CENTRAL OREGON COAST FIRE & RESCUE
Lincoln County, Oregon

AUDIT REPORT

JUNE 30, 2021

Prepared by
SIGNE GRIMSTAD
Certified Public Accountant
530 NW 3rd, Suite E
PO Box 1930
Newport, Oregon 97365

CENTRAL OREGON COAST FIRE & RESCUE
Lincoln County, Oregon

BOARD OF DIRECTORS
(as of June 30, 2021)

Title	Name
Chairman	Timothy Grady PO Box 1066 Waldport, OR 97394
Treasurer	David Brooks PO Box 1945 Waldport, OR 97494
Secretary	Reda Eckerman 2092 E. Alsea Hwy Waldport, OR 97394
Boardmember	Kevin Battles PO Box 1032 Waldport, OR 97394
Boardmember	Peter Carlicht 212 E. Basin St. Tidewater, OR 97390

ADMINISTRATIVE OFFICE

Fire Chief — Jamie Mason

LEGAL COUNSEL

Jordan Ramis, PC
Two Centerpointe Drive, 6th Floor
Lake Oswego, OR 97035

CENTRAL OREGON COAST FIRE & RESCUE
Lincoln County, Oregon

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Central Oregon Coast Fire & Rescue
Waldport, Oregon 97394

I have audited the accompanying financial statements of the governmental activities and each major fund of Central Oregon Coast Fire & Rescue (District) 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 auditors' 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Central Oregon Coast Fire & Rescue 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 the General Fund budget and actual schedule, and defined benefit pension plan (PERS) schedules and notes, 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.

Members:
AICPA OSCPA & OAIA

Other Matters

Required Supplementary Information

I have applied certain limited procedures to the PERS schedules and notes 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the PERS schedules and notes because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedule of the General Fund is the responsibility of management and was 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 my opinion, the budgetary comparison schedule of the General Fund is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Management has omitted the management's discussion and analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. My opinion on the basic financial statements are not affected by this missing information.

Other Information

My audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Central Oregon Coast Fire & Rescue's basic financial statements. The supplemental information, budget and actual schedules of the Equipment Reserve Fund, Building/Property Reserve Fund, and Equipment Replacement Levy Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budget schedules 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 my opinion, the budget schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Oregon State Regulations

In accordance with the Minimum Standards Audit of Oregon Municipal Corporations, I have issued my report dated April 26, 2022 on my consideration of Central Oregon Coast Fire & Rescue's 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 my testing of compliance and the results of that testing and not to provide an opinion on compliance.

SIGNE GRIMSTAD
Certified Public Accountant
Newport, Oregon
April 26, 2022

CENTRAL OREGON COAST FIRE & RESCUE
Lincoln County, Oregon

**COMBINED GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS -
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND
BALANCE SHEET as of June 30, 2021**

	General Fund	Equipment Reserve Fund	Bldg/Property Reserve Fund	Equipment Replacement Levy Fund	Total	Adjustments (Note 2)	Balance Sheet
ASSETS							
Cash and cash equivalents	$ 266,295	$ 81,244	$ 199,078	$ 164,426	$ 711,043	$ -	$ 711,043
Taxes receivable	42,900	-	-	4,767	47,667	-	47,667
Prepaid expenses	31,514	-	-	-	31,514	-	31,514
Interfund loan	130,693	-	10,214	-	140,907	(140,907)	-
Capital assets, net of accumulated depreciation	-	-	-	-	-	784,002	784,002
Total assets	471,402	81,244	209,292	169,193	931,131	643,095	1,574,226
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows of resources from pensions	-	-	-	-	-	480,333	480,333
Total assets and deferred outflows of resources	$ 471,402	$ 81,244	$ 209,292	$ 169,193	$ 931,131	1,123,428	2,054,559
LIABILITIES							
Accounts payable	$ 25,264	$ -	$ 16,759	$ 31,830	$ 73,853	-	73,853
Payroll liabilities	15,457	-	-	-	15,457	-	15,457
Compensated absences	-	-	-	-	-	15,136	15,136
Interfund loan	-	9,922	-	130,985	140,907	(140,907)	-
Current portion of long-term debt	-	-	-	-	-	51,612	51,612
Long-term liabilities							
Long-term portion of debt	-	-	-	-	-	130,533	130,533
Net pension liability	-	-	-	-	-	618,847	618,847
Total liabilities	40,721	9,922	16,759	162,815	230,217	675,221	905,438
DEFERRED INFLOWS OF RESOURCES							
Property taxes	33,660	-	-	3,740	37,400	(37,400)	-
Pensions	-	-	-	-	-	272,197	272,197
Total deferred inflows of resources	33,660	-	-	3,740	37,400	234,797	272,197
Total liabilities and deferred inflows of resources	74,381	9,922	16,759	166,555	267,617	910,018	1,177,635
FUND BALANCES / NET POSITION							
Fund balances - committed	-	71,322	192,533	2,638	266,493	(266,493)	-
Fund balances - unassigned	397,021	-	-	-	397,021	(397,021)	-
Total fund balances/net position	397,021	71,322	192,533	2,638	663,514	(663,514)	-
Total liabilities, deferred inflows and fund balances	$ 471,402	$ 81,244	$ 209,292	$ 169,193	$ 931,131		
NET POSITION							
Net investment in capital assets						601,857	601,857
Restricted for capital projects						266,493	266,493
Unrestricted						8,574	8,574
Total net position						$ 876,924	$ 876,924

The notes to the financial statements are an integral part of this statement.

