



PHILOMATH FIRE AND RESCUE
Benton County, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2021



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CERTIFIED PUBLIC ACCOUNTANTS

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**PHILOMATH FIRE AND RESCUE
Benton County, Oregon**

DISTRICT OFFICIALS

June 30, 2021

BOARD OF DIRECTORS

Joe Brier, President
35543 Summers Lane
Philomath, Oregon 97370

Robyn Jones, Vice President
328 Mt. Union Avenue
Philomath, Oregon 97370

Rick Brand
3000 Southwood Drive
Philomath, Oregon 97370

Ruth Jacobs
7115 SW Deerhaven Drive
Philomath, Oregon 97370

Daphne Phillips
3233 Chapel Drive
Corvallis, Oregon 97333

FIRE CHIEF AND ADMINISTRATION

Thomas Miller, Fire Chief
Lillee Rodriguez, Office Administrator

1035 Main Street
Philomath, Oregon 97370

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Philomath Fire and Rescue
Philomath, Oregon 97370

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of Philomath Fire and Rescue, Benton County, Oregon as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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

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

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

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

Opinion

In our opinion, based on our audit, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Philomath Fire and Rescue, Benton County, Oregon, as of June 30, 2021, 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

Emphasis of Matter – Change in Accounting Principle

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the District's proportionate share of the net pension liability for PERS and OPEB RHIA and District contributions, the schedules of changes in OPEB liability and related ratios, and the budgetary comparison information on pages 4 through 9 and 53 through 56, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis and the schedules of the District's proportionate share of the net pension liability for PERS and OPEB RHIA and District contributions in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on this information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This 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 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 the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Philomath Fire and Rescue’s basic financial statements. The individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The aforementioned information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other 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. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement taken 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 December 15, 2021 on our tests of the District’s compliance with certain provisions of laws and regulations specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Accuity, LLC

By: 

Glen O. Kearns, CPA

Albany, Oregon
December 15, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

INTRODUCTION

As management of Philomath Fire and Rescue, Benton County, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2021, total net position of Philomath Fire and Rescue amounted to \$2,485,216. Of this amount, \$2,444,288 was invested in capital assets, net of related debt. The remaining balance included \$40,913 restricted for debt service and \$15 of unrestricted net position.
- The District's total net position decreased by \$222,101 during the current fiscal year.
- Overall expenditures were \$2,184,023, which exceeded total revenues of \$1,961,922 by \$222,101.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Philomath Fire and Rescue's basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements can be found on pages 10 through 11 of this report.

Fund Financial Statements

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives.

All of the funds of Philomath Fire and Rescue are governmental funds.

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

□ **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of available resources, as well as on balances of available resources at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Building Reserve, and Debt Service Funds, all of which are considered to be major governmental funds, as well as for the Fire Equipment Reserve, Vehicle Reserve, and Capital Projects Funds, which are considered to be nonmajor governmental funds. Philomath Fire and Rescue adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their respective budgets. The basic governmental fund financial statements can be found on pages 12 through 15 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 16 through 52 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes the schedules of the District's proportionate share of the net pension liability/OPEB RHIA asset and District contributions, schedules of changes in OPEB liability and related ratios - medical benefit, as well as the budgetary comparison information for the General Fund. This required supplementary information can be found on page 53 through 56 of this report. The individual fund schedules are presented immediately following the required supplementary information on pages 57 through 61 of this report.

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At June 30, 2021, the District's assets exceeded liabilities by \$2,485,216. A large portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

District's Net Position

At the end of the current fiscal year, the District was able to report positive balances in all categories of net position. The District's net position decreased by \$222,101 during the current fiscal year. This decrease is primarily due to increasing personnel expenditures. Condensed statement of net position information is shown below.

Condensed Statement of Net Position

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Assets		
Current and other assets	\$ 992,522	\$ 1,134,439
Restricted assets	45,616	29,649
Net capital assets	<u>4,569,288</u>	<u>4,733,731</u>
Total assets	<u>5,607,426</u>	<u>5,897,819</u>
Deferred outflows of resources	<u>714,812</u>	<u>681,925</u>
Liabilities		
Current liabilities	451,493	376,987
Noncurrent liabilities	<u>3,241,684</u>	<u>3,287,988</u>
Total liabilities	<u>3,693,177</u>	<u>3,664,975</u>
Deferred inflows of resources	<u>143,845</u>	<u>207,452</u>
Net position		
Net investment in capital assets	2,444,288	2,278,731
Restricted	40,913	22,755
Unrestricted	<u>15</u>	<u>405,831</u>
Total net position	<u>\$ 2,485,216</u>	<u>\$ 2,707,317</u>

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

District's Changes in Net Position

The condensed statement of activities information shown below explains changes in net position.

Changes in Net Position

	Governmental Activities	
	<u>2021</u>	<u>2020</u>
Program revenues		
Charges for services	\$ 233,303	\$ -
Operating grants and contributions	-	3,568
Total program revenues	<u>233,303</u>	<u>3,568</u>
General revenues		
Property taxes - general purposes	1,300,448	1,615,648
Property taxes - debt service	401,769	-
Investment earnings	6,812	25,658
Public education	-	8,076
Miscellaneous	19,590	94,327
Total general revenues	<u>1,728,619</u>	<u>1,743,709</u>
Total revenues	<u>1,961,922</u>	<u>1,747,277</u>
Program expenses		
Fire protection	2,134,000	1,856,926
Interest on long-term debt	50,023	54,684
Total program expenses	<u>2,184,023</u>	<u>1,911,610</u>
Change in net position	(222,101)	(164,333)
Net position - beginning, as restated	<u>2,707,317</u>	<u>2,871,650</u>
Net position - end of year	<u>\$ 2,485,216</u>	<u>\$ 2,707,317</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measurement of the District's net resources available for spending at the end of the fiscal year.

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$960,913, a decrease of \$128,252 from the prior year. The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the total fund balance of the General Fund was \$591,464.

BUDGETARY HIGHLIGHTS

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

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2021 amounted to \$4,569,288, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, vehicles, and equipment. Depreciation expense for the year amounted to \$331,749. Additional information on the District's capital assets can be found on page 27 of this report.

Long-Term Debt

At the end of the current fiscal year, the District had total debt outstanding of \$2,125,000. This amount is comprised of general obligation bonds. Additional information on the District's long-term debt can be found on pages 28 through 29 of this report.

