REDMOND FIRE & RESCUE
Redmond, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2022

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REDMOND FIRE & RESCUE
Redmond, Oregon

DISTRICT OFFICIALS

June 30, 2022

BOARD OF DIRECTORS

Carroll Penhollow, Chairman
Redmond, Oregon

Gary Ollerenshaw, Vice President
Redmond, Oregon

Craig Unger, Secretary/Treasurer
Redmond, Oregon

Ken Kerfoot
Redmond, Oregon

Jessica Meyer
Redmond, Oregon

FIRE CHIEF

Ken Kehmna (retired 4/1/2022)
Pat Dale, Interim Fire Chief (appointed 5/1/2022)
341 NW Dogwood Ave
Redmond, Oregon 97756

ADMINISTRATION

Jodi Burch, Chief Financial Officer
Diane Cox, Office Administrator

REDMOND FIRE & RESCUE
Redmond, Oregon

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June 30, 2022

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Redmond Fire & Rescue
Redmond, Oregon 97352

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of Redmond Fire & Rescue, Redmond, Oregon as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, in the year ended June 30, 2022, the District adopted new accounting guidance: GASB Statement No. 83, *Certain Asset Retirement Obligations,* Statement No. 87, *Leases,* Statement No. 92, *Omnibus 2020*, and 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 Statement No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Our opinions are not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Redmond Fire & Rescue, Redmond, Oregon's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Redmond Fire & Rescue, Redmond, Oregon's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the District's proportionate share of the net pension liability and District contributions for PERS and OPEB RHIA, the schedules of changes in OPEB liability and related ratios – medical benefit, and budgetary comparison on pages 5 through 10, and 52 through 55, 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, the schedules of the District's proportionate share of the net pension liability and District contributions for PERS and OPEB RHIA, the schedules of changes in OPEB liability and related ratios – medical benefit 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 the management's discussion and analysis, the schedules of the District's proportionate share of the net pension liability and District contributions for PERS and OPEB RHIA, the schedules of changes in OPEB liability and related ratios – medical benefit 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 the underlying accounting and other records used to prepare the basic financial statements. The budgetary comparison 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Redmond Fire & Rescue, Redmond, Oregon's basic financial statements.

The accompanying individual nonmajor fund financial statements, if applicable, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual nonmajor fund financial statements, if applicable, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 29, 2022 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 29, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

REDMOND FIRE & RESCUE
Redmond, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

INTRODUCTION

As management of Redmond Fire & Rescue, Redmond, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2022, total net position of Redmond Fire & Rescue amounted to $356,212. Of this amount, $2,223,910 was invested in capital assets, net of related debt. The remaining balance included $9,000 restricted for donor projects, and $(1,876,698) of unrestricted net position.
- The District's total net position increased by $2,314,166 during the current fiscal year.
- Overall revenues were $13,652,788, which exceeded total expenditures of $11,338,622 by $2,314,166.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Redmond Fire & 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 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 and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information 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 11 through 12 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. Both of Redmond Fire & Rescue's funds are governmental funds.

- **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 two 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 and Capital Projects Funds which are both considered to be major governmental funds.

  Redmond Fire & Rescue adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided to demonstrate compliance with their respective budgets. The basic governmental fund financial statements can be found on pages 13 through 16 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 17 through 51 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI). RSI includes the schedules of the District's proportionate share of the net pension liability and District contributions for PERS and OPEB RHIA, schedules of the changes in OPEB liability and related ratios – OPEB medical benefit, and the budgetary comparison information. This required supplementary information can be found on pages 52 through 55 of this report.

The individual fund schedule for the Capital Projects Fund can be found immediately following the required supplementary information on page 56 of this report.

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, 2022, the District's assets exceeded liabilities by $356,212.

A large portion of the District's net position reflects its investment in capital assets (e.g., land, construction in progress, 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

The District's net position increased by $2,314,166 during the current fiscal year. Condensed statement of net position information is shown below.