CENTRAL OREGON COAST FIRE & RESCUE
Lincoln County, Oregon

COMBINED GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS -
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES for the Year Ended June 30, 2021

	General Fund	Equipment Reserve Fund	Bldg/Property Reserve Fund	Equipment Replacement Levy Fund	Total	Adjustments (Note 2)	Statement of Activities
Expenditures/Expenses							
Fire protection and EMS operations	$ 909,106	$ 18	$ 18	$ -	$ 909,142	$ 179,288	$ 1,088,430
Capital outlay	100,000	2,331	199,508	73,413	375,252	(385,715)	(10,463)
Total expenditures/expenses	1,009,106	2,349	199,526	73,413	1,284,394	(206,427)	1,077,967
General revenues							
Property taxes	863,802	-	-	100,833	964,635	(6,372)	958,263
Investment earnings	3,318	917	2,231	-	6,466	-	6,466
Capital lease proceeds	100,000	-	-	-	100,000	(100,000)	-
Miscellaneous	36,253	-	-	-	36,253	-	36,253
Total general revenues	1,003,373	917	2,231	100,833	1,107,354	(106,372)	1,000,982
Excess (def) of revenues over expenditures	(5,733)	(1,432)	(197,295)	27,420	(177,040)	100,055	(76,985)
Other financing sources (uses)							
Transfers	(125,000)	50,000	75,000	-	-	-	-
Excess (def) of revenues over expenditures and other financing sources (uses)	(130,733)	48,568	(122,295)	27,420	(177,040)	177,040	-
Change in Net Position						(76,985)	(76,985)
FUND BALANCES/NET POSITION - Beg. of year	527,754	22,754	314,828	(24,782)	840,554	113,355	953,909
FUND BALANCES/NET POSITION - End of year	$ 397,021	$ 71,322	$ 192,533	$ 2,638	$ 663,514	$ 213,410	$ 876,924

The notes to the financial statements are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Central Oregon Coast Fire & Rescue (District) have been prepared in conformity with generally accepted accounting principles (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.

Reporting Entity

The District is an Oregon municipal corporation created in June of 1998, organized to provide fire protection and emergency medical assistance to a portion of Lincoln County and the City of Waldport. The power and authority given to the District is vested in a Board of Directors, each member being elected for a four-year term. The Board of Directors has the authority to adopt the budget, levy taxes, and authorize borrowing. The Board appoints the Fire Chief of the District.

There are several governmental agencies which provide services within the District. These agencies have independent governing boards and the District does not exercise significant influence nor have financial accountability over them. Accordingly, their financial information is not included in these financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the governmental fund balance sheet) report information on all of the nonfiduciary *governmental activities* of the District. *Governmental activities* are financed primarily through property taxes, and charges for services to other governments.

The statement of activities presents a comparison between *direct expenses* of the District's public safety program and *program revenues* for its programs. Direct expenses are those that are specifically associated with the public safety function and, therefore, are clearly identifiable to that function. Program revenues include: (1) charges to other governments for fire protection and services provided, (2) charges to users of ambulance services and (3) operating grants and contributions. Property taxes, investment earnings and other items that are not properly classified as program revenues, are presented as *general revenues*.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue as soon as all eligibility requirements have been met.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Governmental Fund Financial Statements

The governmental fund financial statements use a flow of *current financial resources measurement focus*. With this measurement focus, generally only current assets and current liabilities are included in the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financial uses) in net current assets. The governmental fund types are maintained using the *modified accrual basis of accounting* whereby revenues are recorded in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures are recorded at the time the related fund liabilities are incurred, except for: (1) interest expenses on long-term debt, which is recorded as due, and (2) insurance premiums benefitting more than one fiscal year, which are recorded when paid.

Revenue is determined to be measurable when the transaction amount is determinable and available when it is collectible within the current fiscal year or soon enough thereafter to pay liabilities of the current fiscal year. The District considers revenues available if they are collected within 60 days of year-end with the exception of investment interest, which is recognized when earned. Significant revenues, which are measurable and available under the modified accrual basis of accounting are property tax revenues and fire protection contract revenues.

Funds

The District reports the following major governmental funds:

General Fund
This is the District's operating fund, accounting for all financial resources of the District not accounted for in another fund. The principal revenue source is property taxes. Primary expenditures are for public safety.

Equipment Reserve Fund
The Equipment Reserve Fund is used to account for financial resources accumulated and for the purchase of equipment. The principal revenue source is transfers from the General Fund.

