



AUMSVILLE RURAL FIRE PROTECTION DISTRICT
Aumsville, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2021



AUMSVILLE RURAL FIRE PROTECTION DISTRICT
Aumsville, Oregon

DISTRICT OFFICIALS

June 30, 2021

BOARD OF DIRECTORS

Robert Garrison, President
8734 Shaw Sq. Rd.
Aumsville, OR 97325

Wayne (Dusty) Kuhl, Vice President
PO Box 990
Aumsville, OR 97325

Rachel Fellis, Secretary
949 Highberger Loop
Aumsville, OR 97325

Joshua Phillis
9805 Fox Street
Aumsville, OR 97325

Garvin (Kyle) Smith
845 10th PL.
Aumsville, OR 97325

FIRE CHIEF AND REGISTERED AGENT

Roy Hari, Chief
Aumsville, OR 97325

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
Aumsville, Oregon

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Aumsville Rural Fire Protection District
Aumsville, Oregon 97325

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Aumsville Rural Fire Protection District, Aumsville, Oregon, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's 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 financial statements in accordance with the modified cash basis of accounting described in Note I; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity's 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 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 financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Aumsville Rural Fire Protection District, Aumsville, Oregon as of June 30, 2021, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note I.

Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, in the year ended June 30, 2021, the District adopted new accounting guidance: GASB Statement No. 84, *Fiduciary Activities*, and Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Our opinions are not modified with respect to this matter.

Basis of Accounting

We draw attention to Note I of the financial statements, which describes the basis of accounting. Aumsville Rural Fire Protection District prepares its financial statements on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Other Matters

The combining and individual fund statements and schedules presented on pages 33 through 40 are the responsibility of management and were derived from and relate 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.

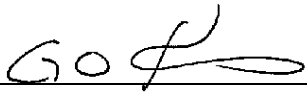
In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated on our tests of the District’s compliance with certain provisions of laws and regulations 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.

Accuity, LLC

By:  _____
Glen O. Kearns, CPA

Albany, Oregon
November 1, 2021

BASIC FINANCIAL STATEMENTS

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
Aumsville, Oregon

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

June 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 647,796
Restricted assets	
Cash and cash equivalents	9,349
Capital assets not being depreciated	306,436
Capital assets being depreciated, net	<u>2,006,906</u>
Total assets	<u>2,970,487</u>
LIABILITIES	
Current liabilities	
Payroll Liabilities	4,886
Long-term liabilities, current portion	<u>234,000</u>
Total noncurrent liabilities	238,886
Noncurrent liabilities	
Long-term liabilities, less current portion	<u>940,515</u>
Total liabilities	<u>1,179,401</u>
NET POSITION	
Net investment in capital assets	1,138,827
Restricted for debt service	9,349
Unrestricted	<u>642,910</u>
Total net position	<u><u>\$ 1,791,086</u></u>

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

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
Aumsville, Oregon

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

June 30, 2021

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	
Governmental activities				
Fire suppression	\$ 1,080,330	\$ 166,319	\$ 18,401	(895,610)
	General revenues			
				734,122
				227,452
				5,276
				52,995
			Total general revenues	1,019,845
			Change in net position	124,235
			Net position - beginning	1,666,851
			Net position - ending	\$ 1,791,086

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

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
Aumsville, Oregon

BALANCE SHEET - MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

June 30, 2021

	General Fund	Debt Service Fund	Facilities Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	<u>\$ 480,358</u>	<u>\$ 59,349</u>	<u>\$ 85,672</u>	<u>\$ 81,766</u>	<u>\$ 707,145</u>
LIABILITIES					
Payroll liabilities	<u>\$ 4,886</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,886</u>
FUND BALANCES					
Restricted	-	59,349	-	-	59,349
Committed	-	-	85,672	81,766	167,438
Unassigned	<u>475,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>475,472</u>
Total fund balances	<u>475,472</u>	<u>59,349</u>	<u>85,672</u>	<u>81,766</u>	<u>702,259</u>
Total liabilities and fund balances	<u>\$ 480,358</u>	<u>\$ 59,349</u>	<u>\$ 85,672</u>	<u>\$ 81,766</u>	<u>\$ 707,145</u>