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could affect its future financial health:

- Revenue projections are based on an assessed value (AV) of \$896,453,554, and our permanent tax rate of \$1.5080 per thousand of assessed value. The District has factored a 1% reduction in collection rates to anticipate any shortages due to the COVID-19 pandemic.
- We anticipate receiving \$15,000 in delinquent taxes, \$2,000 in interest, \$8,000 for public education income, \$140,000 for conflagration expenses, and \$56,435 for miscellaneous income.
- The City of Philomath's Urban Renewal District (URD) continues to impact the District's assessed value. The loss in AV to the District for fiscal year 2020-2021 will be \$44,433,547.
- The budget does not include any capital outlay expenses resulting from the general obligation bond. The only funds collected relating to the bond are for debt service repayment.

All of these factors were considered in preparing the District's budget for fiscal year 2021-2022.

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be directed to the following address: Philomath Fire and Rescue, P.O. Box 247, Philomath, Oregon 97370.

BASIC FINANCIAL STATEMENTS

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

STATEMENT OF NET POSITION

June 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 933,285
Accounts receivable	550
Property taxes receivable	28,068
Inventory	4,517
Prepaid expenses	<u>21,572</u>
Total current assets	<u>987,992</u>
Restricted cash	37,099
Restricted property taxes receivable	8,517
Net OPEB RHIA asset	4,530
Capital assets not being depreciated	36,763
Capital assets being depreciated, net	<u>4,532,525</u>
Total assets	<u>5,607,426</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>714,812</u>
LIABILITIES	
Current liabilities	
Accrued liabilities	52,363
Compensated absences	46,811
Accrued interest	2,319
Long-term liabilities, current portion	<u>350,000</u>
Total current liabilities	<u>451,493</u>
Noncurrent liabilities	
Net pension liability - PERS	1,427,744
OPEB medical benefit liability	38,940
Long-term liabilities, less current portion	<u>1,775,000</u>
Total liabilities	<u>3,693,177</u>
DEFERRED INFLOWS OF RESOURCES	<u>143,845</u>
NET POSITION	
Net investment in capital assets	2,444,288
Restricted	40,913
Unrestricted	<u>15</u>
Total net position	<u>\$ 2,485,216</u>

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

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital</u>	<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Grants and</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Position</u>
					<u>Governmental</u>
					<u>Activities</u>
Governmental activities					
Fire protection	\$ 2,134,000	\$ 233,303	\$ -	\$ -	\$ (1,900,697)
Interest on long-term debt	<u>50,023</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,023)</u>
Total governmental activities	<u>\$ 2,184,023</u>	<u>\$ 233,303</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,950,720)</u>
General revenues					
Property taxes - general purposes					1,300,448
Property taxes - debt service					401,769
Investment earnings					6,812
Miscellaneous					<u>19,590</u>
Total general revenues					<u>1,728,619</u>
Change in net position					(222,101)
Net position - beginning, as restated					<u>2,707,317</u>
Net position - ending					<u>\$ 2,485,216</u>

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

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2021

	Nonmajor Governmental Funds						Total Governmental Funds
	General Fund	Building Reserve Fund	Debt Service Fund	Fire Equipment Reserve Fund	Vehicle Reserve Fund	Capital Project Fund	
ASSETS							
Cash and cash equivalents	\$ 604,749	\$ 182,432	\$ 37,099	\$ 65,696	\$ 74,470	\$ 5,938	\$ 970,384
Accounts receivable	550	-	-	-	-	-	550
Property taxes receivable	28,068	-	8,517	-	-	-	36,585
Inventory	4,517	-	-	-	-	-	4,517
Prepaid expenses	21,572	-	-	-	-	-	21,572
Total assets	<u>\$ 659,456</u>	<u>\$ 182,432</u>	<u>\$ 45,616</u>	<u>\$ 65,696</u>	<u>\$ 74,470</u>	<u>\$ 5,938</u>	<u>\$ 1,033,608</u>
LIABILITIES							
Accrued liabilities	\$ 52,363	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,363
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	15,629	-	4,703	-	-	-	20,332
FUND BALANCES							
Nonspendable	26,089	-	-	-	-	-	26,089
Restricted	-	-	40,913	-	-	-	40,913
Committed	-	182,432	-	65,696	74,470	5,938	328,536
Unassigned	565,375	-	-	-	-	-	565,375
Total fund balances	<u>591,464</u>	<u>182,432</u>	<u>40,913</u>	<u>65,696</u>	<u>74,470</u>	<u>5,938</u>	<u>960,913</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 659,456</u>	<u>\$ 182,432</u>	<u>\$ 45,616</u>	<u>\$ 65,696</u>	<u>\$ 74,470</u>	<u>\$ 5,938</u>	<u>\$ 1,033,608</u>

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

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

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

June 30, 2021

Total fund balances		\$ 960,913
Capital assets are not financial resources and are therefore not reported in the governmental funds:		
Cost - capital assets	7,224,856	
Accumulated depreciation	<u>(2,655,568)</u>	4,569,288
Property tax revenue is recognized in the net position of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations. Taxes not collected within 60 days of the end of the year are not considered available to pay for current year operations and are therefore not reported as revenue in the governmental funds.		20,332
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due. These liabilities consist of:		
Compensated absences payable	(46,811)	
Accrued interest payable	(2,319)	
Long-term liabilities payable	<u>(2,125,000)</u>	(2,174,130)
Amounts relating to the District's proportionate share of net pension liability for the Oregon Public Retirement System (PERS) are not reported in governmental fund statements. In the governmental fund statements, pension expense is recognized when due. These amounts consist of:		
Deferred outflows of resources relating to pension expense	714,812	
Deferred inflows of resources relating to the return on pension assets	(143,845)	
Net OPEB RHIA asset	4,530	
OPEB medical benefit liability	(38,940)	
Net pension liability - PERS	<u>(1,427,744)</u>	<u>(891,187)</u>
Net position of governmental activities		\$ <u>2,485,216</u>