Building/Property Reserve Fund
The Building/Property Reserve Fund is used to account for financial resources accumulated and for the purchase of buildings and property. The principal revenue source is transfers from the General Fund.

Equipment Replacement Levy Fund
This fund accounts for property taxes and other resources accumulated for equipment replacement.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial information.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deposits and Investments

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.

The District's investment policies are governed by Oregon statutes. The statutes authorize the District to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, high-grade commercial paper and the State Treasurer's Local Government Investment Pool (LGIP). See Note 4A.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid items.

Interfund Transactions

Transactions that constitute reimbursements to a fund for expenses initially made from it that are properly applicable to another fund are recorded as expenses in the reimbursing fund and as reductions of expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

The purpose of the transfers from the General Fund to the Equipment and Building/Property Reserve Funds is to accumulate funds for major purchases.

Capital Assets

Capital assets are stated at cost. Donated assets are recorded at their estimated fair value at the date of donation. Repairs and replacements which improve or extend the lives of property are capitalized. Interest incurred during the construction phase is reflected in the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period. It is the District's policy to capitalize individual assets with a cost of $10,000 or more and a useful life of more than one year. Maintenance, repairs and equipment replacements of a routine nature are charged to expenditures as incurred and are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	Years
Buildings	20
Equipment	5 - 10
Vehicles	5 - 10

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Compensated Absences

Accumulated vested compensated absences are recorded in the General Fund and are expected to be paid from expendable available resources.

Net Position/Fund Balance Classifications

In the government-wide statement of net position, equity is referred to as net position and is segregated into the following three components: 1) investment in capital assets, net of related debt, 2) legally restricted by outside parties for a specific purpose, and 3) unrestricted.

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. Fund balance is categorized as follows:

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 Board may commit a fund balance by resolution. The Board may also modify or rescind commitments 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. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. The Fire Chief has been given this authority by the Board.

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 Board of Directors 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 (if applicable), assigned (if applicable) and lastly, unassigned fund balance.

The Board has committed funds for capital replacement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expenditure/expense) until then. The District has one item that qualifies for reporting in this category: deferred amounts relating to pensions, which consist of experience differences, changes of assumptions, differences between projected and actual investment earnings, changes in proportionate share, differences between employer contributions and the District's proportionate share of contributions, and employer contributions after the measurement date. This amount is deferred and recognized as an outflow of resources in the period when the District recognizes pension expense/expenditures. Deferred outflows are reported only in the government-wide Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. Unavailable revenue from property taxes and ambulance fees are reported in the governmental funds balance sheet. These amounts are deferred and recognized as inflows of resources in the period those amounts becomes available. The District also reports deferred amounts related to pensions which consist of changes of assumptions, changes in proportionate share, and differences between employer contributions and the District's proportionate share of contributions. This amount is deferred and recognized as an inflow of resources in the period when the District recognizes pension income. Deferred inflows related to pensions are reported only in the government-wide Statement of Net Position.

Pensions

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27*, the District's net pension (asset)/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the 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.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 2 - RECONCILIATION

Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheet and statement of net position includes an adjustment column between *total governmental fund balances* and *net position of governmental activities.* The details of these adjustments are as follows:

	Balance
Current property taxes deferred are revenue in the government-wide statement of net position	$ 37,400
Capital assets are not reported in the governmental fund balance sheet	784,002
Compensated absences are not reported in the governmental fund balance sheet	(15,136)
General long-term debt is not reported in the governmental fund balance sheet	(182,145)
Net pension liability is not reported in the governmental fund balance sheet	(618,847)
Deferred inflows and outflows related to pensions are not reported in the governmental fund balance sheet	208,136
Net adjustment to reconcile fund balance-total governmental funds to arrive at net position	$ 213,410

The governmental fund statement of revenue, expenditures, and changes in fund balances includes an adjustment between *changes in governmental fund balances* and *net position of governmental activities* as reported in the government-wide statement of activities. The details of these adjustments are as follows:

	Balance
Property taxes levied, not yet received, are accrued in the government-wide statement of activities	$ (6,372)
Current expenditures for capital assets are not treated as expense in the government-wide statement of activities	402,340
Net book value of capital assets disposed is not treated as a current expenditure of governmental funds	(16,625)
Depreciation is not treated as a current expenditure of governmental funds	(75,184)
Change in compensated absences are not treated as a current expenditure of governmental funds	(6,504)
Current debt principal proceeds received are not treated as revenue in the government-wide statement of activities	(100,000)
Payment of debt principal is not treated as expense in the government-wide statement of activities	13,575
Pension-related adjustments to income/expense are not recognized in the governmental funds	(111,175)
Net adjustment to reconcile fund balance-total governmental funds to arrive at net position	$ 100,055

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY INFORMATION

The District budgets all funds on the modified accrual basis, in accordance with the requirements of state law.