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

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
Aumsville, Oregon

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

June 30, 2021

Total fund balances		\$ 702,259
Capital assets are not financial resources and are therefore not reported in the governmental funds:		
Cost	3,577,750	
Accumulated depreciation	<u>(1,264,408)</u>	2,313,342
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due. These liabilities consist of:		
Bonds payable	(1,005,000)	
Loans payable	(158,000)	
Bond premium	<u>(61,515)</u>	<u>(1,224,515)</u>
Net position of governmental activities		\$ <u>1,791,086</u>

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

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
Aumsville, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

June 30, 2021

	General Fund	Debt Service Fund	Facilities Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 734,122	\$ 232,864	\$ -	\$ -	\$ 966,986
Charges for services	161,274	-	-	45,500	206,774
Grant ncome	18,246	-	-	-	18,246
Investment earnings	5,276	-	-	-	5,276
Miscellaneous	1,939	-	-	-	1,939
	<u>920,857</u>	<u>232,864</u>	<u>-</u>	<u>45,500</u>	<u>1,199,221</u>
EXPENDITURES					
Current					
Fire Suppression					
Personnel services	610,976	-	-	-	610,976
Materials and services	259,957	-	-	-	259,957
Debt service	28,723	241,750	-	-	270,473
Capital outlay	10,450	-	3,707	48,770	62,927
	<u>910,106</u>	<u>241,750</u>	<u>3,707</u>	<u>48,770</u>	<u>1,204,333</u>
Excess (deficiency) of revenues over (under) expenditures	10,751	(8,886)	(3,707)	(3,270)	(5,112)
OTHER FINANCING SOURCES (USES)					
Sale of assets	5,344	-	-	-	5,344
Transfers in	-	-	20,000	20,000	40,000
Transfers out	(40,000)	-	-	-	(40,000)
	<u>(34,656)</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>	<u>5,344</u>
Net change in fund balances	(23,905)	(8,886)	16,293	16,730	232
Fund balances - beginning	499,377	68,235	69,379	65,036	702,027
Fund balances - ending	<u>\$ 475,472</u>	<u>\$ 59,349</u>	<u>\$ 85,672</u>	<u>\$ 81,766</u>	<u>\$ 702,259</u>

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

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
Aumsville, Oregon

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

June 30, 2021

Net change in fund balances	\$	232
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlay as expenditures; however, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and are reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Depreciation expense recorded in the current year		(122,242)
<p>Long-term debt proceeds are reported as other financing sources in the governmental funds; however, in the statement of net position, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position. This is the amount by which proceeds exceeded repayments:</p>		
Debt principal paid	218,000	
Amortization of bond premium	28,245	246,245
Change in net position	\$	<u>124,235</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
Aumsville, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Aumsville Rural Fire Protection District have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. *Governmental Activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported for the District.

B. Reporting Entity

Control of Aumsville Rural Fire Protection District is vested in its board of directors, elected to office by voters within the District. Administrative functions are delegated to individuals who report to and are responsible to the board.

C. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from all governmental funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major governmental funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

General Fund - The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except for those required to be accounted for in another fund. The primary source of revenue is property taxes. Expenditures are primarily for fire suppression, administrative support, and other operating costs.

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
Aumsville, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Debt Service Fund – The Debt Service Fund accounts for the general servicing of the District’s long-term debt. The primary source of revenue is property taxes. Expenditures are primarily for principal and interest payments on long-term debt.

Equipment Reserve Fund – The Equipment Reserve Fund accounts for the accumulation of funds for the specific purpose of replacing equipment. The primary source of revenue is transfers from other funds. Primary expenditures are capital outlay.

The District reports the following nonmajor governmental funds:

Capital Projects Funds

Apparatus Reserve Fund - The Apparatus Reserve Fund accounts for the accumulation of funds for the specific purpose of replacing apparatus. The primary source of revenue is transfers from other funds. Primary expenditures are for capital outlay.

Facility Fund – The Facility Fund accounts for the accumulation of funds for the specific purpose of replacing buildings. The primary source of revenue is transfers from other funds. Primary expenditures are for capital outlay.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus within the limitations of the modified cash basis of accounting, as described below.

Governmental fund financial statements are reported using the current financial resources measurement focus. Only current financial assets and liabilities are generally included on the balance sheet.

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
Aumsville, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

The operating statements present sources and uses of available expendable financial resources during a given period. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as an other financing source.