Condensed Statement of Net Position

	Governmental Activities	
	2022	2021
Assets		
Current assets and other assets	$ 7,019,961	$ 6,074,759
Restricted assets	9,000	7,685
Net capital assets	4,192,873	3,600,444
Total assets	11,221,834	9,682,888
Deferred outflows of resources	4,093,485	4,384,048
Liabilities		
Current liabilities	1,482,120	1,567,628
Noncurrent liabilities	8,198,959	13,760,385
Total liabilities	9,681,079	15,328,013
Deferred inflows of resources	5,278,028	696,877
Net position		
Net investment in capital assets	2,223,910	1,279,361
Restricted for donor projects	9,000	7,685
Unrestricted	(1,876,698)	(3,245,000)
Total net position	$ 356,212	$ (1,957,954)

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	
	2022	2021
Program revenues		
Charges for services	$ 3,485,340	$ 2,518,679
Operating grants and contributions	-	92,767
Capital grants and contributions	-	13,718
Total program revenues	3,485,340	2,625,164
General revenues		
Property taxes - general	8,062,593	8,824,724
Property taxes - local option	1,208,748	-
Investment earnings	34,580	33,718
Unrestricted grants and contributions	1,315	3,050
Contract services - airport	675,933	635,615
Gain on sale of capital assets	320	40,146
Miscellaneous	183,959	101,322
Total general revenues	10,167,448	9,638,575
Total revenues	13,652,788	12,263,739
Program expenses		
Public safety	11,338,622	12,426,687
Total program expenses	11,338,622	12,426,687
Change in net position	2,314,166	(162,948)
Net position - beginning of year	(1,957,954)	(1,795,006)
Net position - end of year	$ 356,212	$ (1,957,954)

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.

At the end of the current fiscal year, the District's governmental funds reported fund balance of $6,178,062, an increase of $809,903 from the prior year. The General Fund is the operating fund of the District. At the end of the current fiscal year, the total fund balance of the General Fund was $5,307,773. Of this amount, $4,892,370 constitutes unassigned fund balance, which is available for spending at the District's discretion.

BUDGETARY HIGHLIGHTS

Budget amounts shown in the financial statements reflect the original budget amounts and three approved supplemental budgets.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2022 amounted to $4,192,873, net of accumulated depreciation. This investment in capital assets includes land, building, equipment and vehicles, and land improvements. The total depreciation expense related to the District's investment in capital assets for its governmental activities during the current fiscal year was $385,764. Additional information on the District's capital assets can be found on pages 27 through 28 of this report.

Long-Term Liabilities

At the end of the current fiscal year, the District had $1,968,963 total debt outstanding. This amount is comprised of two full faith and credit bonds and five loans payable. The District's total debt decreased by $352,120 during the current fiscal year. This change was due to payments on principal and the addition of one loan payable. Additional information on the District's long-term debt can be found on pages 29 through 31 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:

- The District's largest source of revenue is property taxes. Property tax growth is limited by Ballot Measure 5 (1990) and Measure 50 (1997). The combined impact of both measures continues to challenge the District's ability to maintain staffing levels, add necessary technologies and enhance emergency medical services. The passage of the five-year operating levy provides much needed financial support by increasing total property tax revenues by 15%, but the levy expires and must be renewed by voters. The fiscal year 2022/23 budget includes property tax revenues for the third year of the operating levy. The District intends to bring a renewal levy to the voters before expiration of the current levy in 2024/25.

