |
| Real Estate (REITS) | 2.50% | 6.69% |
| Hedge Fund of Funds - Diversified | 1.50% | 4.06% |
| Hedge Fund - Event-driven | 38.00% | 5.59% |
| Timber | 1.13% | 5.61% |
| Farmland | 1.13% | 6.12% |
| Infrastructure | 2.25% | 6.67% |
| Commodities | 1.13% | 3.79% |
| <i>Assumed Inflation - Mean</i> | | 2.50% |

(Source: June 30, 2020 PERS CAFR; p. 74)

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

5. OTHER POST-EMPLOYMENT BENEFIT PLAN - (RHIA) (CONTINUED)

Long-Term Expected Rate of Return (Continued):

Sensitivity of the District's proportionate share of the net OPEB liability/(asset) to changes in the discount rate – The following presents the District's proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 7.20 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.20 percent) or one percent higher (8.20 percent) than the current rate.

| | <u>1%</u> Decrease <u>(6.20%)</u> | <u>Discount Rate</u> <u>(7.20%)</u> | <u>1%</u> Increase <u>(8.20%)</u> |
|--|---|--|---|
| School's proportionate share of the net OPEB liability (asset) | \$ (8,350) | \$ (10,343) | \$(12,047) |

Changes Subsequent to the Measurement Date

There are no changes subsequent to the June 30, 2020 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

6. OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE

Post-Employment Health Care Benefits

Plan Description:

The District maintains a single employer retiree benefit plan that provides post-employment health, dental, vision and life insurance benefits to eligible employees and their spouses. There are active and retired members in the plan. Benefits and eligibility for members are established through the collective bargaining agreements. The plan does not issue separate basic financial statements.

The district's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulated that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between a retirees' claims cost, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer contribution.

The District reports Other Postemployment Benefits under GASB Statement No. 75. This allows the District to report a liability for other post-employment benefits consistent with established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

Annual OPEB Cost and Total OPEB Liability - The annual other postemployment benefit (OPEB) cost is calculated based on the Total OPEB Liability, an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. For detailed information and a table showing the components of the District's annual OPEB costs and liabilities, see page 35.

Total other Post Employment Benefit Liability

The District's total other post-employment benefits were measured as of June 30, 2020 and determined by an actuarial valuation as of July 1, 2019.

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE (CONTINUED)

Actuarial Methods and Assumptions - The total other post-employment benefit liability in the July 1, 2019 actuarial valuation was calculated based on the discount rate and actuarial assumptions below, and was then projected forward/backward to the measurement date. Discount Rate 2.21%, Inflation 2.50%, Salary Increases 3.5%, and Actuarial Cost Method is Entry Age Normal Level Percent of Pay. Mortality rates are based on RP 2014, Employee/Healthy Annuitant, sex distinct, generational. Turnover, Disability and Retirement rate assumptions are based off the valuation of benefits under Oregon PERS.

Changes in the Net Other Post-Employment Benefit Liability

| | | |
|--|----|-----------------|
| Total OPEB Liability at June 30, 2020 | \$ | 139,840 |
| Changes for the year: | | |
| Service Cost | | 8,756 |
| Interest | | 4,969 |
| Changes of assumptions or other input | | 7,419 |
| Differences between expected and actual experience | | - |
| Benefit Payments | | <u>(13,375)</u> |
| Total OPEB Liability at June 30, 2021 | \$ | <u>147,609</u> |

Sensitivity of the Total Post-Employment Benefit Liability to changes in the discount and trend rates

The following presents the Total OPEB Liability of the plan, calculated using the discount rate as of the measurement date, as well as what the Plan's Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption:

| | <u>1% Decrease 1.21%</u> | <u>Current Discount Rate 2.21%</u> | <u>1% Increase 3.21%</u> |
|----------------------|----------------------------------|--|----------------------------------|
| Total OPEB Liability | \$ 158,829 | \$ 147,609 | \$ 137,259 |
| | | | |
| | <u>1% Decrease</u> | <u>Current Trend Rate</u> | <u>1% Increase</u> |
| Total OPEB Liability | \$ 132,450 | \$ 147,609 | \$ 165,766 |