In the government-wide financial statements and the fund financial statements, governmental activities are presented using the modified cash basis of accounting. This basis recognizes assets, liabilities, fund balance/net position, revenues, and expenditures when they result from cash transactions, with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenues for billed services not yet collected) and such liabilities and their related expenses (such as accounts payable and expenses for goods or services received, but not yet paid, and accrued expenses and liabilities) are not recorded in the financial statements.

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

F. Budgetary Information

The District budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general, debt service, and capital projects funds. All funds are budgeted on the cash basis of accounting.

The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The board of directors legally adopts the budget by resolution prior to the beginning of the District's fiscal year. The board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

Total personnel services, materials and services, debt service, capital outlay, and contingency for each fund are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line item budgets within appropriation categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution.

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
Aumsville, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Supplemental budgets less than 10% of a fund's original budget may be adopted by the board of directors at a regular board meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the board of directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors. During the year there were no supplemental budgets. The District does not use encumbrances and appropriations lapse at year-end.

Budget amounts shown in the financial statements reflect the original budget amounts and two approved appropriation changes.

G. Assets, Liabilities, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's 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.

2. Investments

State statutes authorize the District to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, or California, certain interest-bearing bonds, time deposit open accounts, certificates of deposit, and savings accounts in banks, mutual savings banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

3. Capital Assets

Capital assets resulting from cash transactions, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
Aumsville, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Land and construction in progress are not depreciated. Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Apparatus	5-30
Equipment	5-50
Buildings and improvements	30

4. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations arising from cash basis transactions are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bond using the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount. Management has determined that the bonds outstanding method approximates the effective interest method.

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

5. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

6. Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
Aumsville, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

It is the government's policy to consider restricted fund balances to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

7. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

The Board of Directors is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The board of directors (board) has by resolution authorized the budget officer to assign fund balance. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to remove or revise a commitment.

The District reports fund equity in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
Aumsville, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

- Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- Assigned fund balance - amounts that District intends to use for a specific purpose. Intent can be expressed by the board of directors or by an official or body to which the board of directors delegates authority.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The District has not formally adopted a minimum fund balance policy.

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes and other intentionally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15.

I. Use of Estimates

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

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
Aumsville, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Aumsville Rural Fire Protection District maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Additionally, several funds held separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances. Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. The District participates in an external investment pool (State of Oregon Local Government Investment Pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company.

The State's investment policies are governed by the Oregon Revised Statutes (ORC) and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds are invested exercising reasonable care, skill, and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which established diversification percentages and specifies the types and maturities of investments. The portion of the external investment pool which belongs to local government investment participants is reported in an Investment Trust Fund in the State's Comprehensive Annual Financial Report (CAFR). A copy of the State's CAFR may be obtained at the Oregon State Treasury, 350 Winter St. N.E., Salem, Oregon 97310-0840.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or price 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 on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

- *Level 1* - Unadjusted quoted prices for identical investments in active markets.
- *Level 2* - Observable inputs other than quoted market prices; and,
- *Level 3* - Unobservable inputs.

There were no transfers of assets or liabilities among the three levels of the fair value hierarchy for the year ended June 30, 2021.

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
Aumsville, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Fair values of assets measured on a recurring basis at June 30, 2021 are as follows:

	Credit Quality Rating	Maturities	Fair Value
Oregon Local Government Investment Pool	Unrated	-	\$ 554,795

Credit Risk

Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Government Investment Pool. The board may authorize the investment or reinvestment of funds that are not immediately needed for operations of the District. Such investments will comply with state law and Oregon Administrative Rules.

Investments

As of June 30, 2021, the District had the following investments:

	Level 2
Investments:	
Oregon Local Government Investment Pool	\$ 554,795

Interest Rate Risk

The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increases in interest rates.

Concentration of Credit Risk

The District does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100 percent of the District's investments are in the Oregon Local Government Investment Pool.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of a counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District does not have a policy that limits the amount of investments that can be held by counterparties.

Custodial Credit Risk - Deposits

This is the risk that, in the event of a bank failure, the District's deposits may not be returned.

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

All District deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories.

Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

The District holds a noninterest-bearing account and an interest-bearing account at Columbia Bank, for which deposits are insured by the FDIC up to \$250,000. At June 30, 2021, the District had deposits of \$103,771 fully insured by the FDIC.