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

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2021

	Nonmajor Governmental Funds						Total Governmental Funds
	General Fund	Building Reserve Fund	Debt Service Fund	Fire Equipment Reserve Fund	Vehicle Reserve Fund	Capital Project Fund	
REVENUES							
Property taxes	\$ 1,315,074	\$ -	\$ 397,066	\$ -	\$ -	\$ -	\$ 1,712,140
Charges for services	233,303	-	-	-	-	-	233,303
Investment earnings	3,618	1,173	1,116	424	481	-	6,812
Miscellaneous	19,590	-	-	-	-	-	19,590
Total revenues	<u>1,571,585</u>	<u>1,173</u>	<u>398,182</u>	<u>424</u>	<u>481</u>	<u>-</u>	<u>1,971,845</u>
EXPENDITURES							
Current							
Fire protection							
Personnel services	1,006,794	-	-	-	-	-	1,006,794
Materials and services	449,055	-	-	-	-	-	449,055
Debt service	-	-	380,023	-	-	-	380,023
Capital outlay	264,225	-	-	-	-	-	264,225
Total expenditures	<u>1,720,074</u>	<u>-</u>	<u>380,023</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,100,097</u>
Excess (deficiency) of revenues over (under) expenditures	(148,489)	1,173	18,159	424	481	-	(128,252)
OTHER FINANCING SOURCES (USES)							
Transfers in	260,000	-	-	-	-	-	260,000
Transfers out	-	(40,000)	-	(220,000)	-	-	(260,000)
Total other financing sources (uses)	<u>260,000</u>	<u>(40,000)</u>	<u>-</u>	<u>(220,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	111,511	(38,827)	18,159	(219,576)	481	-	(128,252)
Fund balances - beginning, as restated	<u>479,953</u>	<u>221,259</u>	<u>22,754</u>	<u>285,272</u>	<u>73,989</u>	<u>5,938</u>	<u>1,089,165</u>
Fund balances - ending	<u>\$ 591,464</u>	<u>\$ 182,432</u>	<u>\$ 40,913</u>	<u>\$ 65,696</u>	<u>\$ 74,470</u>	<u>\$ 5,938</u>	<u>\$ 960,913</u>

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

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

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

For the Year Ended June 30, 2021

Net change in fund balances		\$ (128,252)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlay as expenditures; however, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and are reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital asset purchases	254,306	
Capital asset disposals, net	(87,000)	
Depreciation expense recorded in the current year	<u>(331,749)</u>	(164,443)
<p>Long-term debt proceeds are reported as other financing sources in the governmental funds. In the statement of net position, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position. This is the amount by which repayments exceeded proceeds.</p>		
Debt principal paid		330,000
<p>Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the statement of activities, property taxes are recognized as revenue when levied.</p>		
		(9,923)
<p>Pension and OPEB expense that do not meet the measurable and available criteria are not recognized as expense in the current year in the governmental funds. In the statement of activities, pension and OPEB expense are recognized when determined to have been accrued.</p>		
		<u>(249,483)</u>
Change in net position		<u>\$ (222,101)</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

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

B. Reporting Entity

Philomath Fire and Rescue was incorporated as a city department in 1930 and serves the emergency needs of the District, providing state of the art fire and medical emergency response services to the diverse communities of Philomath, Wren, and the area of Inavale. The District is comprised of approximately 58 square miles and serves a population of nearly 9,000 residents. Emergency services provided include fire suppression, hazardous material response, emergency medical service, vehicle rescue, and search and rescue. The District is governed by a five-member board of directors elected from the District at large.

C. Basis of Presentation - Government-Wide Financial Statements

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

D. Basis of Presentation - Fund Financial Statements

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

The District reports the following major governmental fund:

General Fund - The General Fund is the District's primary operating fund. It accounts for all financial resources of the District except for those required to be accounted for in another fund. The primary sources of revenue are property taxes and ambulance fees. Primary expenditures are for fire suppression, ambulance expenses, and administrative support.

Capital Projects Fund:

Building Reserve Fund - The Building Reserve Fund was established to reserve funds for future building improvements. The primary source of revenue is transfers in from the General Fund.

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Debt Service Fund

Debt Service Fund - The Debt Service Fund accounts for the general servicing of long-term debt related to the general obligation bonds. The primary source of revenue is property taxes.

In addition, the District reports the following nonmajor governmental funds:

Capital Projects Funds:

Fire Equipment Reserve Fund - The Fire Equipment Reserve Fund was established to reserve funds for future equipment purchases. The primary source of revenue is transfers in from the General Fund.

Vehicle Reserve Fund - The Vehicle Reserve Fund was established to reserve funds for future vehicle purchases. The primary source of revenue is transfers in from the General Fund.

Capital Projects Fund - The Capital Projects Fund was established to reserve funds for future capital projects. The primary source of revenue is general obligation bond proceeds.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated.

E. Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the economic resources measurement focus 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 related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

F. Budgetary Information

1. Budgetary Basis of Information

The District budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general, special revenue, debt service, and capital projects funds.

All funds are budgeted on the cash basis of accounting for revenues and modified accrual for expenses. The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The board of directors legally adopts the budget by resolution prior to the beginning of the District's fiscal year. The board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, debt service, and capital outlay for each fund are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line item budgets within appropriation categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution.

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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

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

G. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Fund Balance

1. Cash and Cash Equivalents

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

2. Investments

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

3. Accounts Receivable

Accounts receivable are recorded as revenue when earned. No allowance for uncollectible accounts has been established, as management deems all accounts receivable collectible.

4. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

5. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend its life are charged to expenditures as incurred and are not capitalized. Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Vehicles	5-25
Equipment	5-30
Buildings and improvements	15-50

6. Deferred Outflows/Inflows of Resources (Non-Pension Related)

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, deferred outflows of resources, represents a consumption of net position that applies to a future period and will therefore not be recognized as an outflow of resources (expense/expenditure) until that time.

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, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will therefore not be recognized as an inflow of resources (revenue) until that time. The District has two types of items, which arise only under a modified accrual basis of accounting, which qualify for reporting in this category. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and ambulance fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources.

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

8. Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. Fund Balance Policies

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The board of directors is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

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

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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

- Nonspendable fund balance - amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.
- Assigned fund balance - amounts that District intends to use for a specific purpose. Intent can be expressed by the board of directors or by an official or body to which the board of directors delegates authority.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

Commitment of fund balance is accomplished through adoption of a resolution or ordinance by the board of directors. Further, commitments of fund balance may be modified or rescinded only through approval of the board of directors via resolution or ordinance. Authority to assign fund balance has been granted to the board of directors.

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

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment.

All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

2. Property Taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15. Uncollected property taxes are shown as assets in the governmental funds. Property taxes collected within approximately 60 days of fiscal year-end are recognized as revenue, while the remaining are recorded as deferred inflows of resources because they are not deemed available to finance operations of the current period.

3. Compensated Absences

Amounts of vested or accumulated vacation leave that are expected to be liquidated with expendable available financial resources are reported as expenditures when paid. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as long-term liabilities on the statement of net position. In accordance with the provisions of GASB Statement No. 47, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

4. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (PERS) and additions to/deductions from PERS' 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.

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Cash Deposits with Financial Institutions

Philomath Fire and Rescue maintains a cash and cash equivalents pool that is available for use by all funds.

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Additionally, several funds held separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances. Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value.