The Board of Directors adopts the original budget by resolution prior to the beginning of the District's fiscal year (July 1 through June 30). The Board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, capital outlay, debt service, transfers and contingency are the levels of control established for each fund by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the above mentioned 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. Supplemental budgets less than 10% of the fund's original budget may be adopted by the Board of Directors at a regular board meeting. A supplemental budget greater than 10% of the 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. Appropriations lapse at year-end.

Overexpenditures

The General Fund overexpended in Debt Service by $17,423.

NOTE 4 - DETAILED NOTES

A. DEPOSITS AND INVESTMENTS

Cash, cash equivalents and investments as of June 30 consist of the following:

	Balance
Cash on hand	$ 400
Deposits with financial institutions	311,743
Investments - external investment pool	398,900
Total cash and investments	$ 711,043

Deposits

At the end of the fiscal year, the District's total deposits with financial institutions had a bank value of $334,690.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. For deposits in excess of federal depository insurance, the Oregon Legislature Assembly passed House Bill 2901 effective July 1, 2008 eliminating the requirement of certificates of participation and created a shared liability structure of qualified depositories. For the current year, the District's deposits were held in state recognized qualified depositories. The District does not have a formally adopted deposit policy for custodial credit risk.

NOTE 4 - DETAILED NOTES - Continued

A. DEPOSITS AND INVESTMENTS

Investments

As of June 30, the District held the following investment:

	Fair Value
Local Government Investment Pool	$ 398,900

The Oregon State Treasurer maintains the Oregon Short Term Fund (OSTF), of which the Local Government Investment Pool (LGIP) is a part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon statutes, funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. LGIP was created to offer a short-term investment alternative to Oregon local governments and it is not registered with the U.S. Securities and Exchange Commission. The state investment pool is not rated. The investments are regulated by the OSTF and approved by the Oregon Investment Council. At the end of the fiscal year, the fair value of the District's deposits with the LGIP approximately equals the value of the pool shares. The OSTF financial statements are available at http://www.ost.state.or.us.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk

Oregon Statutes limit investments to general obligations of U.S. government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, high-grade commercial paper and the State Treasurer's Local Government Investment Pool. The District has a formal investment policy that limits investment to the State of Oregon's Local Government Investment Pool, subject to review on an annual basis. The LGIP is unrated for credit risk.

Concentration of credit risk

Currently the District's only investment is in the State of Oregon's LGIP. The District places no limit on the amount the District may invest in any one issuer.

NOTE 4 - DETAILED NOTES - Continued

B. RECEIVABLES

Receivables at year end consist of the following:

	Balance
Property taxes	$ 79,788

Property taxes are levied and become a lien on all taxable property as of July 1. Taxes are levied on November 15 with collection dates: November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Uncollected property taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. Taxes collected within approximately sixty days of the fiscal year end are recognized as revenue, and the remaining balance of property taxes receivable is recorded as deferred revenue as it is not considered available to finance operations of the current period.

C. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	$ 0	$ 50,000	$ 0	$ 50,000
Work in progress	20,380	170,679	0	191,059
Total non-depreciable assets	20,380	220,679	0	241,059
Capital assets being depreciated				
Buildings and improvements	33,363	0	0	33,363
Equipment	369,643	0	(2,499)	367,144
Vehicles	728,940	181,662	(48,631)	861,971
Total depreciable assets	1,131,946	181,662	(51,130)	1,262,478
Accumulated depreciation				
Building and improvements	(25,022)	(1,668)	0	(26,690)
Equipment	(185,064)	(24,548)	2,499	(207,113)
Vehicles	(468,770)	(48,968)	32,006	(485,732)
Total accumulated depreciation	(678,856)	(75,184)	34,505	(719,535)
Total depreciable assets, net	453,090	106,478	(16,625)	542,943
Total capital assets, net	$ 473,470	$ 327,157	$ (16,625)	$ 784,002

Current year depreciation is $75,184.

NOTE 4 - DETAILED NOTES - Continued

D. INTERFUND LOAN

	Receivable	Payable
General Fund	$ 130,693	$ 0
Equipment Reserve Fund	0	(9,922)
Building Prop. Reserve Fund	10,214	0
Equip. Replacement Levy Fund	0	(130,985)
Total	$ 140,907	$ (140,907)

The purpose of the loans are to support capital expenditures.

E. LONG-TERM DEBT

During the year ended June 30, the following changes occurred in long-term liabilities:

	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital lease #1	$ 95,720	$ 95,720	$ 0	$ 13,575	$ 82,145	$31,890
Capital lease #2	100,000	0	100,000	0	100,000	19,722
Compensated absences	n/a	8,631	15,178	8,673	15,136	15,136
Total long-term liabilities		$ 104,351	$ 115,178	$ 22,248	$197,281	$ 66,748

Interest expense for the year was $3,848.

Capital Leases

Lease #1: The District purchased self-contained breathing apparatus, cylinders, and other gear under a 3.5 year capital lease agreement with the Government Capital Corporation dated May 21, 2020 for $95,720. Payments began June 16, 2021 consisting of principal and interest at 3.98% and total $17,423 paid each June 16 and December 16 until maturity at December 16, 2023.