Deposits

The District's deposits and investments at June 30, 2021 are as follows:

Petty cash	\$ 355
Checking accounts	101,995
Cash with bond agent	50,000
Total investments	554,795
Total deposits	\$ 707,145

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 480,358
Facilities Reserve Fund	85,672
Nonmajor governmental funds	81,766
Total governmental activities - unrestricted	647,796
Governmental activities - restricted	
Debt Service Fund	59,349
Total cash and investments	\$ 707,145

Restricted cash is for future payments of principal and interest on general obligation bonds.

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
Aumsville, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

B. Capital Assets

Capital asset activity resulting from modified cash basis transactions for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 306,436	\$ -	\$ -	\$ 306,436
Capital assets being depreciated				
Buildings and improvements	675,621	-	-	675,621
Apparatus	2,344,600	-	-	2,344,600
Equipment	251,093	-	-	251,093
Total capital assets being depreciated	3,271,314	-	-	3,271,314
Less accumulated depreciation for				
Buildings and improvements	(444,789)	(18,522)	-	(463,311)
Apparatus	(636,371)	(92,456)	-	(728,827)
Equipment	(61,006)	(11,264)	-	(72,270)
Total accumulated depreciation	(1,142,166)	(122,242)	-	(1,264,408)
Total capital assets being depreciated, net	2,129,148	(122,242)	-	2,006,906
Governmental activities capital assets, net	\$ 2,435,584	\$ (122,242)	\$ -	\$ 2,313,342

Capital assets are reported on the statement of net position as follows:

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Land	\$ 306,436	\$ -	\$ 306,436
Buildings and improvements	675,621	(463,311)	212,310
Apparatus	2,344,600	(728,827)	1,615,773
Equipment	251,093	(72,270)	178,823
Total governmental capital assets	\$ 3,577,750	\$ (1,264,408)	\$ 2,313,342

Depreciation expense was charged to functions/programs of the District as follows:

Fire suppression	\$ 122,242
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AUMSVILLE RURAL FIRE PROTECTION DISTRICT
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

C. Interfund Transfers

Operating transfers are reflected as other financing sources (uses) in the governmental funds. Interfund transfers during the year consisted of:

	Transfers in:			Total
	Nonmajor Governmental Funds			
	Facilities Reserve Fund	Apparatus Reserve Fund	Equipment Reserve Fund	
Transfers out:				
General Fund	\$ 20,000	\$ 10,000	\$ 10,000	\$ 40,000

The primary purposes for the interfund transfers were to reserve for future purchase of new equipment, apparatus, and future building improvements.

D. Long-Term Liabilities

1. Changes in Long-Term Liabilities

The following is a summary of long-term liabilities arising from cash transactions for the year:

	Interest Rate	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
General obligation bonds							
Series 2015	2-4%	\$ 2,000,000	\$ 1,205,000	\$ -	\$ 200,000	\$ 1,005,000	\$ 215,000
Full Faith & Credit							
Series 2019	2.54%	200,000	176,000	-	18,000	158,000	19,000
Total obligations		2,200,000	1,381,000	-	218,000	1,163,000	234,000
General obligation bonds							
Series 2015 - Premium		170,179	89,760	-	28,245	61,515	-
Total governmental activities		\$ 2,370,179	\$ 1,470,760	\$ -	\$ 246,245	\$ 1,224,515	\$ 234,000

Interest expense for the general obligation bonds and full faith & credit bonds for the year ended June 30, 2021 amounted to \$41,750 and \$4,598, respectively.

2. Legal Debt Limit

The District's legal annual debt service limit (as defined by Oregon Revised Statute 478.410) as of June 30, 2021, was approximately \$13,172,759. The District's legal debt service limit is 1.25% of the real market value of property within the District.

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

3. General Obligation Bonds - Series 2015

Series 2015 general obligation bonds are direct obligations that pledge the full faith and credit of the District and are payable from ad valorem debt service levy proceeds. The District issues general obligation bonds to provide funds for the acquisition of capital assets. Interest is fixed and ranges between 2% and 4%. Interest rates increase in accordance with original bond agreements. Interest is due semiannually on June 1 and December 1. The District's outstanding general obligation bonds represent funding for the acquisition of apparatus. The Debt Service Fund has traditionally been used to liquidate long-term debt.

