

**CENTRAL OREGON COAST FIRE & RESCUE**  
**AUDIT REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**CENTRAL OREGON COAST FIRE & RESCUE  
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**CENTRAL OREGON COAST FIRE & RESCUE  
BOARD OF DIRECTORS**

JUNE 30, 2022

<u>Title</u>	<u>Name</u>
Chairman Pro Tem	Reda Eckerman P.O. Box 505 Waldport, OR 97394
Treasurer	Vacant
Secretary	Vacant
Boardmember	Kevin Battles PO Box 505 Waldport, OR 97394
Boardmember	Ray Woodruff P.O. Box 505 Waldport, OR 97394

**ADMINISTRATIVE OFFICE**

Fire Chief	Jamie Mason
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**LEGAL COUNSEL**

Jordan Ramis, PC  
Two Centerpointe Drive, 6<sup>th</sup> Floor  
Lake Oswego, OR 97035



Certified Public Accountants

1800 Blankenship Rd., Suite 450  
West Linn, OR 97068-4198  
503-723-7600 503-723-5100 FAX

## INDEPENDENT AUDITORS' REPORT

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

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Central Oregon Coast Fire & Rescue, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Central Oregon Coast Fire & Rescue's basic financial statements as listed in the table of contents.

In our 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 Central Oregon Coast Fire & Rescue as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Central Oregon Coast Fire & Rescue, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about Central Oregon Coast Fire & Rescue's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Central Oregon Coast Fire & Rescue's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Central Oregon Coast Fire & Rescue's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Required Supplementary Information**

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

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

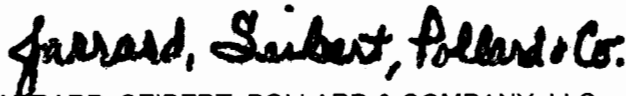
### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Central Oregon Coast Fire & Rescue's basic financial statements. The schedules of revenues, expenditures and changes in fund balance – budget and actual, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and

other records used to prepare the basic financial statements. The 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 schedules of revenues, expenditures and changes in fund balance – budget and actual are 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 February 22, 2023, on our 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 our testing of compliance and the results of that testing and not to consider an opinion on compliance.



JARRARD, SEIBERT, POLLARD & COMPANY, LLC  
Certified Public Accountants

West Linn, Oregon  
February 23, 2023

By   
Russell T. Ries, Partner

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022**

This discussion and analysis of the District's financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2022, within the limitations of the District's financial statements.

**CONSOLIDATED FINANCIAL INFORMATION**

	June 30, <u>2022</u>	June 30, <u>2021</u>	Increase (Decrease)
<b><u>ASSETS</u></b>			
Cash and investments	\$ 649,012	\$ 711,043	\$ (62,031)
Other assets	71,023	79,181	(8,158)
Capital assets	<u>781,799</u>	<u>784,002</u>	<u>(2,203)</u>
Total assets	1,501,834	1,574,226	(72,392)
<b><u>DEFERRED OUTFLOWS</u></b>			
Pension items	402,698	480,333	(77,635)
<b><u>LIABILITIES</u></b>			
Other liabilities	407,757	723,293	(315,536)
Long-term liabilities	<u>130,533</u>	<u>182,145</u>	<u>(51,612)</u>
Total liabilities	538,290	905,438	(367,148)
<b><u>DEFERRED INFLOWS</u></b>			
Pension items	462,015	272,197	189,818
<b><u>NET ASSETS</u></b>			
Investment in capital assets (net of related debt)	651,266	601,857	49,409
Unrestricted	<u>252,961</u>	<u>275,067</u>	<u>(22,106)</u>
Total Net Assets	<u>\$ 904,227</u>	<u>\$ 876,924</u>	<u>\$ 27,303</u>
<b><u>REVENUES</u></b>			
Charges for service	\$	\$	\$
Grants and contributions	6,328		6,328
General Revenues:			
Taxes and assessments	1,004,262	958,263	45,999
Miscellaneous	<u>16,407</u>	<u>42,719</u>	<u>(26,312)</u>
Total revenues	<u>1,026,997</u>	<u>1,000,982</u>	<u>26,015</u>
<b><u>EXPENSES</u></b>			
Fire services	909,509	998,935	(89,426)
Interest on long-term debt	5,012	3,848	1,164
Depreciation	<u>85,173</u>	<u>75,184</u>	<u>9,989</u>
Total expenses	<u>999,694</u>	<u>1,077,967</u>	<u>(78,273)</u>
CHANGE IN NET ASSETS	<u>\$ 27,303</u>	<u>\$ (76,985)</u>	<u>\$ 104,288</u>