Lease #2: The District purchased a fire engine under a 5 year capital lease agreement with the Government Capital Corporation dated June 17, 2021 for $100,000. Payments begin February 6, 2022 consisting of principal and interest at 3.35% and total $21,778 paid each February 6 until maturity at February 6, 2026.

Future minimum principal payments on the leases are as follows:

Year Ending June 30	Principal Lease #1	Principal Lease #2	Principal Total	Interest Total
2022	$ 31,890	$ 19,722	$ 51,612	$ 5,012
2023	33,172	19,089	52,261	4,362
2024	17,083	19,728	36,811	2,390
2025	0	20,389	20,389	1,389
2026	0	21,072	21,072	706
Total	$ 82,145	$ 100,000	$ 182,145	$ 13,859

NOTE 4 - DETAILED NOTES - Continued

F. OPERATING LEASES

In 2012, the District entered into a fifty year cancelable land lease. Rent expense consists of property taxes on the portion of the land in timber tax deferral status. Rent expense for this year was $0.

In September 2016, the District modified a five year non-cancelable lease for copier equipment. Terms of the lease call for $180 per month plus personal property taxes, processing fees, and excess per image charges. Rent expense for this year was $2,287.

In May 2019, the District entered into a lease agreement for $2,500 per year to store emergency supplies with South Lincoln Resources. Rent expense for this year was $2,500.

Future minimum lease payments for the subsequent five years are as follows:

Year Ending June 30		Balance
2022		$ 3,039
2023		2,500
2024		2,500
2025		2,500
2026		2,500
	Total	$ 13,039

NOTE 5 - RETIREMENT BENEFITS

A. PENSION PLAN - DEFINED BENEFIT

Oregon Public Employees Retirement System (PERS)

Plan Description

Employees of the District are provided with pensions through the Oregon Public Employees Retirement System (PERS) a cost-sharing multiple-employer defined benefit pension plan. The Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the system are established by the legislature pursuant to ORS Chapters 238 and 238A. The Tier One/Tier Two Pension plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The OPSRP Pension program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. PERS issues a publicly available Comprehensive Annual Financial Report (CAFR) and Actuarial Valuation that can be obtained by writing to: Oregon PERS, PO Box 23700, Tigard OR 97281-3700 or at:
http://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx.

1. PERS Tier One/Tier Two Pension (Chapter 238)

Pension Benefits - The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options including survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0% and 1.67% for police/fire members and general service members, respectively) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981), or a money match computation if a greater benefit results.

NOTE 5 - RETIREMENT BENEFITS - Continued

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 had reached at least 50 years of age before ceasing employment with a participating employer (ages 45 and 55 for police/fire members and general service members, respectively). Participants are eligible for retirement after reaching ages 50 and 55 for police/fire members and general service members, respectively. Tier One general service member benefits are reduced if retirement occurs prior to age 58 with fewer than 25 years of service; Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

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 that one or more of the following conditions is met:

1. The member was employed by a PERS employer at the time of death,
2. The member died within 120 days of after termination of PERS-covered employment,
3. The member died as a result of injury sustained while employed in a PERS-covered job,
4. The 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 related 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-related disability, service time is computed to ages 55 and 58 for police/fire members and general service members, respectively, when determining the monthly benefit.

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

2. OPSRP Defined Benefit Pension Program (238A)

Pension Benefits - The ORS 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated 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. To be classified as a fire member the individual must be continuously employed as a 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 at least 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.

NOTE 5 - RETIREMENT BENEFITS - Continued

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 credit 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 Adjustment (COLA). The COLA is capped at 2.0 percent.

3. OPSRP Individual Account Program (238A)

Pension Benefits - An OPSRP Individual Account Program (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 amounts in his or her employee, rollover, and vested employer accounts as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20- year period or an anticipated lifespan 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, rollover account, and vested employer optional contribution account balances. 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.

Recordkeeping - PERS contracts with Voya Financial to maintain IAP participant records.

***Contributions*:**

Contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. 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. In some circumstances, payments are made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements. This was not the case for the District for the year ending June 30, 2021, or for any other periods reflected in these financial statements, the notes to the financial statements, or the supplementary information section. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation. The rates, expressed as a percentage of payroll, first 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. The District's net employer contribution rates in effect for the year ended June 30, 2021 were 0.06% for Tier One/Tier Two, and 0.00% for OPSRP General Service and Police/Fire; employer contributions for the year ended June 30, 2021 were $(2,745). Covered employees are required to contribute 6% of their salary to the OPSRP Individual Account Program, but the employer is allowed to pay any or all of the employee contributions in addition to the required employer contributions. The District has elected to "pick-up" the full 6% employee share which was $19,164 for the year ended June 30, 2021.