4. Full Faith & Credit Bonds - Series 2019

The 2019 Series FF&C bonds are direct obligations that pledge the full faith and credit of the District and are payable from ad valorem debt service levy proceeds. The District's outstanding bonds represent funding used primarily for the acquisition of capital assets. Interest is fixed at 2.54% and is due semiannually on June 15 and December 15. The Debt Service Fund has traditionally been used to liquidate long-term debt.

5. Future Maturities of Long-Term Debt

Year Ending June 30	General Obligation Bonds			Full Faith & Credit Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 215,000	\$ 35,750	\$ 250,750	\$ 19,000	\$ 4,140	\$ 23,140
2023	230,000	29,300	259,300	19,000	3,658	22,658
2024	245,000	22,400	267,400	19,000	3,176	22,176
2025	260,000	12,600	272,600	20,000	2,692	22,692
2026	55,000	1,100	56,100	21,000	2,184	23,184
2027-2029	-	-	-	60,000	3,328	63,328
Total	<u>\$ 1,005,000</u>	<u>\$ 101,150</u>	<u>\$ 1,106,150</u>	<u>\$ 158,000</u>	<u>\$ 19,178</u>	<u>\$ 177,178</u>

Year Ending June 30	Total Bonds		
	Principal	Interest	Total
2022	\$ 234,000	\$ 39,890	\$ 273,890
2023	249,000	32,958	281,958
2024	264,000	25,576	289,576
2025	280,000	15,292	295,292
2026	76,000	3,284	79,284
2027-2029	60,000	3,328	63,328
Total	<u>\$ 1,163,000</u>	<u>\$ 120,328</u>	<u>\$ 1,283,328</u>

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

E. Constraints on Fund Balances

Constraints on fund balances reported on the balance sheet are as follows:

	General Fund	Debt Service Fund	Facilities Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:					
Restricted for:					
Debt service	\$ -	\$ 59,349	\$ -	\$ -	\$ 59,349
Capital projects					
Committed to:					
Apparatus expenditures	-	-	-	46,084	46,084
Equipment expenditures	-	-	-	35,682	35,682
Facility upgrades	-	-	85,672	-	85,672
Unassigned	475,472	-	-	-	475,472
Total fund balances	<u>\$ 475,472</u>	<u>\$ 59,349</u>	<u>\$ 85,672</u>	<u>\$ 81,766</u>	<u>\$ 702,259</u>

III. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There was no significant reduction in insurance coverage from the previous year. There were no insurance settlements exceeding insurance coverage in any of the past three years.

B. Retirement Plans

1. Oregon Public Employees Retirement System

General Information about the Pension Plan

The Oregon Public Employees Retirement System (OPERS) consists of a cost-sharing, multiple-employer defined benefit plan for units of state governmental, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the Plan. As of June 30, 2020, there were 901 participating employers.

Plan Membership

As of June 30, 2020, there were 16,323 active plan members, 129,520 retired plan members or their beneficiaries currently receiving benefits, 9,930 inactive plan members entitled to but not yet receiving benefits, for a total of 155,773 Tier One members.

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
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June 30, 2021

For Tier Two members, as of June 30, 2020, there were 31,548 active plan members, 17,162 retired plan members or their beneficiaries currently receiving benefits, 13,880 inactive plan members entitled to but not yet receiving benefits, for a total of 62,590.

As of June 30, 2020, there were 130,806 active plan members, 6,940 retired plan members or their beneficiaries currently receiving benefits, 6,281 inactive plan members entitled to but not yet receiving benefits, and 16,439 inactive plan members not eligible for refund or retirements, for a total of 160,466 OPSRP Pension Program members.

Plan Benefits

Plan benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A, and Internal Revenue Code Section 401(a).

Tier One/Tier Two Retirement Benefit (Chapter 238) - OPERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living-adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute. This defined benefit pension plan is closed to new members hired on or after August 29, 2003.

Pension Benefits

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options that are actuarially equivalent to the base benefit. 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, 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 a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit 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 One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. Police and Fire members may purchase increased benefits that are payable between the date of retirement and age 65.

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Death Benefits

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

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

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 a either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining monthly benefit.

Benefit Changes after Retirement

Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations caused by 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. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit, in accordance with *Moro* decision. The COLA is capped at 2.0 percent.

OPSRP Defined Benefit Pension Program (OPSRP DB) – This Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

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.

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit, in accordance with *Moro* decision. The COLA is capped at 2.0 percent.