## Report Components

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's basis of accounting as described in the notes to financial statements.

### Basic Financial Statements

**Government-Wide Financial Statements** – The Statement of Net Position and the Statement of Activities provide information about the District's government-wide (or "as a whole") activities, and include information about long-term debt, capital assets, and associated depreciation.

**Fund Financial Statements** – Fund financial statements focus on the individual parts of the District's government. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant ("major") funds. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending.

**Overall Financial Positions** – Funding levels are stable.

**Significant Transactions and Changes in Individual Funds** – All funds in our budget are stable and have not received substantial increases or decreases.

**Significant Budgetary Variances** – There were no significant or unexpected variances in funds.

**Significant Capital Asset and Long-Term Debt Activity** – The District continues to incur expenditures related to improvements to Tidewater and Waldport properties. Payments are ongoing to reduce obligations under financed purchases.

**Significant Facts and Conditions Affecting Next Year and Beyond** – Our long-range steering plan looks to future needs and large expenditures. Vehicle replacement and buildings continue to drive future plans. The steering plan will be updated as needed.

**Contacting the District's Financial Management** – This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the District office Main Station, telephone number (541) 563-3121. This information provided by Jamie Mason, Fire Chief.



**CENTRAL OREGON COAST FIRE & RESCUE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 649,012
Taxes receivable	40,674
Prepaid expenses	30,349
Capital assets:	
Land and construction in progress	360,955
Other capital assets, net of depreciation	<u>420,844</u>
<b>Total assets</b>	<b>1,501,834</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension items	<u>402,698</u>
<b>Total assets and deferred outflows of resources</b>	<b><u>1,904,532</u></b>
<b>LIABILITIES</b>	
Accounts payable	19,594
Payroll liabilities	54,487
Compensated absences	14,333
Net pension liability	319,343
Financed purchases:	
Due in one year	52,261
Due in more than one year	<u>78,272</u>
<b>Total liabilities</b>	<b>538,290</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension items	<u>462,015</u>
<b>Total liabilities and deferred inflows of resources</b>	<b><u>1,000,305</u></b>
<b>NET POSITION</b>	
Invested in capital assets, net of debt	651,266
Unrestricted	<u>252,961</u>
<b>Total Net Position</b>	<b>\$ <u><u>904,227</u></u></b>

(See accompanying notes to basic financial statements)

**CENTRAL OREGON COAST FIRE & RESCUE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>PRIMARY GOVERNMENT</b>					
<b>Governmental Activities</b>					
Fire services	909,509		3,828	2,500	(903,181)
Interest on long-term debt	5,012				(5,012)
Depreciation	85,173				(85,173)
	999,694	0	3,828	2,500	(993,366)
 <b>GENERAL RECEIPTS</b>					
Property taxes					1,004,262
Interest					3,747
Miscellaneous					12,660
					1,020,669
 <b>CHANGE IN NET POSITION</b>					 27,303
 <b>NET POSITION, July 1</b>					 876,924
 <b>NET POSITION, June 30</b>					 \$ 904,227

(See accompanying notes to basic financial statements)