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Benefits:

| | Deferred Inflow of Resources | Deferred Outflow of Resources |
|---|---------------------------------|----------------------------------|
| Difference between expected and actual experience | \$ - | \$ 15,609 |
| Changes of assumptions or inputs | (4,899) | 24,822 |
| Subtotal - Amortized Deferrals (below) | (4,899) | 40,431 |
| Benefit Payments (estimated) | - | 15,451 |
| Deferred outflow (inflow) of resources | \$ (4,899) | \$ 55,882 |

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability in the fiscal year ended June 30, 2022.

Subtotal amounts related to OPEB as deferred outflows of resources, \$40,431, and deferred inflows of resources \$(4,899), net to \$35,532 and will be recognized in pension expense as follows:

| Year ending June 30, | Amount |
|----------------------|-----------|
| 2021 | 3,228 |
| 2022 | 3,228 |
| 2023 | 3,228 |
| 2024 | 3,228 |
| 2025 | 3,228 |
| Thereafter | 19,392 |
| Total | \$ 35,532 |

As of the July 1, 2019 valuation date, the following employee groups were covered by the benefit terms:

Number of Members

| | |
|-----------------|----|
| Active | 12 |
| Retired Members | 1 |
| Total | 13 |

7. OTHER POST EMPLOYMENT BENEFITS

Plan Description – The District offers its employees a deferred compensation plan, permitting them to defer a portion of their salary into future years. It is administered by independent plan administrators through administrative service agreements. The District’s administrative involvement is limited to transmitting amounts withheld from payroll to the plan administrator who performs the investing function. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The District does not pay social security on its employees who are covered under the PERS program. Instead the District offers a deferred compensation match.

Funding Policy – the District contributes up to a 6.2% of their gross based entirely on the same formula as Social Security calculates the benefit. This District’s contribution for the year ended June 30, 2021 was \$80,548.

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

The District works with separate investment providers who also provide third-party administration for all deferred compensation program funds. There is little administrative involvement required by the District and it does not have any liability for losses under the plan, but does have the duty to administer the plan in a prudent manner. In accordance with GASB no. 32, Account and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, the plan's assets are not included in the accompanying basic financial statements as all assets belong to the employees.

8. LONG-TERM DEBT

The changes in long-term debt for the year ended June 30, 2021 were comprised of the following:

| | <u>Outstanding July 1, 2020</u> | <u>Additions</u> | <u>Deductions</u> | <u>Outstanding June 30, 2021</u> | <u>Due Within One Year</u> |
|-----------------------------------|-------------------------------------|--------------------|--------------------------|--------------------------------------|--------------------------------|
| GO Refunding Bond, Series 2016 | 1,405,000 | - | 170,000 | 1,235,000 | 180,000 |
| Totals | <u>\$ 1,405,000</u> | <u>\$ -</u> | <u>\$ 170,000</u> | <u>\$ 1,235,000</u> | <u>\$ 180,000</u> |

On November 17, 2016, \$1,880,000 of general obligation bonds were issued at an interest rate of 1.87% in order to refund the series 2007 general obligation bond issue. In the event of default, the lender may increase the interest rate an additional 5.00%.

Future debt service requirements for bonds payable and loans payable are as follows:

| GO Refunding Bond, Series 2016 | | |
|--------------------------------|----------------------------|-------------------------|
| <u>Year Ending</u> | <u>Principal</u> | <u>Interest</u> |
| 2022 | 180,000 | 23,094 |
| 2023 | 190,000 | 19,729 |
| 2024 | 200,000 | 16,176 |
| 2025 | 215,000 | 12,436 |
| 2026 | 220,000 | 8,415 |
| 2027 | 230,000 | 4,301 |
| Totals | <u>\$ 1,235,000</u> | <u>\$ 84,151</u> |

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

9. OPERATING LEASES

There is an equipment lease agreement with Pacific Office Automation for a Konika Bizhub C654e, Digital Color Copier System. The lease term is effective May 2015 to May 2025. Lease payments are \$290 a month.