OPSRP Individual Account Program (OPSRP 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

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.

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

Death Benefits

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

Contributions

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2018 actuarial valuation, which became effective July 1, 2019. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced.

Member contributions are set by statute at six percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf. As permitted, the District has opted to pick-up the contributions on behalf of its employees.

Employer contributions for the year ended June 30, 2021 were \$76,621.

Pension Plan Comprehensive Annual Financial Report (CAFR)

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

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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 (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) 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 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution 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 liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study	2018, published July 24, 2019
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Inflation Rate	2.50 percent
Long-term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent
Cost of living adjustment (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	Health 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.

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

	<p>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.</p> <p>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.</p>
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Actuarial valuations of an ongoing plan involve estimates of the 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 methods and assumptions shown above are on the 2018 Experience Study, which reviewed experience for the four-year period ended December 31, 2018. There were no differences between the assumptions and plan provisions used for June 30, 2020 measurement date calculations compared to those shown above.

Actuarial Methods and Assumptions

Assets are valued at their market value. Gains and losses between odd-year valuations are amortized as a level percentage of combined valuation payroll over 20 years from the odd-year valuation in which they are first recognized.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Oregon PERS and additions to/deductions from Oregon PERS' fiduciary net position have been determined on the same basis as they are reported by Oregon 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.

Discount Rate

The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
Aumsville, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Depletion Date Projection

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

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. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption.

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
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NOTES TO BASIC FINANCIAL STATEMENTS

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These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

For more information on the Plan’s portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS’ audited financial statements at:

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

OIC Target and Actual Investment Allocation as of June 30, 2020

<u>Asset Class/Strategy</u>	<u>OIC Policy Low Range</u>	<u>OIC Policy High Range</u>	<u>OIC Target Allocation</u>	<u>Actual Allocation³</u>
Debt Securities	15.0%	25.0%	20.0%	20.0%
Public Equity	27.5%	37.5%	32.5%	31.8%
Real Estate	9.5%	15.5%	12.5%	11.4%
Private Equity	14.0%	21.0%	17.5%	22.9%
Alternatives Portfolio	7.5%	17.5%	15.0%	10.5%
Opportunity Portfolio ¹	0.0%	3.0%	0.0%	2.1%
Risk Parity ²	0.0%	2.5%	2.5%	1.3%
Total			100.0%	100.0%

¹Opportunity Portfolio is an investment strategy, and it may be invested up to 3% of total plan net position.

²Risk Parity is a new investment strategy added to the asset allocation mix in 2019.

³ Based on the actual investment value at 6/30/2020.

C. New Pronouncements

For the fiscal year ended June 30, 2021, the District implemented the following new accounting standards:

GASB Statement No. 84, *Fiduciary Activities* - This statement established criteria and guidance for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes, as well as the reporting requirements for these fiduciary funds.

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
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NOTES TO BASIC FINANCIAL STATEMENTS

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GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.*

The District will implement applicable new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements for implementing any of the following pronouncements:

GASB Statement No. 83, *Certain Asset Retirement Obligations* – This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The statement is effective for fiscal years beginning after June 15, 2020 (as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*).

GASB Statement No. 87, *Leases* – This statement addresses the accounting and financial reporting for leases by governments, requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. The statement is effective for fiscal years beginning after June 15, 2022 (as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*).

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* – The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The statement is effective for fiscal years beginning after December 15, 2021 (as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*).

D. Subsequent Events

Management has evaluated subsequent events through November 1, 2021, which was the date that the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
Aumsville, Oregon

COMBINING BALANCE SHEET - CASH BASIS

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2021

	<u>Apparatus Reserve Fund</u>	<u>Equipment Reserve Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 46,084	\$ 35,682	\$ 81,766
FUND BALANCES			
Committed to:			
Apparatus expenditures	\$ 46,084	\$ -	\$ 46,084
Equipment needs	<u>-</u>	<u>35,682</u>	<u>35,682</u>
Total fund balances	<u>\$ 46,084</u>	<u>\$ 35,682</u>	<u>\$ 81,766</u>