**CENTRAL OREGON COAST FIRE & RESCUE**  
**STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**

	General Fund	Equipment Reserve Fund	Bldg/Property Reserve Fund	Equipment Replacement Levy Fund	Totals
<b>ASSETS</b>					
Cash	\$ 241,108	\$ 81,705	\$ 138,519	\$ 187,680	\$ 649,012
Taxes receivable	36,330			4,344	40,674
Prepaid expenses	30,349				30,349
Interfund loan	236,215				236,215
Total	\$ 544,002	\$ 81,705	\$ 138,519	\$ 192,024	\$ 956,250
<b>LIABILITIES</b>					
Accounts payable	\$ 14,140		\$ 5,454		\$ 19,594
Payroll liabilities	54,487				54,487
Interfund loan		9,922	61,860	164,433	236,215
	68,627	9,922	67,314	164,433	310,296
<b>DEFERRED INFLOWS</b>					
Property taxes	30,132			3,603	33,735
<b>Total liabilities and deferred outflows</b>	<b>98,759</b>	<b>9,922</b>	<b>67,314</b>	<b>168,036</b>	<b>344,031</b>
<b>FUND BALANCES</b>					
Non-spendable	30,349				30,349
Committed for capital projects		71,783	71,205	23,988	166,976
Unassigned	414,894				414,894
Total fund balances	445,243	71,783	71,205	23,988	612,219
Total	\$ 544,002	\$ 81,705	\$ 138,519	\$ 192,024	\$ 956,250

Reconciliation of Statement of Assets,  
Liabilities and Fund Balances  
to Statement of Net Position

Fund balances	\$ 612,219
<p>The cost of capital assets purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the District as a whole.</p>	
Net Capital Assets	781,799
<p>Pension related assets, deferred outflows, liabilities and deferred inflows are recognized on the Statement of Net Position but not in the governmental funds.</p>	
Deferred outflows for pension items	402,698
Pension liability	(319,343)
Deferred inflows for pension items	(462,015)
	(378,660)
Deferred revenue related to property taxes	33,735
<p>Long term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Long-term liabilities are reported in the Statement of Net Position.</p>	
	(144,866)
Net Position of Governmental Activities	\$ 904,227

(See accompanying notes to basic financial statements)

**CENTRAL OREGON COAST FIRE & RESCUE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Equipment Reserve Fund	Bldg/Property Reserve Fund	Equipment Replacement Levy Fund	Totals
<b>REVENUES</b>					
Property taxes	\$ 902,857			\$ 105,070	\$ 1,007,927
Interest	2,322	461	964		3,747
Miscellaneous	55,914				55,914
Total	961,093	461	964	105,070	1,067,588
<b>EXPENDITURES</b>					
Current	912,871				912,871
Capital outlay			122,292	27,097	149,389
Debt service				56,623	56,623
Total	912,871	0	122,292	83,720	1,118,883
<b>RECEIPTS OVER (UNDER)</b>					
EXPENDITURES	48,222	461	(121,328)	21,350	(51,295)
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in (out)					
<b>NET CHANGE IN FUND BALANCE</b>	48,222	461	(121,328)	21,350	(51,295)
<b>FUND BALANCES - July 1, 2021</b>	397,021	71,322	192,533	2,638	663,514
<b>FUND BALANCES - June 30, 2022</b>	\$ 445,243	71,783	71,205	23,988	612,219

Reconciliation of Statement of Revenues,  
Expenditures and Changes in Fund Balances  
to Statement of Activities:

Net Change in Fund Balances - Total Governmental Funds \$ (51,295)

Governmental funds report capital outlays as expenditures.  
In the Statement of Activities, the cost of those assets is  
allocated over their useful lives and reported as depreciation.

Net Capital Asset Additions	119,896
Basis in assets sold	(36,926)
Depreciation expense	(85,173)

Change in accrued compensation absences. 803

Change in deferred inflows (3,665)

Net change in PERS related deferred outflows, liabilities  
and deferred inflows. 32,051

Repayment of debt principal is an expenditure in the  
governmental funds, but the repayment reduces long-  
term debt in the Statement of Activities.