NOTE 5 - RETIREMENT BENEFITS - Continued

Net Pension Liability

At June 30, 2021, the District reported a net pension liability of $618,847 for its proportionate share of the system-wide pension liability. The net pension liability was measured as of June 30, 2020, and the system-wide pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. The District's proportionate share of the system-wide 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 long-term contributions of all participating employers, actuarially determined. These proportion percentages for the District were 0.00283570% and 0.00045027% for the years ending June 30, 2021 and 2020, respectively. For the year ended June 30, 2021, the District recognized pension expense of $118,074. At June 30, 2021, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 27,237	$ 0
Changes of assumptions	33,212	1,164
Net difference between projected and actual earnings on investments	72,768	0
Changes in proportionate share	324,184	206,737
Differences between employer contributions and employer's proportionate share of system contributions	25,677	64,296
Contributions made subsequent to measurement date	(2,745)	0
Total	$ 480,333	$ 272,197

Deferred outflows of resources of $(2,745) relates to pensions resulting from District contributions subsequent to the measurement date to be recognized as an increase of the net pension liability in the year ended June 30, 2022. Other pension amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended June 30	Deferred Outflow/(Inflow) of resources (prior to post-measurement date contributions)
2022	$ 15,431
2023	17,389
2024	81,167
2025	80,448
2026	16,446
Thereafter	0
Total	$ 210,881

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 (the estimated amount necessary to finance benefits earned by employees during the current service year), and (2) an amount for the amortization of unfunded accrued actuarial liabilities, which are being amortized over a fixed period with new unfunded accrued actuarial liabilities being amortized over 20 years.

NOTE 5 - RETIREMENT BENEFITS - Continued

Actuarial Valuations

For the OPSRP component, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by employees during the current service year), and (2) an amount for the amortization of unfunded accrued actuarial liabilities, which are being amortized over a fixed period with new unfunded accrued actuarial liabilities being amortized over 16 years.

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2018, rolled forward to June 30, 2020
Experience Study	2018, published July 2019
Actuarial Cost Method	Entry age normal
Amortization Method	Amortized as a level percentage of payroll as layered amortized 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	Fair value of assets
Actuarial Assumptions:	
Inflation Rate	2.50%
Long-Term Expected Rate of Return	7.20%
Discount Rate	7.20%
Projected Salary Increases	3.50% overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) 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.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probabilities 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 future results. Experience studies were performed as of December 31 on even numbered years. The methods and assumptions shown above are based on the 2018 experience study, which reviewed experience for the four-year period ended December 31, 2018.

NOTE 5 - RETIREMENT BENEFITS - Continued

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 tables below show 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.

Target and Actual Investment Allocation as of June 30, 2020

Asset Class/Strategy	OIC Policy Range %	OIC Target %	Actual %
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	0.0 – 3.0	0.0	2.1
Risk parity	0.0 – 2.5	2.5	1.3
Total		100.0%	100.0%

Asset Class	Target Allocation	20-Year Annualized Geometric Mean
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 - Even-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%
Total	100.00%	
Assumed Inflation - Mean		2.50%

NOTE 5 - RETIREMENT BENEFITS - Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.20%. 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.

Sensitivity to Discount Rate

The following presents the District's net pension liability calculated using the discount rate of 7.2%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.2%) and one percentage point higher (8.2%) than the current rate:

	1% Decrease (6.20%)	Current Rate (7.20%)	1% Increase (8.20%)
Net Pension Liability (Asset)	$ 918,937	$ 618,847	$ 367,208

Changes in Plan Provisions Subsequent to the Measurement Date

Starting July 1, 2020, Senate Bill 1049 required member contributions to their IAP accounts to be redirected to the Defined Benefit fund. If the member earns more than $2,500 a month, 0.75% for OPSRP members and 2.5% for Tier 1/Tier 2 members' salaries previously contributed to the member's IAP began funding the new Employee Pension Stability Accounts to help fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. PERS estimates that approximately $125 million in member contributions will be redirected in fiscal year 2020-21.

B. RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA)

Plan Description

As a member of PERS, 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 (OPEB) administered by PERS. 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 resides with the Oregon Legislature. PERS issues a publicly available financial report that may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, Oregon 97281-3700.

NOTE 5 - RETIREMENT BENEFITS - Continued

B. RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA)

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 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of $60 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 PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS 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 PERS, or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating municipal corporations are contractually required to contribute to RHIA at a rate assessed each year by PERS, currently 0.06% and 0.00% of annual covered payroll for PERS and OPSRP members, respectively. The PERS Board of sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2021, 2020, and 2019 were paid and equaled the required contributions for each year.

NOTE 6 - OTHER INFORMATION

Deferred Compensation Plan

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 service agreements. The District's 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 an unforeseeable emergency.

The District works with separate investment providers who also provide third-party administration for all deferred compensation program funds. There is little 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, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, the plan's assets are not included in the accompanying combined government-wide and fund financial statements.