The District participates in an external investment pool (State of Oregon Local Government Investment Pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company.

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

Fair Value Measurement

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

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

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

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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

	Level 2
Investments	
Oregon Local Government Investment Pool	\$ 902,426

Credit Risk

Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Government Investment Pool. The District has not adopted an investment policy regarding credit risk; however, investments comply with state statutes.

Investments

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

	Credit Quality Rating	Maturities	Fair Value
Oregon Local Government Investment Pool	Unrated	-	\$ 902,426

Interest Rate Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk - Investments

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

Custodial Credit Risk - Deposits

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

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

All District deposits not covered by Federal Depository Insurance Corporation (FDIC) or National Credit Union Administration (NCUA) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

The District holds accounts at Citizens Bank and Oregon State Credit Union, for which deposits are insured by the FDIC and NCUA up to \$250,000 each. At June 30, 2021, the District had deposits of \$57,386 insured by the FDIC and \$11,307 insured by the NCUA.

Deposits

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

Petty cash	\$ 50
Checking account	56,601
Savings account	11,307
Total investments	<u>902,426</u>
Total deposits and investments	<u>\$ 970,384</u>

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 604,749
Building Reserve Fund	182,432
Nonmajor Funds	<u>146,104</u>
Total governmental activities - unrestricted	<u>933,285</u>
Governmental activities - restricted	
Debt Service Fund	<u>37,099</u>
Total cash and investments	<u>\$ 970,384</u>

Restricted cash is for future payment of principal and interest on long-term obligations.

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

B. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 36,763	\$ -	\$ -	\$ 36,763
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>36,763</u>	<u>-</u>	<u>-</u>	<u>36,763</u>
Capital assets being depreciated				
Buildings and improvements	3,445,495	-	(30,092)	3,415,403
Vehicles	3,007,790	34,411	(1,970)	3,040,231
Equipment	<u>892,262</u>	<u>219,895</u>	<u>(379,698)</u>	<u>732,459</u>
Total capital assets being depreciated	<u>7,345,547</u>	<u>254,306</u>	<u>(411,760)</u>	<u>7,188,093</u>
Less accumulated depreciation for				
Buildings and improvements	(806,932)	(84,396)	12,441	(878,887)
Vehicles	(1,194,560)	(201,814)	1,970	(1,394,404)
Equipment	<u>(647,086)</u>	<u>(45,539)</u>	<u>310,348</u>	<u>(382,277)</u>
Total accumulated depreciation	<u>(2,648,578)</u>	<u>(331,749)</u>	<u>324,759</u>	<u>(2,655,568)</u>
Total capital assets being depreciated, net	<u>4,696,969</u>	<u>(77,443)</u>	<u>(87,001)</u>	<u>4,532,525</u>
Governmental activities capital assets, net	<u>\$ 4,733,732</u>	<u>\$ (77,443)</u>	<u>\$ (87,001)</u>	<u>\$ 4,569,288</u>

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

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Land	\$ 36,763	\$ -	\$ 36,763
Buildings and improvements	3,415,403	(878,887)	2,536,516
Vehicles	3,040,231	(1,394,404)	1,645,827
Equipment	<u>732,459</u>	<u>(382,277)</u>	<u>350,182</u>
Total capital assets	<u>\$ 7,224,856</u>	<u>\$ (2,655,568)</u>	<u>\$ 4,569,288</u>

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

Governmental activities	
Fire protection	<u>\$ 331,749</u>

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

C. Deferred Outflows/Inflows of Resources

Deferred outflows/inflows of resources are summarized on the statement of net position as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net pension liability - PERS	\$ 703,835	\$ (135,873)
Net OPEB RHIA asset	2,707	(775)
OPEB medical benefit liability	8,270	(7,197)
Total	\$ 714,812	\$ (143,845)

D. Long-term Liabilities

1. Changes in Long-Term Liabilities

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

	Interest Rate	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
General Obligation Bonds							
Series 2016	1.89%	\$ 2,000,000	\$ 1,315,000	\$ -	\$ 190,000	\$ 1,125,000	\$ 205,000
Series 2017	2.21%	1,515,000	1,140,000	-	140,000	1,000,000	145,000
Total governmental activities		\$ 3,515,000	\$ 2,455,000	\$ -	\$ 330,000	\$ 2,125,000	\$ 350,000

2. General Obligation Bonds

General obligation bonds are direct obligations that pledge the full faith and credit of the District and are payable from ad valorem debt service levy proceeds. The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The District's outstanding general obligation bonds represent funding primarily for capital expenditures and related costs.

Interest is due semiannually in December and June. Interest is fixed at 1.89% and 2.21% for the series 2016 and 2017 bonds, respectively. The Debt Service Fund has traditionally been used to liquidate these liabilities.

3. Legal Debt Limit

The District's legal annual debt service limit (as defined by Oregon Revised Statute 478.410) as of June 30, 2021, was approximately \$12,134,231. The District's legal debt service limit is 1.25% or the real market value of property within the District.

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

4. Interest Expense

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

Governmental activities	
Interest on long-term debt	<u>\$ 50,023</u>

5. Future Maturities of Long-Term Debt

Year Ending June 30	Series 2016			Series 2017		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 205,000	\$ 21,263	\$ 226,263	\$ 145,000	\$ 22,100	\$ 167,100
2023	215,000	17,388	232,388	155,000	18,896	173,896
2024	225,000	13,325	238,325	160,000	15,470	175,470
2025	235,000	9,072	244,072	170,000	11,934	181,934
2026	245,000	2,315	247,315	180,000	8,171	188,171
2027	-	-	-	190,000	4,199	194,199
Total	<u>\$ 1,125,000</u>	<u>\$ 63,363</u>	<u>\$ 1,188,363</u>	<u>\$ 1,000,000</u>	<u>\$ 80,770</u>	<u>\$ 1,080,770</u>

E. Compensated Absences

The following is a summary of compensated absences transactions for the year:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities				
Compensated absences	<u>\$ 46,811</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,811</u>

The General Fund has traditionally been used to liquidate compensated absences liabilities.