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
Aumsville, Oregon

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - CASH BASIS

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2021

	Apparatus Reserve Fund	Equipment Reserve Fund	Total Nonmajor Governmental Funds
REVENUES			
Conflagration	\$ 15,000	\$ 30,500	\$ 45,500
EXPENDITURES			
Capital outlay	7,003	41,767	48,770
Excess (deficiency) of revenues over (under) expenditures	7,997	(11,267)	(3,270)
OTHER FINANCING SOURCES (USES)			
Transfers in	10,000	10,000	20,000
Net change in fund balances	17,997	(1,267)	16,730
Fund balances - beginning	28,087	36,949	65,036
Fund balances - ending	\$ 46,084	\$ 35,682	\$ 81,766

AUMSVILLE RURAL FIRE PROTECTION DISTRICT

Aumsville, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

June 30, 2021

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Modified Cash Basis
REVENUES				
Property taxes	\$ 684,726	\$ 684,726	\$ 49,396	\$ 734,122
Charges for services	82,000	-	161,274	161,274
Grants	65,000	65,000	(46,754)	18,246
Investment earnings	12,000	12,000	(6,724)	5,276
Miscellaneous	50,500	52,500	(50,561)	1,939
	<u>894,226</u>	<u>814,226</u>	<u>26,631</u>	<u>920,857</u>
EXPENDITURES				
Personnel services				
Career employees pay	203,515	203,515	(5,714)	197,801
Volunteer firefighter expense	5,000	5,000	(1,828)	3,172
Temporary workers	88,000	88,000	(5,701)	82,299
Conflagration expenses	30,000	164,352	(164,352)	-
Overtime	5,000	5,000	(5,000)	-
Workers' comp insurance	15,000	15,000	(4,483)	10,517
Payroll taxes and benefits	215,000	215,000	102,187	317,187
	<u>561,515</u>	<u>695,867</u>	<u>(84,891)</u>	<u>610,976</u>
Materials and services				
Apparatus maintenance	7,000	22,000	(22,000)	-
Building maintenance	5,000	5,000	(1,566)	3,434
Uniforms	15,000	15,000	2,770	17,770
Utilities and dispatch	86,415	86,415	(6,225)	80,190
Firefighter expense	5,000	5,000	(2,599)	2,401
Dues and fees	14,000	14,000	(4,284)	9,716
Training	22,000	22,000	(10,354)	11,646
Office supplies	45,000	45,000	(3,798)	41,202
Insurance	36,214	36,214	(10,210)	26,004
Equipment repair and maintenance	18,000	18,000	(1,042)	16,958
Volunteer/support team	8,000	8,000	(4,746)	3,254
Legal and audit	10,000	10,000	(4,000)	6,000
Emergency medical supplies	4,500	4,500	(2,713)	1,787
Contract services	5,000	5,000	(4,450)	550
Public events	5,000	5,000	(5,000)	-
Maintenance program expense	30,000	30,000	1,818	31,818
Conflagration expenses	5,000	5,000	(4,164)	836
Station supplies	4,000	4,000	(1,609)	2,391
Grant projects	6,000	6,000	(2,000)	4,000
	<u>331,129</u>	<u>346,129</u>	<u>(86,172)</u>	<u>259,957</u>

(Continued)

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
Aumsville, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

GENERAL FUND

June 30, 2021

(Continued)

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Modified Cash Basis
EXPENDITURES (Continued)				
Capital outlay	\$ 15,000	\$ 15,000	\$ (4,550)	\$ 10,450
Debt service	50,000	50,000	(21,277)	28,723
Contingency	<u>28,572</u>	<u>28,372</u>	<u>(28,372)</u>	<u>-</u>
Total expenditures	<u>986,216</u>	<u>1,135,368</u>	<u>(225,262)</u>	<u>910,106</u>
Excess (deficiency) of revenues over (under) expenditures	(91,990)	(321,142)	331,893	10,751
OTHER FINANCING SOURCES (USES)				
Sale of assets	5,000	5,000	344	5,344
Transfers out	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>	<u>(40,000)</u>
Total other financing sources (uses)	(35,000)	(35,000)	344	(34,656)
Net change in fund balance	(126,990)	(356,142)	332,237	(23,905)
Fund balance - beginning	<u>476,990</u>	<u>476,990</u>	<u>22,387</u>	<u>499,377</u>
Fund balance - ending	<u>\$ 350,000</u>	<u>\$ 120,848</u>	<u>\$ 354,624</u>	<u>\$ 475,472</u>

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
Aumsville, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