Other Postemployment Benefits

For the year ended June 30, 2021, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* is effective. This statement provides guidance for accounting for liabilities/(assets) related to retiree healthcare and other non-pension postemployment benefits (OPEB). At June 30, 2021, the Districts net OPEB liability/(asset) and deferred inflows and outflows were determined by management not to be material to the financial statements taken as a whole. Accordingly, no assets or liabilities relating to OPEB have been reported in the government-wide statements.

NOTE 6 - OTHER INFORMATION - Continued

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 it carries commercial insurance. Annual premiums are paid for its property, liability, automobile physical damage, employee bond and workers' compensation coverage. Any settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Tax Abatements

GASB Statement No. 77, *Tax Abatement Disclosures*, requires governments that enter into tax abatement agreements to disclose information about those agreements. The District has not entered into any tax abatement agreements as of the end of the fiscal year. Therefore, there are no amounts to disclose.

Evaluation of Subsequent Events

Management has evaluated subsequent events through April 26, 2022 the date on which the financial statements were available to be issued.

In March 2020, the COVID-19 virus was declared a global pandemic and the Oregon governor issued Executive Order No. 20-12 which directed Oregonians to "Stay Home, Save Lives". This Executive Order has been extended several times and related restrictions on business activities remained in effect through March 11, 2022. This is an evolving virus, and the District continues to monitor the possible impact on revenues and expenses.

CENTRAL OREGON COAST FIRE & RESCUE
Lincoln County, Oregon

REQUIRED SUPPLEMENTAL SECTION

CENTRAL OREGON COAST FIRE & RESCUE DISTRICT
Lincoln County, Oregon

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) as of June 30, 2021

OREGON PUBLIC EMPLOYEE RETIREMENT SYSTEM
Last Eight Fiscal Years

Fiscal. Year Ended	District's Proportion of the Net Pension Liability/(Asset)	District's Proportionate Share of the Net Pension Liability/(Asset)	District's Covered Employee Payroll	District's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)
2014	0.00359%	$183,084	$278,116	65.83%	90.70%
2015	0.00359%	(81,322)	308,813	-26.33%	103.60%
2016	0.00416%	238,907	425,391	56.16%	91.90%
2017	0.00348%	521,722	232,934	223.98%	80.50%
2018	0.00490%	672,676	95,889	701.52%	83.10%
2019	0.00027%	41,510	252,545	16.44%	82.07%
2020	0.00045%	77,886	281,268	27.69%	80.20%
2021	0.00284%	618,847	587,099	105.41%	75.80%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date for each year presented.

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.

CENTRAL OREGON COAST FIRE & RESCUE DISTRICT
Lincoln County, Oregon

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
as of June 30, 2021

OREGON PUBLIC EMPLOYEE RETIREMENT SYSTEM
Last Eight Fiscal Years

Fiscal Year Ended	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency /(Excess)	District's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2014	$21,710	$22,750	($1,040)	$308,813	7.37%
2015	22,750	23,147	(397)	425,391	5.44%
2016	19,720	19,989	(269)	232,934	8.58%
2017	7,603	7,603	0	95,889	7.93%
2018	27,918	27,918	0	252,545	11.05%
2019	33,215	33,215	0	281,268	11.81%
2020	(9,644)	(9,644)	0	587,099	-1.64%
2021	(2,745)	(2,745)	0	377,294	-0.73%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date for each year presented.

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.

CENTRAL OREGON COAST FIRE & RESCUE
Lincoln County, Oregon

NOTES TO THE SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) AND CONTRACTUALLY REQUIRED CONTRIBUTIONS for the Year Ended June 30, 2021

Changes in Plan Provisions

A summary of key changes in plan provisions are described in the System-wide 2018 Valuation Report for the Oregon Public Employees Retirement System which can be found at:
https://www.oregon.gov/pers/Documents/Financials/Actuarial/2019/Actuarial-Valuation.pdf

Changes of Assumptions

GASB 67 and GASB 68 require the total pension liability to be determined based on 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.

A summary of key changes implemented since the December 31, 2018 valuation are described in the Oregon Public Employees Retirement System's Comprehensive Annual Financial Report for the year ended June 30, 2020 which can be found at: https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf Additional details and a comprehensive list of changes in methods and assumptions can be found in the 2018 Experience Study for https://www.oregon.gov/pers/Documents/Exp_Study_2018.pdf

CENTRAL OREGON COAST FIRE & RESCUE
Lincoln County, Oregon

SUPPLEMENTAL SECTION

CENTRAL OREGON COAST FIRE & RESCUE
Lincoln County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GOVERNMENTAL FUND TYPE for the Year Ended June 30, 2021