Lease expense for the year ended June 30, 2021 was \$3,652.

Future Minimum Lease Payments:

| For the Year Ending June 30, | |
|---------------------------------|------------------|
| 2022 | 3,480 |
| 2023 | 3,480 |
| 2024 | 3,480 |
| 2025 | <u>2,900</u> |
| Total | <u>\$ 13,340</u> |

10. INTERFUND TRANSFERS

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

All transfers in the year 2020-21 were between the General Fund and other funds which are combined with the General Fund under the requirements of GASB 54.

| | <u>Transfers Out</u> | <u>Transfers In</u> |
|--------------------|----------------------|---------------------|
| General Fund | \$ 596,717 | \$ - |
| Employment Reserve | - | 161,471 |
| Building Reserve | - | 134,826 |
| Equipment Reserve | - | 300,420 |
| | <u>596,717</u> | <u>596,717</u> |

11. 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, injuries to employees and natural disasters. The District purchases commercial insurance to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage for any of the past three fiscal years.

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

12. PROPERTY TAX LIMITATION

The voters of the State of Oregon imposed a constitutional limit on property taxes for schools and nonschool government operations. School operations include community colleges, local school districts, and education service districts. The limitation provides that property taxes for nonschool operations are limited to \$10.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt.

The State voters further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State to minimize the impact to school districts from the impact of the tax cuts.

13. ACCOUNTS RECEIVABLE

| | |
|---------------------------------|---------------------|
| | <u>General Fund</u> |
| Accounts Receivable | 244,903 |
| Allowance for Doubtful Accounts | <u>(83,916)</u> |
| Total Accounts Receivable | <u>\$ 160,987</u> |

Receivables are recognized as revenue when earned, including services provided but not billed. Receivables are stated net of an allowance for uncollectable, which is determined by management.

The amount of accounts receivable outstanding over 90 days is \$18,388.

14. TAX ABATEMENTS

As of June 30, 2021, the Sisters-Camp Sherman Rural Fire Protection District potentially had tax abatements through various statewide programs that impacted their levied taxes. Based on the information available from the counties as of the date of issuance of these basic financial statements, the amount of abatements for the year ended June 30, 2021 is deemed immaterial.

15. COMMITMENTS AND CONTINGENCIES

The COVID-19 outbreak in the United States has caused substantial disruption to business and local governments due to mandated and voluntary suspension of operations and stay at home orders. There is considerable uncertainty around the duration of the outbreak and the long-term impact to the overall economy. However, the impact on the District's finances is not determinable.

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

16. RESTATEMENT OF NET POSITION

Due to the current actuarial valuation of the District's OPEB-RHIA benefits for GASB Statement No. 75, a restatement of the prior year net position was required to record the RHIA asset at the prior measurement date. The restatement is as follows:

| | | |
|---|----|------------------|
| Net Position - Beginning as previously reported | \$ | 2,843,001 |
| June 30, 2020 RHIA Asset | | 17,688 |
| Net Position - Beginning as restated | \$ | <u>2,860,689</u> |

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**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

REQUIRED SUPPLEMENTARY INFORMATION

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SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 ACTUAL AND BUDGET
 For the Year Ended June 30, 2021