F. Interfund Transfers

Operating transfers during the year ended June 30, 2021 are as follows:

	Transfers in: General Fund
Transfers out:	
Building Reserve Fund	\$ 40,000
Nonmajor Governmental Funds	<u>220,000</u>
Total	<u>\$ 260,000</u>

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

G. Constraints on Fund Balances

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

	General Fund	Building Reserve Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:					
Nonspendable - inventory	\$ 4,517	\$ -	\$ -	\$ -	\$ 4,517
Nonspendable - prepaids	21,572	-	-	-	21,572
Restricted for debt service	-	-	40,913	-	40,913
Committed to:					
Apparatus & equipment	-	-	-	146,104	146,104
Buildings	-	182,432	-	-	182,432
Unassigned	565,375	-	-	-	565,375
Total fund balances	<u>\$ 591,464</u>	<u>\$ 182,432</u>	<u>\$ 40,913</u>	<u>\$ 146,104</u>	<u>\$ 960,913</u>

III. OTHER INFORMATION

A. Risk Management

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

B. Retirement Plans

1. Oregon Public Employees Retirement System

General Information about the Pension Plan

The Oregon Public Employees Retirement System (OPERS) consists of a cost-sharing, multiple-employer defined benefit plan for units of state governmental, political subdivisions, community colleges, and school districts, containing multiple actuarial pools.

Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the Plan. As of June 30, 2020, there were 901 participating employers.

Plan Membership

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

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

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

Plan Benefits

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

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

Pension Benefits

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options that are actuarially equivalent to the base benefit. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50.

Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. Police and Fire members may purchase increased benefits that are payable between the date of retirement and age 65.

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Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest).

In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

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

Disability Benefits

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

Benefit Changes after Retirement

Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations caused by changes in the fair value of the underlying global equity investments of that account.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit, in accordance with *Moro* decision. The COLA is capped at 2.0 percent.

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

Pension Benefits

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

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

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

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

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

OPSRP Individual Account Program (OPSRP IAP) - Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS and is administered by the OPERS Board.

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established.

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If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

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

Death Benefits

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

Contributions

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

Employer contribution rates during the period were based on the December 31, 2018 actuarial valuation, which became effective July 1, 2019. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced. Member contributions are set by statute at six percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf. As permitted, the District has opted to pick-up the contributions on behalf of its employees.

Employer contributions for the year ended June 30, 2021 were \$109,790.

Pension Plan Comprehensive Annual Financial Report (CAFR)

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

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

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

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

Actuarial Methods and Assumptions:

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

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Mortality	<p>Health retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>
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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are on the 2018 Experience Study, which reviewed experience for the four-year period ended December 31, 2018. There were no differences between the assumptions and plan provisions used for June 30, 2020 measurement date calculations compared to those shown above.

Actuarial Methods and Assumptions

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

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

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Discount Rate

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

Depletion Date Projection

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

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

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

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

PHILOMATH FIRE AND RESCUE
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NOTES TO BASIC FINANCIAL STATEMENTS

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Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan’s portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS’ audited financial statements at:

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

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

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

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

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

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the District reported a liability of \$1,427,744 for its proportionate share of the net pension liability.

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NOTES TO BASIC FINANCIAL STATEMENTS

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The net pension liability was measured at June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2021, the District's proportion was 0.00654225%. For the year ended June 30, 2021, the District recognized pension expense of \$349,773. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 62,838	\$ -
Changes in assumptions	76,623	(2,685)
Net differences between projected and actual earnings on investments	167,884	-
Changes in proportionate share	276,634	(76,191)
Differences between employer contributions and employer's proportionate share of system contributions	10,066	(56,997)
Total (prior to post-MD contributions)	594,045	(135,873)
Contributions subsequent to the MD	109,790	-
Total (subsequent to post-MD contributions)	\$ 703,835	\$ (135,873)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in subsequent years as follows:

Employer subsequent year ends:	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ 100,027
2nd Fiscal Year	161,274
3rd Fiscal Year	130,737
4th Fiscal Year	65,258
5th Fiscal Year	877

PHILOMATH FIRE AND RESCUE
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NOTES TO BASIC FINANCIAL STATEMENTS

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Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a higher discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

District's proportionate share of the net pension liability (asset):

1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
\$ 2,120,082	\$ 1,427,744	\$ 847,187

Changes Subsequent to the Measurement Date

The legislation held a second special session, August 10, 2020, and passed two budget bills that pertain to PERS. House Bill (HB) 4304 contained the policy updates needed to complete the budget reductions passed in Senate Bill (SB) 5723, reducing the Employer Incentive Fund (EIF) by \$35,248,198 with the money going back to the general fund. Additionally, all current and future revenue streams for the EIF were eliminated. The School District Unfunded Liability Fund (SDULF) was reduced by \$11,539,471 with that money also going back into the general fund.

Governor Brown line-item vetoed parts of HB 4304 restoring funding to the EIF and the SDULF. The SDULF receives an annual transfer from the proceeds on unclaimed property from the Common School Fund and will receive a transfer in January 2021. While these funding streams currently have no revenue, this does raise the possibility of both of these programs begin funded again in the future.

Starting July 1, 2020, SB 1049 required member contributions to their IAP accounts to be redirected to the Defined Benefit fund.

If the member earns more than \$2,500 per month, 0.75% for OPSRP members and 2.5% for Tier One and Tier Two members' salaries that were 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 estimated that approximately \$125 million in member contributions with be redirected in fiscal year 2020-2021.

PHILOMATH FIRE AND RESCUE
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

C. Other Post-Employment Benefits (GASB 75) RHIA - Oregon PERS Plan

1. Oregon Public Employees Retirement System (PERS) Retirement Health Insurance Account (RHIA) Other Post-Employment Benefit (OPEB) Plan (the Plan)

General Information about the OPEB Plan

The Oregon PERS RHIA consists of a single cost-sharing multiple-employer defined benefit OPEB plan for units of state governmental, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the Plan. As of June 30, 2020, there were 811 participating employers.

Plan Benefits - PERS RHIA (Chapter 238)

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

OPEB Membership

RHIA was established by ORS 238.420 and authorizes a payment of up to \$60 from RHIA toward the monthly costs of health insurance. The Plan is closed to new members hired on or after August 29, 2003. 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 (C) enroll in a PERS-sponsored health plan.

As of June 30, 2020, the inactive RHIA plan participants currently receiving benefits totaled 43,797, and there were 47,611 active and 13,044 inactive members who meet the requirements to receive RHIA benefits when they retire.

Basis of Accounting

Contributions for employers are recognized on the accrual basis of accounting. Employer contributions to PERS are calculated based on creditable compensation for active members reported by employers. Employer contributions are accrued when due pursuant to legal requirements. These are amounts normally included in the employer statements cut off as of the fifth of the following month. The schedules of OPEB amounts by Employer does not reflect deferred outflows of resources related to contributions made by employers after the measurement date.

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Consistent with GASB Statement No. 75, paragraph 59(a), employer proportions are determined as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined.

Contributions

Employer contributions for the year ended June 30, 2020 were \$23.