DEBT SERVICE FUND

June 30, 2021

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Modified Cash Basis
REVENUES				
Property taxes	\$ 244,684	\$ 244,684	\$ (11,820)	\$ 232,864
EXPENDITURES				
Debt service	291,750	291,950	(50,200)	241,750
Excess (deficiency) of revenues over (under) expenditures	(47,066)	(47,266)	38,380	(8,886)
Fund balance - beginning	67,668	67,668	567	68,235
Fund balance - ending	\$ 20,602	\$ 20,402	\$ 38,947	\$ 59,349

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
Aumsville, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

APPARATUS RESERVE FUND

June 30, 2021

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Modified Cash Basis
REVENUES				
Conflagration	\$ -	15,000	\$ -	\$ 15,000
EXPENDITURES				
Capital outlay	<u>10,000</u>	<u>25,000</u>	<u>(17,997)</u>	<u>7,003</u>
Excess (deficiency) of revenues over (under) expenditures	(10,000)	(10,000)	17,997	7,997
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Net change in fund balance	-	-	17,997	17,997
Fund balance - beginning	<u>28,087</u>	<u>28,087</u>	<u>-</u>	<u>28,087</u>
Fund balance - ending	<u><u>\$ 28,087</u></u>	<u><u>\$ 28,087</u></u>	<u><u>\$ 17,997</u></u>	<u><u>\$ 46,084</u></u>

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
Aumsville, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

EQUIPMENT RESERVE FUND

June 30, 2021

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Modified Cash Basis
REVENUES				
Conflagration	\$ -	\$ 30,500	\$ -	\$ 30,500
EXPENDITURES				
Current				
Materials and services	-	5,000	(5,000)	-
Capital outlay	<u>39,000</u>	<u>64,500</u>	<u>(22,733)</u>	<u>41,767</u>
Excess (deficiency) of revenues over (under) expenditures	(39,000)	(39,000)	22,733	(11,267)
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Net change in fund balance	(29,000)	(29,000)	22,733	(1,267)
Fund balance - beginning	<u>37,318</u>	<u>37,318</u>	<u>(369)</u>	<u>36,949</u>
Fund balance - ending	<u><u>\$ 8,318</u></u>	<u><u>\$ 8,318</u></u>	<u><u>\$ 22,364</u></u>	<u><u>\$ 35,682</u></u>

AUMSVILLE RURAL FIRE PROTECTION DISTRICT
Aumsville, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

FACILITIES RESERVE FUND

June 30, 2021

	<u>Original and Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Modified Cash Basis</u>
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES			
Capital outlay	<u>25,000</u>	<u>(21,293)</u>	<u>3,707</u>
Excess (deficiency) of revenues over (under) expenditures	(25,000)	21,293	(3,707)
OTHER FINANCING SOURCES (USES)			
Debt proceeds	-	-	-
Transfers in	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total other financing sources (uses)	20,000	-	20,000
Net change in fund balance	(5,000)	21,293	16,293
Fund balance - beginning	<u>69,379</u>	<u>-</u>	<u>69,379</u>
Fund balance - ending	<u>\$ 64,379</u>	<u>\$ 21,293</u>	<u>\$ 85,672</u>

**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY
STATE REGULATIONS**



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

Board of Directors
Aumsville Rural Fire Protection District
Aumsville, Oregon 97325

We have audited the basic financial statements of Aumsville Rural Fire Protection District as of and for the year ended June 30, 2021 and have issued our report thereon dated November 1, 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 Aumsville Rural Fire Protection District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

Deposit of public funds with financial institutions (ORS Chapter 295)

Indebtedness limitations, restrictions, and repayment

Budgets legally required (ORS Chapter 294)

Insurance and fidelity bonds in force or required by law

Programs funded from outside sources

Authorized investment of surplus funds (ORS Chapter 294)

Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered Aumsville Rural Fire Protection District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Aumsville Rural Fire Protection District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Aumsville Rural Fire Protection District's internal control over financial reporting. However, we noted certain matters that we have reported to management of the District in a separate letter dated November 1, 2021.

This report is intended solely for the information and use of the board of directors and management of Aumsville Rural Fire Protection District and the Oregon Secretary of State, and is not intended to be, and should not be used by anyone other than these parties.

A handwritten signature in blue ink that reads "Accuity, LLC". The signature is stylized and cursive.

Accuity, LLC
November 1, 2021