GENERAL FUND

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE TO FINAL BUDGET |
|---|--------------------|-------------------|------------------|-----------------------------|
| REVENUES | | | | |
| Local Sources | | | | |
| Current Property Taxes | \$ 2,794,872 | \$ 2,794,872 | \$ 2,879,497 | \$ 84,625 |
| Prior Property Taxes | 50,000 | 50,000 | 55,202 | 5,202 |
| Interest | 40,000 | 40,000 | 20,840 | (19,160) |
| Charges for Services | 484,461 | 484,461 | 628,267 | 143,806 |
| Grants | 435,525 | 435,525 | 322,991 | (112,534) |
| Other | 57,500 | 57,500 | 37,671 | (19,829) |
| Total Revenue | 3,862,358 | 3,862,358 | 3,944,468 | 82,110 |
| EXPENDITURES | | | | |
| Administration | 707,122 | 707,122 (1) | 672,697 | 34,425 |
| Operations | 2,242,739 | 2,242,739 (1) | 2,084,792 | 157,947 |
| Maintenance | 240,644 | 240,644 (1) | 201,232 | 39,412 |
| Volunteers | 391,243 | 391,243 (1) | 284,149 | 107,094 |
| Contingency | 326,443 | 326,443 (1) | - | 326,443 |
| Total Expenditures | 3,908,191 | 3,908,191 | 3,242,870 | 665,321 |
| Excess of Revenues Over (Under) Expenditures | (45,833) | (45,833) | 701,598 | 747,431 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | (596,717) | (596,717) (1) | (596,717) | - |
| Net Change in Fund Balance | (642,550) | (642,550) | 104,881 | 747,431 |
| Beginning Fund Balance | 1,634,423 | 1,634,423 | 1,646,876 | 12,453 |
| Ending Fund Balance | \$ 991,873 | \$ 991,873 | 1,751,757 | \$ 759,884 |

(1) Appropriation Level

Reconciliation to Governmental Fund Balance as required by GASB 54

Ending Fund Balance:

| | |
|--------------------|---------------------|
| Employment Reserve | 161,471 |
| Equipment Reserve | 678,230 |
| Building Reserve | 194,856 |
| | <u>\$ 2,786,314</u> |

SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
 June 30, 2021

PERS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

| Year Ended June 30, | (a) Employer's proportion of the net pension liability (NPL) | (b) Employer's proportionate share of the net pension liability (NPL) | (c) Employer's covered payroll | (b/c) NPL as a percentage of covered payroll | Plan fiduciary net position as a percentage of the total pension liability |
|---------------------|---|--|-----------------------------------|---|--|
| 2021 | 0.015 % | \$ 3,197,492 | \$ 1,234,099 | 259.1 % | 75.8 % |
| 2020 | 0.022 | 3,878,578 | 1,265,892 | 306.4 | 80.2 |
| 2019 | 0.020 | 2,966,285 | 1,284,034 | 231.0 | 82.1 |
| 2018 | 0.021 | 2,806,641 | 1,151,335 | 243.8 | 83.1 |
| 2017 | 0.014 | 2,158,518 | 1,168,425 | 184.7 | 80.5 |
| 2016 | 0.016 | 944,588 | 1,253,632 | 75.3 | 91.9 |
| 2015 | 0.019 | (426,731) | 1,195,369 | (35.7) | 103.6 |
| 2014 | 0.019 | 960,717 | 1,196,663 | 80.3 | 92.0 |

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SCHEDULE OF CONTRIBUTIONS

| Year | Statutorily required contribution | Contributions in relation to the statutorily required contribution | Contribution deficiency (excess) | Employer's covered payroll | Contributions as a percent of covered payroll |
|------|-----------------------------------|--|----------------------------------|----------------------------|---|
| 2021 | \$ 382,941 | \$ 382,941 | - | \$ 1,273,508 | 30.1 % |
| 2020 | 376,436 | 376,436 | - | 1,234,099 | 30.5 |
| 2019 | 305,754 | 305,754 | - | 1,265,892 | 24.2 |
| 2018 | 305,715 | 305,715 | - | 1,284,034 | 23.8 |
| 2017 | 198,538 | 198,538 | - | 1,151,335 | 17.2 |
| 2016 | 191,661 | 191,661 | - | 1,168,425 | 16.4 |
| 2015 | 134,323 | 134,323 | - | 1,253,632 | 10.7 |
| 2014 | 153,594 | 153,594 | - | 1,195,369 | 12.8 |

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
 June 30, 2021

RHIA

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB ASSET

| Year Ended June 30, | (a) Employer's proportion of the net OPEB asset (NOA) | (b) Employer's proportionate share of the net OPEB asset (NOA) | (c) Employer's covered payroll | (b/c) NOA as a percentage of covered payroll | Plan fiduciary net position as a percentage of the total OPEB asset |
|---------------------------|---|--|---|--|---|
| 2021 | 0.005 % | \$ 10,343 | \$ 1,234,099 | 119.3 % | 150.1 % |
| 2020 | 0.011 | 21,764 | 1,265,892 | 58.2 | 144.4 |
| 2019 | 0.012 | 13,139 | 1,284,034 | 97.7 | 124.0 |
| 2018 | 0.011 | 4,416 | 1,151,335 | 260.7 | 108.9 |

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

Amounts for covered payroll (c) use the prior year's data to match the measurement date used by the OPEB plan for each year.