OPEB RHIA Plan Comprehensive Annual Financial Report (CAFR)

All assumptions, methods, and plan provisions used in these calculations are described in the Oregon PERS RHIA Cost-Sharing Multiple-Employer OPEB Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the year ended June 30, 2020. That independently audited report was dated March 5, 2021 and can be found at:

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

Proportionate Share Allocation Methodology

The basis for the employer’s proportion is determined by comparing the employer’s actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers.

If the employer did not make contributions during the fiscal year, their proportionate share will be set to zero and the employer will be allocated no proportionate share of the OPEB amounts.

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study	2018, published July 24, 2019
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Inflation Rate	2.50 percent
Long-term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent

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Retiree healthcare participation	Healthy retirees: 35%; disabled retirees: 20%
Mortality	<p>Health retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 Employees, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled Retirees, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are on the 2018 Experience Study, which reviewed experience for the four-year period ended December 31, 2018. There were no differences between the assumptions and plan provisions used for June 30, 2020 measurement date calculations compared to those shown above, except as follows:

- The H.R. 1865 Further Consolidated Appropriations Act, which was signed into law on December 20, 2019, repealed the Cadillac tax on high-cost health plans. The RHIPA Total OPEB asset as of the June 30, 2020 measurement date shown reflects the repeal of the Cadillac tax.

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2020 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 RHIA plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA was applied to all periods of projected benefit payments to determine the total OPEB liability.

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Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at:

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

Depletion Date Projection

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB 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 (fair market value of assets) is projected to cover benefit payments and administrative expenses.

A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 75 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 75 (paragraph 82) does allow for alternative evaluations of projected solvency if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 75 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Based on these circumstances, it is our independent actuary’s opinion that the detailed depletion date projections outlined in GASB 75 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

There remains substantial uncertainty regarding the impact of COVID-19 on plan costs, including whether the pandemic will increase or decrease costs in the near and longer term. For example, health care expenditures unrelated to COVID-19 have decreased substantially since stay-at-home orders have been in place on account of physician practices closing for most visits and nonemergency surgeries being postponed. Some services will be postponed until a later date while others may never occur, and the drop in utilization for services unrelated to COVID-19 may offset potential increases in health costs related to COVID-19. Therefore, we have deferred making an adjustment to expected plan costs until more information is known. It is possible that the COVID-19 pandemic could have a material impact on the projected costs.

OPEB Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the District reported an asset of \$4,530 for its proportionate share of the OPEB asset. The OPEB asset was measured at June 30, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The District’s proportion of the net OPEB asset was based on a projection of the District’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2019 the District’s proportion was 0.00222341%. For the year ended June 30, 2021, the District recognized an OPEB expense of \$355.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (463)
Changes of assumptions	-	(242)
Net differences between projected and actual earnings on investments	504	-
Changes in proportionate share	2,180	(70)
Total (prior to post-MD contributions)	2,684	(775)
Contributions subsequent to the MD	23	-
Total	\$ 2,707	\$ (775)

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Differences between expected and actual experience, changes in assumptions, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize OPEB expense based on the balance of the closed period “layers” attributable to each measurement period. The average remaining service life determined as of the beginning of the June 30, 2020 measurement period is 2.9 years.

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year ended June 30, 2021. Other amounts reported by the District as deferred outflows or inflows of resources related to OPEB will be recognized in OPEB expense in subsequent years as follows:

Employer subsequent year ends:	Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions)
1st Fiscal Year	\$ 631
2nd Fiscal Year	933
3rd Fiscal Year	186
4th Fiscal Year	159
5th Fiscal Year	-

Sensitivity of the District’s Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

The following presents the District’s proportionate share of the net OPEB asset calculated using the discount rate of 7.20 percent, as well as what the District’s proportionate share of the net OPEB asset would be if it were calculated using a higher discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate.

District’s proportionate share of the net OPEB (asset) liability:

1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
\$ (3,658)	\$ (4,530)	\$ (5,277)

Changes Subsequent to the Measurement Date

We are not aware of any changes subsequent to the June 30, 2020 measurement date that meet the requirement requiring a brief description under the GASB standard.

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

D. Other Post-Employment Benefit (OPEB) District Medical Benefit Plan (the Plan)

General Information about the OPEB Plan

Name of OPEB Plan

The District Medical Benefit Plan consists of a single-employer retiree benefit plan that provides post-employment health, dental, vision, and life insurance benefits to eligible employees and their dependents.

Description of Benefit Terms

Plan Benefits – Implicit Medical Benefit

Plan benefits are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapter 243. ORS stipulated that for the purpose of establishing health care premiums, the rate must be based on all plan members, including both active employees and retirees.

The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer contributions. The calculated OPEB liability is derived using the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members at that point.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective.

Medical Benefit Membership and Eligibility

Benefits and eligibility for members are established through the collective bargaining agreements. All classes of employee are eligible to continue coverage upon retirement. Qualified spouses, domestic partners, and children may qualify for coverage.

Medical Benefit Duration and Amount

Coverage for retirees and eligible dependents continues until Medicare eligibility for each individual (or until dependent children become ineligible).

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Participant Statistics

As of June 30, 2021, there were 7 active members and 0 retired participant in the Medical Benefit plan. The average age of participants is 42.7.

The District did not establish an irrevocable trust (or equivalent arrangement) to account for this plan.

Funding Policy

The benefits from this program are paid by the District on a self-pay basis and the required contribution is based on projected pay-as-you-go financing requirements. There is no obligation on the part of the District to fund these benefits in advance.

Actuarial Methods and Assumptions:

The District engaged an actuary to perform an evaluation as of July 1, 2021 using age entry normal, level percent of salary Actuarial Cost Method.

The Single Employer Pension Plan liability was determined using the following actuarial assumptions, applied to all periods including the measurement:

Valuation Date	July 1, 2020
Measurement Dates/Fiscal Year Ends	June 30, 2019 through June 30, 2021
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Interest Discount	2.16 percent discount rate assumption
General Inflation	2.50 percent per year
Salary Scale	3.50 percent per year

Election and lapse rates: 40% of eligible employees - 60% of male members and 35% of female members will elect spouse coverage; 5% annual lapse rate.

Expected healthcare costs were developed using a composite of the premiums due for retirees members electing coverage as of July 1, 2020. Milliman’s Health Cost Guidelines were used to allocate costs by age and gender. Retirees’ costs include a load for expected health status of retirees relative to active employees and spouses.

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

For the period July 1, 2020 through June 30, 2021, current medical premiums due for retirees and their spouses were modeled using an average monthly premium of \$667 per retiree per month, and \$752 per spouse per month. Dental and vision premiums were modeled using average monthly premiums of \$64 per retiree and \$48 per spouse. Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Table for males and females, as appropriate.