GENERAL FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property taxes	$ 773,532	$ 773,532	$ 863,802	$ 90,270
Grants	250,000	250,000	-	(250,000)
Donations	200	200	-	(200)
Interest	1,300	1,300	3,318	2,018
Capital lease proceeds	-	100,000	100,000	-
Miscellaneous	33,000	33,000	36,253	3,253
Total revenues	1,058,032	1,158,032	1,003,373	(154,659)
EXPENDITURES				
Personnel services	626,094	626,094	546,935	79,159
Materials and services	557,758	590,758	344,748	246,010
Capital outlay	-	100,000	100,000	-
Debt service	-	-	17,423	(17,423)
Contingency	25,000	-	-	-
Total expenditures	1,208,852	1,316,852	1,009,106	307,746
Excess (def) of revenues over expenditures	(150,820)	(158,820)	(5,733)	153,087
OTHER FINANCING SOURCES (USES)				
Transfers from reserve funds	-	8,000	-	(8,000)
Transfers to reserve funds	(125,000)	(125,000)	(125,000)	-
Total other financing sources (uses)	(125,000)	(117,000)	(125,000)	(8,000)
Excess (def) of revenues over expenditures and other financing sources (uses)	(275,820)	(275,820)	(130,733)	145,087
Unappropriated ending balance	(100,818)	(100,818)	-	100,818
FUND BALANCE - Beginning of year	376,638	376,638	527,754	151,116
FUND BALANCE - End of year	$ -	$ -	$ 397,021	$ 397,021

CENTRAL OREGON COAST FIRE & RESCUE
Lincoln County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GOVERNMENTAL FUND TYPE for the Year Ended June 30, 2021

EQUIPMENT RESERVE FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Interest	$ 1,200	$ 1,200	$ 917	$ (283)
Capital lease proceeds	120,000	120,000	-	(120,000)
Total revenues	121,200	121,200	917	(120,283)
EXPENDITURES				
Capital outlay	229,900	205,950	2,349	203,601
Debt service	43,684	43,684	-	43,684
Total expenditures	273,584	249,634	2,349	247,285
Excess (def) of revenues over expenditures	(152,384)	(128,434)	(1,432)	127,002
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	50,000	50,000	50,000	-
Transfers out	-	(23,950)	-	23,950
Total other financing sources (uses)	50,000	26,050	50,000	23,950
Excess (def) of revenues over expenditures and other financing sources (uses)	(102,384)	(102,384)	48,568	150,952
Unappropriated ending balance	(9,304)	(9,304)	-	9,304
FUND BALANCE - Beginning of year	111,688	111,688	22,754	(88,934)
FUND BALANCE - End of year	$ -	$ -	$ 71,322	$ 71,322

CENTRAL OREGON COAST FIRE & RESCUE
Lincoln County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GOVERNMENTAL FUND TYPE for the Year Ended June 30, 2021

BUILDING/PROPERTY RESERVE FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Interest	$ 5,000	$ 5,000	$ 2,231	$ (2,769)
EXPENDITURES				
Bank fees	50	50	18	32
Capital outlay	375,000	375,000	199,508	175,492
Total expenditures	375,050	375,050	199,526	175,524
Excess (def) of revenues over expenditures	(370,050)	(370,050)	(197,295)	172,755
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	75,000	75,000	75,000	-
Excess (def) of revenues over expenditures and other financing sources (uses)	(295,050)	(295,050)	(122,295)	172,755
Unappropriated ending balance	(22,167)	(22,167)	-	22,167
FUND BALANCE - Beginning of year	317,217	317,217	314,828	(2,389)
FUND BALANCE - End of year	$ -	$ -	$ 192,533	$ 192,533

CENTRAL OREGON COAST FIRE & RESCUE
Lincoln County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GOVERNMENTAL FUND TYPE for the Year Ended June 30, 2021

EQUIPMENT REPLACEMENT LEVY FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property taxes	$ 91,987	$ 91,987	$ 100,833	$ 8,846
EXPENDITURES				
Capital outlay	91,987	107,937	73,413	34,524
Excess (def) of revenues over expenditures	-	(15,950)	27,420	43,370
OTHER FINANCING SOURCES (USES)				
Transfers from reserve funds	-	15,950	-	(15,950)
Excess (def) of revenues over expenditures and other financing sources (uses)	-	-	27,420	27,420
FUND BALANCE - Beginning of year	-	-	(24,782)	(24,782)
FUND BALANCE - End of year	$ -	$ -	$ 2,638	$ 2,638

CENTRAL OREGON COAST FIRE & RESCUE
Lincoln County, Oregon

COMPLIANCE SECTION

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AICPA OSCPA & OAIA

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

To Board of Directors
Central Oregon Coast Fire & Rescue
Waldport, Oregon

I have audited the basic financial statements of the Central Oregon Coast Fire & Rescue as of and for the year ended June 30, 2021, and have issued my report thereon dated April 26, 2022. I conducted my audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Central Oregon Coast Fire & Rescue financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion.

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

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

In connection with my testing nothing came to my attention that caused me to believe the Central Oregon Coast Fire & Rescue was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

Overexpenditures

The General Fund overexpended in Debt Service by $17,423.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Central Oregon Coast Fire & Rescue's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Central Oregon Coast Fire & Rescue's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Central Oregon Coast Fire & Rescue's internal control.

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

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

Purpose of This Report

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

SIGNE GRIMSTAD
Certified Public Accountant
Newport, Oregon
April 26, 2022