Loan principal payments	51,612
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Change in Net Position of Governmental Activities \$ 27,303

(See accompanying notes to basic financial statements)

**CENTRAL OREGON COAST FIRE & RESCUE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of the 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 a municipal corporation operating under the laws of the State of Oregon. The District was formed for the purposes of providing fire protection and emergency medical services to property and people within the Fire District boundaries. The District is governed by a Board of Directors consisting of five members.

As required by generally accepted accounting principles, the District's general purpose financial statements include all component units over which the District officials exercise oversight responsibility. The criteria used in making this determination include an evaluation of the concepts of financial interdependency, election of the governing authority, designation of management, ability to significantly influence operations and accountability of fiscal matters. Based upon the evaluation of these criteria the District is a primary government with no inclusive component units.

**Government-Wide Financial Statements**

The government-wide statements (i.e. the statements of net position) 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, and (2) 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.

**CENTRAL OREGON COAST FIRE & RESCUE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE A – 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.

**CENTRAL OREGON COAST FIRE & RESCUE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

When both restricted and unrestricted resources are available for use, it is the Districts 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.

**Deposits and Investments**

The Districts 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 the 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)

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30 and 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., 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 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.

**CENTRAL OREGON COAST FIRE & RESCUE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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 uncured and are not capitalized.

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

	<u>Years</u>
Buildings	20
Equipment	5-10
Vehicles	5-10

**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 statements of net position, equity is referred to as net position and is segregated into the following three components: 1) investments 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 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 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.



**CENTRAL OREGON COAST FIRE & RESCUE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

*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.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statements 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 (expenditures/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 investments earnings, changes in proportionate share, difference between employer contributions and the District's proportionate share 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 become 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 fiduciary net position of PERS and additions to/deductions for 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.

**CENTRAL OREGON COAST FIRE & RESCUE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**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 B – 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 personal services, materials and services, capital outlay, debt service, transfers and contingency are 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 expenditures 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 fund's original budget requires hearings before the public, publications 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.

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 collectable or recoverable through liens; therefore, no allowance for uncollectible taxes has been recorded, and the remaining balance of property taxes receivable is recorded as deferred revenue as it not considered available to finance operations of the current period.

**Expenditures in Excess of Appropriations:**

General Fund (personnel services) - \$26,504.

Equipment Replacement Levy Fund (capital outlay) - \$13,831.

**CENTRAL OREGON COAST FIRE & RESCUE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE C – DEPOSITS AND INVESTMENTS**

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

Cash on hand	\$	400
Deposits with financial institutions		96,501
Local government investment pool		<u>552,111</u>
	\$	<u>649,012</u>

**Deposits**

At the end of fiscal year, the District’s total deposits with financial institutions had a bank value of \$99,938.

*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 Districts deposits were held in state recognized qualified depositories. The District does not have a formally adopted deposit policy for custodial risk.

**Investments**

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

		<u>Fair Value</u>
Local Government Investment Pool		<u>\$ 552,111</u>

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 statues, funds are invested as a prudent investors 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 charges 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.

**CENTRAL OREGON COAST FIRE & RESCUE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE C – DEPOSITS AND INVESTMENTS (continued)

*Credit risk*

Oregon Statutes limit investments to general obligations of U.S. government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchases agreements, high-grade commercial paper and the State Treasurer's Local Government Investment Pool. The District has a formal investment policy that limits investments 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 D – CAPITAL ASSET