Turnover rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by years of service. Disability rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by employee age. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Changes in Medical Benefit OPEB Liability

Total OPEB Liability at June 30, 2020	\$	35,505
Changes for the year:		
Service cost		4,704
Interest		1,404
Effect of economic/demographic gains or losses		(4,711)
Change in assumptions		2,225
Benefit payments		(187)
		3,435
Net changes		3,435
Total OPEB Liability at June 30, 2021	\$	38,940

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 5,259	\$ (4,325)
Changes in assumptions	3,011	(2,872)
Benefit payments	-	-
Total	\$ 8,270	\$ (7,197)

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2021.

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in subsequent years as follows:

Employer subsequent year ends:	Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions)
2022	\$ 154
2023	154
2024	154
2025	154
2026	154
Thereafter	303

Sensitivity of the Net OPEB Liability to Changes in Discount and Trend Rates

The following presents the net OPEB liability, calculated using the discount rate of 2.16%, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30 Disclosure	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	\$ 43,691	\$ 38,940	\$ 34,562

The following presents the net OPEB liability, calculated using the trend rate, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30 Disclosure	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 32,248	\$ 38,940	\$ 47,080

E. Concentrations

1. Collective Bargaining Agreement

At June 30, 2021, the District had approximately 8 employees who were accounted for under the governmental activities of the District. Of this total, 62.5% are covered under a collective bargaining agreement. The existing agreement is effective through June 30, 2022.

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

F. New Pronouncements

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

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

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

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

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

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

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

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

G. Restatement

The District's previously issued financial statements were restated as follows:

<u>Government-wide Basis</u>	<u>Governmental Activities</u>	
Net Position - beginning, as originally reported	\$	2,717,258
To correct prior year deposit error		<u>(9,941)</u>
Net Position - beginning, as restated	\$	<u>2,707,317</u>
<u>GAAP and Budget Basis</u>	<u>General Fund</u>	<u>Debt Service Fund</u>
Fund Balance - beginning, as originally reported	\$	\$ 21,011
To correct prior year deposit error		-
To correct property taxes receivable previously reported	29,146	8,637
To correct deferred property taxes previously reported	(23,361)	(6,894)
To correct prepaid expenses previously reported	<u>18,813</u>	<u>-</u>
Fund Balance - beginning, as restated	\$	<u>\$ 22,754</u>

H. Subsequent Events

Management has evaluated subsequent events through December 15, 2021, which was the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND DISTRICT CONTRIBUTIONS

OREGON PERS SYSTEM

Schedule of the District's Proportionate Share of the Net Pension Liability

	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.00654225%	0.00629625%	0.00434254%	0.00189297%	0.00553175%	0.00597939%	0.00640733%
District's proportionate share of the net pension liability (asset)	\$ 1,427,744	\$ 1,089,100	\$ 657,838	\$ 255,173	\$ 830,444	\$ 343,304	\$ (145,236)
District's covered-employee payroll	\$ 549,656	\$ 535,005	\$ 544,476	\$ 400,118	\$ 412,685	\$ 410,742	\$ 400,581
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	259.75%	203.57%	120.82%	63.77%	201.23%	83.58%	-36.26%
Plan fiduciary net position as a percentage of the total pension liability	75.79%	80.20%	82.07%	83.12%	80.53%	91.88%	103.59%

Schedule of District Contributions

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 109,790	\$ 109,847	\$ 73,693	\$ 68,567	\$ 45,936	\$ 36,570	\$ 61,809
Contributions in relation to the contractually required contribution	(109,790)	(109,847)	(73,693)	(68,567)	(45,936)	(36,570)	(61,809)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 416,520	\$ 561,131	\$ 535,005	\$ 544,473	\$ 400,118	\$ 412,685	\$ 410,742
Contributions as a percentage of covered-employee payroll	26%	20%	14%	13%	11%	9%	15%

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
OPEB LIABILITY (ASSET) AND DISTRICT CONTRIBUTIONS

OREGON PERS SYSTEM

Schedule of the District's Proportionate Share of the OPEB Liability (Asset)

	2021	2020	2019	2018	2017
District's proportion of the OPEB liability (asset)	0.002223410%	0.004361630%	0.004184790%	0.003214230%	0.002309880%
District's proportionate share of the OPEB liability (asset)	\$ (4,530)	\$ (8,428)	\$ (4,671)	\$ (1,341)	\$ 624
District's covered-employee payroll (from actuarial exhibits)	\$ 549,656	\$ 535,005	\$ 544,473	\$ 400,118	\$ 412,685
District's proportionate share of the OPEB liability (asset) as a percentage of its covered-employee payroll	-0.82%	-1.58%	-0.86%	-0.34%	0.15%
Plan fiduciary net position as a percentage of the total OPEB liability	150.07%	144.40%	123.99%	108.88%	94.15%

Schedule of District Contributions

	2021	2020	2019	2018	2017
Contractually required contribution	\$ 23	\$ 2,164	\$ 2,162	\$ 2,026	\$ 1,509
Contributions in relation to the contractually required contribution	23	2,164	2,162	2,026	1,509
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 416,520	\$ 561,131	\$ 535,005	\$ 544,473	\$ 400,118
Contributions as a percentage of covered-employee payroll	0.01%	0.39%	0.40%	0.37%	0.38%

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

SCHEDULES OF CHANGES IN OTHER POST EMPLOYMENT BENEFITS (OPEB)
 LIABILITY AND RELATED RATIOS - MEDICAL BENEFIT

DISTRICT MEDICAL BENEFIT PLAN

Schedule of Changes	2021	2020	2019	2018
Total Medical Benefit Pension Liability - beginning	\$ 35,505	\$ 28,873	\$ 19,079	\$ 14,648
Changes for the year:				
Service Cost	\$ 4,704	\$ 4,221	\$ 4,781	\$ 5,011
Interest	1,404	1,280	854	560
Effect of economic/demographic gains or losses	(4,711)	1,166	7,050	-
Change in assumptions	2,225	-	(2,853)	(1,129)
Benefit Payments	(187)	(38)	(38)	(11)
Net changes for the year	<u>3,435</u>	<u>6,629</u>	<u>9,794</u>	<u>4,431</u>
Total Medical Benefit Pension Liability - ending	<u>\$ 38,940</u>	<u>\$ 35,502</u>	<u>\$ 28,873</u>	<u>\$ 19,079</u>
District's covered-employee payroll	\$ 416,520	\$ 561,131	\$ 535,005	\$ 544,473
Net Medical Benefit Pension Liability as a Percentage of Covered Payroll	9.35%	6.33%	5.40%	3.50%