SCHEDULE OF CONTRIBUTIONS

| Year | Statutorily required contribution | Contributions in relation to the statutorily required contribution | Contribution deficiency (excess) | Employer's covered payroll | Contributions as a percent of covered payroll |
|------|---|---|--|----------------------------------|--|
| 2021 | \$ N/A | \$ N/A | \$ N/A | \$ 1,273,508 | N/A |
| 2020 | N/A | N/A | N/A | 1,234,099 | N/A |
| 2019 | N/A | N/A | N/A | 1,265,892 | N/A |
| 2018 | N/A | N/A | N/A | 1,284,034 | N/A |

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

All statutorily required contributions were made and are included with PERS contributions (See p. 33)

SISTERS-CAMP SHERMAN RFPD
 DESCHUTES COUNTY, OREGON
 SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
 OTHER POST EMPLOYMENT BENEFITS
 June 30, 2020

**OPEB: (HEALTH INSURANCE)
 SCHEDULE OF FUNDING PROGRESS**

| Year Ended June, 30 | OPEB Liability Beginning of Year | Service Cost | Liability Interest | Changes of Benefit Terms | Changes of Assumptions | Benefit Payments | OPEB Liability End of Year | Estimated Covered Payroll | Total OPEB Liability as a % of Covered Payroll |
|---------------------|----------------------------------|--------------|--------------------|--------------------------|------------------------|------------------|----------------------------|---------------------------|--|
| 2021 | \$ 139,840 | \$ 8,756 | \$ 4,969 | - \$ | 7,419 | \$ (13,375) | \$ 147,609 | N/A | N/A |
| 2020 | 100,909 | 5,658 | 3,922 | - | 39,876 | (10,525) | 139,840 | N/A * | N/A |
| 2019 | N/A | N/A | N/A | - | N/A | N/A | 100,909 | N/A | N/A |

SCHEDULE OF EMPLOYER CONTRIBUTIONS

| Year Ended June, 30 | (a) Actuarially Determined Contribution | (b) Contributions During Year | (b)-(a) Difference | (c) Covered Payroll | (b/c) Contributions as a Percentage of Payroll |
|---------------------|---|-------------------------------|--------------------|---------------------|--|
| 2021 | \$ 8,756 | - \$ | N/A | \$ N/A | \$ N/A |
| 2020 | 5,658 | - | N/A | N/A | N/A |
| 2019 | - | - | N/A | N/A | N/A |

The above table presents the most recent calculation of the post-retirement health insurance under GASB 75 and it provides information about the total plan unfunded liability.

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

* Information not available

SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 ACTUAL AND BUDGET
 For the Year Ended June 30, 2021

DEBT SERVICE FUND

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE TO FINAL BUDGET</u> |
|----------------------------|----------------------------|-------------------------|------------------|-------------------------------------|
| REVENUES | | | | |
| Local Sources | | | | |
| Current Property Taxes | \$ 196,273 | \$ 196,273 | \$ 190,747 | \$ (5,526) |
| Interest | 1,200 | 1,200 | 602 | (598) |
| Total Revenues | <u>197,473</u> | <u>197,473</u> | <u>191,349</u> | <u>(6,124)</u> |
| EXPENDITURES | | | | |
| Debt Service | <u>196,274</u> | <u>196,274 (1)</u> | <u>196,273</u> | <u>1</u> |
| Total Expenditures | <u>196,274</u> | <u>196,274</u> | <u>196,273</u> | <u>1</u> |
| Net Change in Fund Balance | 1,199 | 1,199 | (4,924) | (6,123) |
| Beginning Fund Balance | <u>43,842</u> | <u>43,842</u> | <u>50,850</u> | <u>7,008</u> |
| Ending Fund Balance | <u>\$ 45,041</u> | <u>\$ 45,041</u> | <u>\$ 45,926</u> | <u>\$ 885</u> |