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Work in progress	191,059	119,895	-	310,955
Total non-depreciable assets	<u>241,059</u>	<u>119,895</u>	<u>-</u>	<u>360,955</u>
Capital assets not being depreciated				
Buildings and improvements	33,363	-	-	33,363
Equipment	367,144	-	-	367,144
Vehicles	861,971	-	(47,930)	814,041
Total depreciable assets	<u>1,262,478</u>	<u>0</u>	<u>(47,930)</u>	<u>1,214,548</u>
Accumulated depreciation				
Buildings and improvements	(26,690)	(1,668)	-	(28,358)
Equipment	(207,113)	(24,548)	-	(231,661)
Vehicles	(485,732)	(58,957)	11,004	(533,685)
Total accumulated depreciation	<u>(719,535)</u>	<u>(85,173)</u>	<u>11,004</u>	<u>(793,704)</u>
Total depreciable assets net	<u>542,943</u>	<u>(85,173)</u>	<u>56,926</u>	<u>420,844</u>
Total capital assets, net	<u>\$ 784,002</u>	<u>\$ 34,723</u>	<u>\$ (36,926)</u>	<u>\$ 781,799</u>

Current year depreciation is \$85,173.

**CENTRAL OREGON COAST FIRE & RESCUE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE E – INTERFUND LOAN**

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 236,215	\$ -
Equipment Reserve Fund	-	9,922
Building Prop. Reserve Fund	-	61,860
Equip. Replacement Levy Fund	-	164,433
Total	<u>\$ 236,215</u>	<u>\$ 236,215</u>

The purpose of the loans are to support capital expenditures.

**NOTE F – LONG-TERM DEBT**

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

	<u>Original Amount</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
SCBD	\$ 95,720	\$ 82,145	\$ -	\$ 31,890	\$ 50,255	\$ 33,172
Fire Engine	100,000	100,000	-	19,722	80,278	19,089
Compensated absences	n/a	15,136	14,333	15,136	14,333	14,333
Total long-term liabilities		<u>\$ 197,281</u>	<u>\$ 14,333</u>	<u>\$ 66,748</u>	<u>\$ 144,866</u>	<u>\$ 66,594</u>

Interest for the year was \$5,012

**Financed Purchases:**

The District purchased self-contained breathing apparatus, cylinders, and other gear under a 3.5 year financed purchase agreement with 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.

The District purchased a fire engine under a 5 year financed purchase agreement with 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:

<u>Year Ending June 30</u>	<u>Principal Lease #1</u>	<u>Principal Lease #2</u>	<u>Principal Total</u>	<u>Interest Total</u>
2023	\$ 33,172	\$ 19,089	\$ 52,261	\$ 4,362
2024	17,083	19,728	36,811	2,390
2025	-	20,389	20,389	1,389
2026	-	21,072	21,072	706
Total	<u>\$ 50,255</u>	<u>\$ 80,278</u>	<u>\$ 130,533</u>	<u>\$ 8,847</u>

**CENTRAL OREGON COAST FIRE & RESCUE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE G – 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 Actual 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 allowances is payable monthly for life. It may be selected from 13 retirement benefit option 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.

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 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 are met:

1. The member was employed by a PERS employer at the time of death,
2. The member died with 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.

**CENTRAL OREGON COAST FIRE & RESCUE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE G – RETIREMENT BENEFITS(continued)**

*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 services. Upon qualifying for either a non-duty or duty-related disability, service time is computed to ages 55 and 58 for policies/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 to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer

Police and Fire: 1.8 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.

*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

**CENTRAL OREGON COAST FIRE & RESCUE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE G – RETIREMENT BENEFITS (continued)

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 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.

Contributions – Per ORS 238.225, contribution requirements of the active employees and the participating District is established and may be amended by an act of the Oregon Legislature. The District’s contractually required contribution rate for the years ended June 30, 2022 were 13.13% (OPERF), 8.06% (OPSRP Gen) and 12.42% (OPSRP P&F) of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$45,245 for the year ended June 30, 2022.