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

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

GENERAL FUND

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
				Budget Basis	Adjustments	
REVENUES						
Property taxes	\$ 1,237,000	\$ 1,237,000	\$ 78,074	\$ 1,315,074	\$ -	\$ 1,315,074
Charges for services	138,000	138,000	95,303	233,303	-	233,303
Investment earnings	16,000	16,000	(12,382)	3,618	-	3,618
Grants	400,000	400,000	(400,000)	-	-	-
Miscellaneous	25,000	25,000	(5,410)	19,590	-	19,590
Total revenues	1,816,000	1,816,000	(244,415)	1,571,585	-	1,571,585
EXPENDITURES						
Current						
Personnel services	979,703	1,096,939	(90,145)	1,006,794	-	1,006,794
Materials and services	465,800	465,800	(16,745)	449,055	-	449,055
Capital outlay	701,700	701,700	(437,475)	264,225	-	264,225
Contingency	117,236	-	-	-	-	-
Total expenditures	2,264,439	2,264,439	(544,365)	1,720,074	-	1,720,074
Excess (deficiency) of revenues over (under) expenditures	(448,439)	(448,439)	(148,489)	(148,489)	-	(148,489)
OTHER FINANCING SOURCES (USES)						
Transfers in	260,000	260,000	-	260,000	-	260,000
Transfers out	(313,521)	(313,521)	(313,521)	-	-	-
Total other financing sources (uses)	(53,521)	(53,521)	(313,521)	260,000	-	260,000
Net change in fund balance	(501,960)	(501,960)	(462,010)	111,511	-	111,511
Fund balance - beginning, as restated	939,860	939,860	(459,907)	479,953	-	479,953
Fund balance - ending	\$ 437,900	\$ 437,900	\$ (921,917)	\$ 591,464	\$ -	\$ 591,464

OTHER SUPPLEMENTARY INFORMATION

INDIVIDUAL FUND SCHEDULES

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

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

BUILDING RESERVE FUND

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Budget Basis	Actual Adjustments	GAAP Basis
REVENUES						
Investment earnings	\$ 3,000	\$ 3,000	\$ (1,827)	\$ 1,173	\$ -	\$ 1,173
EXPENDITURES						
	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	3,000	3,000	(1,827)	1,173	-	1,173
OTHER FINANCING SOURCES (USES)						
Transfers out	-	(40,000)	-	(40,000)	-	(40,000)
Net change in fund balance	3,000	(37,000)	(1,827)	(38,827)	-	(38,827)
Fund balance - beginning	<u>213,301</u>	<u>213,301</u>	<u>7,958</u>	<u>221,259</u>	<u>-</u>	<u>221,259</u>
Fund balance - ending	<u>\$ 216,301</u>	<u>\$ 176,301</u>	<u>\$ 6,131</u>	<u>\$ 182,432</u>	<u>\$ -</u>	<u>\$ 182,432</u>

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

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

FIRE EQUIPMENT RESERVE FUND

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
				Budget Basis	Adjustments	
REVENUES						
Investment earnings	\$ 1,000	\$ 1,000	\$ (576)	\$ 424	\$ -	\$ 424
EXPENDITURES	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	1,000	1,000	(576)	424	-	424
OTHER FINANCING SOURCES (USES)						
Transfers out	-	(220,000)	-	(220,000)	-	(220,000)
Net change in fund balance	1,000	(219,000)	424	(219,576)	-	(219,576)
Fund balance - beginning	283,929	283,929	1,343	285,272	-	285,272
Fund balance - ending	<u>\$ 284,929</u>	<u>\$ 64,929</u>	<u>\$ 767</u>	<u>\$ 65,696</u>	<u>\$ -</u>	<u>\$ 65,696</u>

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

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

VEHICLE RESERVE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Investment earnings	\$ 1,000	\$ (519)	\$ 481	\$ -	\$ 481
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	1,000	(519)	481	-	481
Fund balance - beginning	<u>71,291</u>	<u>2,698</u>	<u>73,989</u>	<u>-</u>	<u>73,989</u>
Fund balance - ending	<u>\$ 72,291</u>	<u>\$ 2,179</u>	<u>\$ 74,470</u>	<u>\$ -</u>	<u>\$ 74,470</u>

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

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

CAPITAL PROJECT FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Fund balance - beginning	-	5,938	5,938	-	5,938
Fund balance - ending	<u>\$ -</u>	<u>\$ 5,938</u>	<u>\$ 5,938</u>	<u>\$ -</u>	<u>\$ 5,938</u>

PHILOMATH FIRE AND RESCUE
Benton County, Oregon

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

DEBT SERVICE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Property taxes	\$ 380,652	\$ 16,414	\$ 397,066	\$ -	\$ 397,066
Investment earnings	-	1,116	1,116	-	1,116
Total revenues	<u>380,652</u>	<u>17,530</u>	<u>398,182</u>	<u>-</u>	<u>398,182</u>
EXPENDITURES					
Debt service	<u>380,048</u>	<u>(25)</u>	<u>380,023</u>	<u>-</u>	<u>380,023</u>
Excess (deficiency) of revenues over (under) expenditures	604	17,555	18,159	-	18,159
Fund balance - beginning, as restated	<u>625</u>	<u>22,129</u>	<u>22,754</u>	<u>-</u>	<u>22,754</u>
Fund balance - ending	<u>\$ 1,229</u>	<u>\$ 39,684</u>	<u>\$ 40,913</u>	<u>\$ -</u>	<u>\$ 40,913</u>

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



INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Philomath Fire and Rescue
Philomath, Oregon 97370

We have audited the basic financial statements of Philomath Fire and Rescue as of and for the year ended June 30, 2021 and have issued our report thereon dated December 15, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether Philomath Fire and 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 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

Indebtedness limitations, restrictions, and repayment

Budgets legally required (ORS Chapter 294)

Insurance and fidelity bonds in force or required by law

Programs funded from outside sources

Authorized investment of surplus funds (ORS Chapter 294)

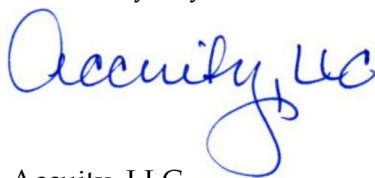
Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)

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

OAR 162-010-0230 Internal Control

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

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

A handwritten signature in blue ink that reads "Accuity, LLC". The signature is written in a cursive, flowing style.

Accuity, LLC
December 15, 2021