(1) Appropriation Level

SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 ACTUAL AND BUDGET
 For the Year Ended June 30, 2021

EMPLOYMENT RESERVE FUND

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE TO FINAL BUDGET</u> |
|--------------------------------------|----------------------------|-------------------------|-------------------|-------------------------------------|
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 161,471 | 161,471 | 161,471 | - |
| Total Other Financing Sources (Uses) | <u>161,471</u> | <u>161,471</u> | <u>161,471</u> | <u>-</u> |
| Net Change in Fund Balance | - | - | 161,471 | - |
| Beginning Fund Balance | - | - | - | - |
| Ending Fund Balance | <u>\$ 161,471</u> | <u>\$ 161,471</u> | <u>\$ 161,471</u> | <u>\$ -</u> |

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB 54 due to its financing resources being derived primarily from General Fund transfers.

SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 ACTUAL AND BUDGET
 For the Year Ended June 30, 2021

EQUIPMENT RESERVE FUND

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE TO FINAL BUDGET |
|--|--------------------|-----------------|------------|-----------------------------|
| REVENUES | | | | |
| Grant Revenue | - | - | 114,360 | 114,360 |
| Total Revenue | - | - | 114,360 | 114,360 |
| EXPENDITURES | | | | |
| Capital Outlay | \$ 257,900 | \$ 257,900 (1) | \$ 256,832 | \$ 1,068 |
| Reserved for Future Expenditure | 611,084 | 611,084 (1) | 36,969 | 574,115 |
| Total Expenditures | 868,984 | 868,984 | 293,801 | 575,183 |
| Excess of Revenues Over (Under) Expenditures | (868,984) | (868,984) | (179,441) | (460,823) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 300,420 | 300,420 | 300,420 | - |
| Total Other Financing Sources (Uses) | 300,420 | 300,420 | 300,420 | - |
| Net Change in Fund Balance | (568,564) | (568,564) | 120,979 | 689,543 |
| Beginning Fund Balance | 568,564 | 568,564 | 557,251 | (11,313) |
| Ending Fund Balance | \$ - | \$ - | \$ 678,230 | \$ 678,230 |

(1) Appropriation Level

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB 54 due to its financing resources being derived primarily from General Fund transfers.

SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 ACTUAL AND BUDGET
 For the Year Ended June 30, 2021

BUILDING RESERVE FUND

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE TO FINAL BUDGET</u> |
|---------------------------------------|----------------------------|-------------------------|-------------------|-------------------------------------|
| EXPENDITURES | | | | |
| Capital Outlay | \$ 104,341 | \$ 104,341 (1) | \$ 102,593 | \$ 1,748 |
| Reserved for Future Expenditure | 193,101 | 193,101 (1) | - | 193,101 |
| Total Expenditures | <u>297,442</u> | <u>297,442</u> | <u>102,593</u> | <u>194,849</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | <u>134,826</u> | <u>134,826</u> | <u>134,826</u> | <u>-</u> |
| Net Change in Fund Balance | (162,616) | (162,616) | 32,233 | 194,849 |
| Beginning Fund Balance | <u>162,616</u> | <u>162,616</u> | <u>162,623</u> | <u>7</u> |
| Ending Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 194,856</u> | <u>\$ 194,856</u> |

(1) Appropriation Level

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB 54 due to it's financing resources being derived primarily from General Fund transfers.

SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED
 For the Year Ended June 30, 2021

| TAX YEAR | ORIGINAL LEVY OR BALANCE UNCOLLECTED July 1, 2020 | DEDUCT DISCOUNTS | ADJUSTMENTS TO ROLLS | ADD INTEREST | CASH COLLECTIONS BY COUNTY TREASURER | BALANCE UNCOLLECTED/ UNSEGREGATED June 30, 2021 |
|---------------------|--|---------------------|-------------------------|-----------------|---|--|
| <u>GENERAL FUND</u> | | | | | | |
| CURRENT | | | | | | |
| 2020-21 | \$ 3,005,682 | \$ 78,969 | \$ (3,545) | \$ 1,270 | \$ 2,892,150 | \$ 32,288 |
| PRIOR YEARS | | | | | | |
| 2019-20 | 40,673 | (10) | (788) | 1,853 | 27,494 | 14,254 |
| 2018-19 | 16,579 | (11) | (827) | 1,627 | 10,034 | 7,356 |
| 2017-18 | 9,016 | (12) | (864) | 1,839 | 7,519 | 2,484 |
| 2016-17 | 3,086 | - | (225) | 891 | 3,281 | 471 |
| Prior: | 1,759 | - | (84) | 426 | 1,104 | 997 |
| Total Prior | 71,113 | (33) | (2,788) | 6,636 | 49,432 | 25,562 |
| Total | \$ 3,076,795 | \$ 78,936 | \$ (6,333) | \$ 7,906 | \$ 2,941,582 | \$ 57,850 |

RECONCILIATION OF REVENUE

| | GENERAL FUND |
|---|-----------------|
| Cash Collections by County Treasurer, Above | \$ 2,941,582 |
| Accrual of Receivables | |
| June 30, 2020 | (21,517) |
| June 30, 2021 | 17,839 |
| Payments in lieu of Property Taxes | (13,681) |
| Total Receipts | \$ 2,924,223 |

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED
For the Year Ended June 30, 2021**

| <u>TAX YEAR</u> | <u>ORIGINAL LEVY OR BALANCE UNCOLLECTED July 1, 2020</u> | <u>DEDUCT DISCOUNTS</u> | <u>ADJUSTMENTS TO ROLLS</u> | <u>ADD INTEREST</u> | <u>CASH COLLECTIONS BY COUNTY TREASURER</u> | <u>BALANCE UNCOLLECTED/ UNSEGREGATED June 30, 2021</u> |
|---------------------|--|-----------------------------|---------------------------------|-------------------------|---|--|
| DEBT SERVICE | | | | | | |
| CURRENT | | | | | | |
| 2020-21 | \$ 214,270 | \$ 5,630 | \$ (253) | \$ 90 | \$ 206,182 | \$ 2,296 |
| PRIOR YEARS | | | | | | |
| 2019-20 | 2,915 | (1) | (55) | 133 | 1,973 | 1,021 |
| 2018-19 | 729 | - | (35) | 72 | 443 | 323 |
| 2017-18 | 673 | (1) | (63) | 137 | 563 | 185 |
| 2016-17 | 262 | - | (19) | 76 | 279 | 40 |
| Prior: | 100 | - | 4 | 27 | 68 | 63 |
| Total Prior | <u>4,679</u> | <u>(2)</u> | <u>(168)</u> | <u>445</u> | <u>3,326</u> | <u>1,632</u> |
| Total | <u>\$ 218,949</u> | <u>\$ 5,628</u> | <u>\$ (421)</u> | <u>\$ 535</u> | <u>\$ 209,506</u> | <u>\$ 3,928</u> |

RECONCILIATION OF REVENUE

| | <u>DEBT SERVICE FUND</u> |
|---|------------------------------|
| Cash Collections by County Treasurer, Above | \$ 209,506 |
| Accrual of Receivables | |
| June 30, 2020 | (1,279) |
| June 30, 2021 | 1,419 |
| Payments in lieu of Property Taxes | <u>(18,899)</u> |
| Total Receipts | <u>\$ 190,747</u> |

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
DESCHUTES COUNTY, OREGON**

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

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December 7, 2021

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Sisters-Camp Sherman Rural Fire Protection District as of and for the year ended June 30, 2021, and have issued our report thereon dated December 7, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of the basic financial statements amounts. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. As such, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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


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

In connection with our testing nothing came to our attention that caused us to believe the Sisters-Camp Sherman Rural Fire Protection District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

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

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



Roy R. Rogers, CPA
PAULY, ROGERS AND CO.