Net Pension Liability

At June 30, 2022, the District reported a net pension liability of \$319,343 for its proportionate share of the system-wide pension liability. The pension liability was measured as of June 30, 2021, and the system-wide pension liability, used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. 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 0.00266865% and 0.00283570% for the years ending June 30, 2021 and 2020 respectively. For the year ended June 30, 2022, the District recognized pension expense of \$15,944. At June 30, 2022, 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	\$ 29,893	\$ -
Changes of assumptions	79,941	840
Net difference between projected and actual earnings on investments	-	236,407
Changes in proportionate share	231,124	134,728
Differences between employer contributions and employer’s proportionate share of system	16,491	90,043
Contributions made subsequent to measurement date	45,249	-
Total	<u>\$ 402,698</u>	<u>\$ 462,015</u>



**CENTRAL OREGON COAST FIRE & RESCUE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE G – RETIREMENT BENEFITS (continued)

\$45,249 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30		
2023	\$	(58,632)
2024		5,310
2025		5,236
2026		(57,288)
2027		807
Thereafter		<u>0</u>
Total	\$	<u>(104,566)</u>

Actuarial Valuations

The Employer contribution rates effective July 1, 2021 through June 30, 2023 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 (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.

The total pension liability in the June 30, 2021 actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.40 percent compounded annually. This assumption Represents the same of the inflation assumption and a real wage growth assumption of 100 basis points.
Investment rate of return	6.90 percent, net of pension plan investment expense, Including inflation
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

**CENTRAL OREGON COAST FIRE & RESCUE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE G – RETIREMENT BENEFITS (continued)

Healthy retirees and beneficiaries: Pub-2010 Healthy retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with Job category adjustments and set-backs as described in the valuation. Active members: Pub – 2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disable retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of a 2018 actuarial experience study published July 24, 2019.

Assumed Asset Allocation:

Asset Class/Strategy	OIC Target
Debt Securities	20.00%
Public Equity	32.50%
Private Equity	17.50%
Real Estate	12.50%
Alternative Equity	15.00%
Risk Parity	2.50%
Total	100.00%

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return Assumption, in June 2021 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 adjustments for the inflation assumption. 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 Plans 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: <http://www.oregon.gov/pers/documents/finacials?CAFR/2021-ACFR.pdf>.

**CENTRAL OREGON COAST FIRE & RESCUE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE G – RETIREMENT BENEFITS (continued)**

**Depletion Date Projection**

GASB 68 generally requires that a blended discount rate be used to measure the total pension liability (the actuarial accrued liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan’s fiduciary net position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods whether the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB68 (paragraph 67) does allow for alternative evaluations of projected solvency, is such evaluation can reliably be made. GASB does not contemplate a specific method of making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for the Plan:

- PERS has a formal written policy to calculate an Actuarially Determine Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projection 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 PERS’ independent actuary’s opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>20-Year Annualized Geometric Mean</u>
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multistrategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
Assumed Inflation - Mean		2.40%

**CENTRAL OREGON COAST FIRE & RESCUE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE G – RETIREMENT BENEFITS (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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 6.90%, 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 (5.90%) and one percentage point higher (7.90%) than the current rate:

	<u>1% Decrease (5.90%)</u>	<u>Current Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
Net Pension Liability (Asset)	\$ 627,114	\$ 319,343	\$ 61,851

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.

*Funding Policy*

Because RHIA was created by enabling legislation (ORS 238.420), contributions 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.

**CENTRAL OREGON COAST FIRE & RESCUE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE G – RETIREMENT BENEFITS (continued)**

Participating municipal corporations are contractually required to contribute to RHIA at a rate assessed each year by PERS, currently 0.06% and 0.00% if 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.

**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 Districts 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.

**NOTE H – 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.

**NOTE I – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 22, 2023, the date on which the financial statements were available to be issued.

In March 2020, the Covid-19 virus was declared global pandemic and the Oregon governor issued Executive Order No. 20-12 which directed Oregonians to "Stay Home, Save Lives". This Executive Order was 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  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE J – LEASES**

For 2022, the District implemented GASB Statement No. 87, *Leases*, GASB Statement No. 87 enhances the relevance and consistency of information of leasing activities. It establishes requirements for lease accounting based on the principle that leases are financing of the right to use an underlying asset. A lease is required to recognize a lease liability and an intangible right to use lease asset and lessor is required to recognize a lease receivable and deferred inflow of resources.

**NOTE K – SUBSEQUENT EVENT**

District intends to purchase its rented fire station at 125 & 145 Alsea Hwy from the City of Waldport for \$1,020,000. The City will carry a note with a term that runs through June 1, 2028. Annual interest only payments at 3.95% due each June 1, for 2023 and 2024, with U.S. prime rate of interest from 2025 through 2028. A balloon payment of the full purchase price will be due on June 1, 2028, plus the annualized simple interest payment. If prior to the balloon payment deadline, the City receives a state appropriation (e.g., a grant or forgivable loan, but not an unforgivable loan), in the amount of not less than \$3,000,000, for which the City's would be permitted to fund fire flow infrastructure upgrades identified in the City's 2020 Water Master Plan, the City will release its note and forgive the balance then-owed by the District.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**CENTRAL OREGON COAST FIRE & RESCUE  
SCHEDULE OF PROPORTIONATE SHARE AND CONTRIBUTION  
FOR THE YEAR ENDED JUNE 30, 2022**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Year Ended June 30,	(a) Employer's proportion of the net pension liability(asset)(NPL)	(b) Employer's proportionate share of the net pension liability(asset)(NPL)	(c) District's covered payroll	(b/c) NPL as a percentag e of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.00267%	\$ 319,343	\$ 377,294	84.64%	87.60%
2021	0.00284%	\$ 618,847	\$ 587,099	105.41%	75.80%
2020	0.00045%	\$ 77,888	\$ 281,268	27.69%	80.20%
2019	0.00027%	\$ 41,510	\$ 252,545	16.44%	82.10%
2018	0.00490%	\$ 672,676	\$ 95,889	701.52%	83.10%
2017	0.00348%	\$ 521,722	\$ 232,934	227.98%	80.53%
2016	0.00416%	\$ 238,907	\$ 425,391	56.16%	91.88%

**SCHEDULE OF CONTRIBUTIONS**

Year Ended June 30,	Statutorily required contributions	Contributions in relation to the statutorily required contribution	Contributions deficiency (excess)	Employer' s covered payroll	Contributions as a percent of covered payroll
2022	\$ 45,249	\$ 45,249	\$ -	\$ 405,681	11.16%
2021	\$ (2,745)	\$ (2,745)	\$ -	\$ 377,294	-0.73%
2020	\$ (9,644)	\$ (96,447)	\$ -	\$ 587,099	-1.64%
2019	\$ 33,215	\$ 33,215	\$ -	\$ 281,268	11.81%
2018	\$ 27,918	\$ 27,918	\$ -	\$ 252,545	11.05%
2017	\$ 7,603	\$ 7,603	\$ -	\$ 95,889	7.93%
2016	\$ 19,720	\$ 19,989	\$ (269)	\$ 232,934	8.58%



**CENTRAL OREGON COAST FIRE & RESCUE  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 847,031	\$ 847,031	\$ 902,857	\$ 55,826
Interest	2,500	2,500	2,322	(178)
Grants and donations	141,450	141,450	6,979	(134,471)
Miscellaneous	28,400	28,400	48,935	20,535
Total receipts	<u>1,019,381</u>	<u>1,019,381</u>	<u>961,093</u>	<u>(58,288)</u>
<b>Expenditures</b>				
Personnel services	615,570	625,570	652,074	(26,504)
Materials and services	390,965	390,965	260,797	130,168
Contingency	20,000	10,000		10,000
Total cash expenditures	<u>1,026,535</u>	<u>1,026,535</u>	<u>912,871</u>	<u>113,664</u>
Excess of revenues over (under) expenditures	(7,154)	(7,154)	48,222	55,376
Other financing sources (uses)				
Operating transfers in				
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	(7,154)	(7,154)	48,222	55,376
Fund balance - July 1, 2021	<u>326,311</u>	<u>326,311</u>	<u>397,021</u>	<u>70,710</u>
Fund balance - June 30, 2022	<u>\$ 319,157</u>	<u>\$ 319,157</u>	<u>\$ 445,243</u>	<u>\$ 126,086</u>

**SUPPLEMENTARY INFORMATION**

**CENTRAL OREGON COAST FIRE & RESCUE  
BUDGETARY COMPARISON SCHEDULE  
EQUIPMENT RESERVE FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ 600	\$ 600	\$ 461	\$ (139)
Expenditures				
Capital outlay	50	50		50
Contingency				
Total cash expenditures	50	50	0	50
Excess of revenues over (under) expenditures	550	550	461	(89)
Other financing sources (uses)				
Operating transfers in				
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	550	550	461	(89)
Fund balance - July 1, 2021	128,326	128,326	71,322	(57,004)
Fund balance - June 30, 2022	\$ 128,876	\$ 128,876	\$ 71,783	\$ (57,093)

**CENTRAL OREGON COAST FIRE & RESCUE  
BUDGETARY COMPARISON SCHEDULE  
BUILDING/PROPERTY RESERVE FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ 2,500	\$ 2,500	\$ 964	\$ (1,536)
Expenditures				
Capital outlay	220,050	220,050	122,292	97,758
Contingency	—	—	—	0
Total cash expenditures	<u>220,050</u>	<u>220,050</u>	<u>122,292</u>	<u>97,758</u>
Excess of revenues over (under) expenditures	(217,550)	(217,550)	(121,328)	96,222
Other financing sources (uses)				
Operating transfers in	—	—	—	—
Operating transfers out	—	—	—	—
Excess of revenues and other sources over (under) expenditures and other uses	(217,550)	(217,550)	(121,328)	96,222
Fund balance - July 1, 2021	<u>219,930</u>	<u>219,930</u>	<u>192,533</u>	<u>(27,397)</u>
Fund balance - June 30, 2022	<u>\$ 2,380</u>	<u>\$ 2,380</u>	<u>\$ 71,205</u>	<u>\$ 68,825</u>

**CENTAL OREGON COAST FIRE & RESCUE  
BUDGETARY COMPARISON SCHEDULE  
EQUIPMENT REPLACEMENT LEVY FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	\$ 99,376	\$ 99,376	\$ 105,070	\$ 5,694
Interest				0
Total revenues	<u>99,376</u>	<u>99,376</u>	<u>105,070</u>	<u>5,694</u>
Expenditures				
Capital outlay	13,266	13,266	27,097	(13,831)
Debt service	86,110	86,110	56,623	29,487
Total expendiures	<u>99,376</u>	<u>99,376</u>	<u>83,720</u>	<u>15,656</u>
Excess of revenues over (under) expenditures	0	0	21,350	21,350
Other financing sources (uses)				
Operating transfers in				
Operating transfers out				
Excess of revenues and other sources over (under) expenditures and other uses	0	0	21,350	21,350
Fund balance - July 1, 2021	<u>0</u>	<u>0</u>	<u>2,638</u>	<u>2,638</u>
Fund balance - June 30, 2022	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 23,988</u>	<u>\$ 23,988</u>

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

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

We have audited the basic financial statements of Central Oregon Coast Fire & Rescue, as of and for the year ended June 30, 2022, and have issued our report thereon dated February 23, 2023. 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 Central Oregon Coast Fire & Rescue'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 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements 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.**
- Authorized investment of surplus funds (ORS Chapter 294).**
- Public contracts and purchasing (ORS Chapter 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us 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 the General Fund's personnel expenditures exceeded appropriations by \$26,504 and the Equipment Replacement Levy Fund's capital outlay expenditures exceeded appropriations by \$13,831.

**OAR 162-10-0230 Internal Control**

In planning and performing our audit, we considered Central Oregon Coast Fire & Rescue's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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, we do not express an opinion on the effectiveness of Central Oregon Coast Fire & Rescue's internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

JARRARD, SEIBERT, POLLARD & COMPANY, LLC  
Certified Public Accountants  
West Linn, Oregon

By   
Russell T. Ries, Partner

February 22, 2023