- In order to provide excellence in medical, fire and rescue services, the District requires vehicles, apparatus and facilities capable of supporting the mission. The District maintains both strategic and long-term financial plans to guide capital purchases. However, even with strategies in place to ensure the best possible costing and longest practical service life, a single ambulance costs over $250,000, while fire engines are over three times that amount and ladder trucks even more. In addition, as the population of the District grows, so does the need for additional fire stations to effectively serve all areas. Station construction will likely require a voter-approved bond due to the cost.
- The District continues to face increases in our PERS rates due to the account being historically underfunded at the state level. In addition, the District continues to experience market driven medical insurance premium increases each year. The District was fortunate this year as it is the second year of the PERS rates and there was no premium increase on medical insurance.
- The City of Redmond implemented a new Urban Renewal District (URD) in southern Redmond. Revenues raised by the URD will be matched with state and federal dollars to improve the safety and mobility of south Highway 97 along with a variety of other projects as described in the URD plan. The District fully supports improving vehicular and pedestrian safety along the corridor, but URDs do reduce property tax revenues available to the District while they are in effect. The financial impact to the District of the proposed URD is currently unknown, however the existing downtown URD results in the diversion of over $350,000 of District property tax revenues to the downtown URD each year.
- Additionally, inflation is at a 40-year high, meaning the cost of capital projects and even routine service delivery is going up. The tight labor market puts upward pressure on wages, which in turn increases pension costs. The District is closely monitoring its budget and staffing needs.

All of these factors were considered in preparing the District's budget for fiscal year 2022-2023.

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: Redmond Fire & Rescue, 341 NW Dogwood Avenue, Redmond, Oregon 97756.

BASIC FINANCIAL STATEMENTS

REDMOND FIRE & RESCUE
Redmond, Oregon

STATEMENT OF NET POSITION

June 30, 2022

		Governmental Activities
ASSETS		
Current assets		
Cash and cash equivalents	$	5,663,996
Accounts receivable		97,805
Ambulance receivable, net		509,238
Property taxes receivable		176,136
Prepaid expenses		306,403
Total current assets		6,753,578
Restricted assets		
Cash and cash equivalents		9,000
Capital assets not being depreciated		107,957
Capital assets being depreciated, net		4,084,916
OPEB asset - RHIA		266,383
Total assets		11,221,834
DEFERRED OUTFLOWS OF RESOURCES		4,093,485
LIABILITIES		
Current liabilities		
Accounts payable		45,492
Accrued payroll liabilities		414,745
Accrued interest		15,305
Compensated absences		641,654
Long-term debt, current portion		364,924
Total current liabilities		1,482,120
Noncurrent liabilities		
Net pension liability - PERS		6,187,816
OPEB liability - medical benefit		407,104
Long-term debt, less current portion		1,604,039
Total long-term liabilities		8,198,959
Total liabilities		9,681,079
DEFERRED INFLOWS OF RESOURCES		5,278,028
NET POSITION		
Net investment in capital assets		2,223,910
Restricted for donor projects		9,000
Unrestricted		(1,876,698)
Total net position	$	356,212

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

REDMOND FIRE & RESCUE
Redmond, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities					
Public safety	$ 11,257,281	$ 3,485,340	$ -	$ -	(7,771,941)
Interest on long-term debt	81,341	-	-	-	(81,341)
Total governmental activities	$ 11,338,622	$ 3,485,340	$ -	$ -	(7,853,282)
General revenues					
Property taxes levied for general purposes					8,062,593
Property taxes levied for local option					1,208,748
Investment earnings					34,580
Unrestricted grants and contributions					1,315
Contract services - airport					675,933
Sale of assets					320
Miscellaneous					183,959
Total general revenues					10,167,448
Change in net position					2,314,166
Net position - beginning					(1,957,954)
Net position - ending					$ 356,212

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

REDMOND FIRE & RESCUE
Redmond, Oregon

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2022

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 4,802,707	$ 870,289	$ 5,672,996
Accounts receivable	97,805	-	97,805
Ambulance receivable, net	509,238	-	509,238
Property taxes receivable	176,136	-	176,136
Prepaid expenses	306,403	-	306,403
Total assets	$ 5,892,289	$ 870,289	$ 6,762,578
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	$ 45,492	$ -	$ 45,492
Accrued payroll liabilities	414,745	-	414,745
Total liabilities	460,237	-	460,237
Deferred inflows of resources			
Unavailable revenue - property taxes	124,279	-	124,279
Fund balances			
Nonspendable	306,403	-	306,403
Restricted	9,000	-	9,000
Committed	-	870,289	870,289
Assigned	100,000	-	100,000
Unassigned	4,892,370	-	4,892,370
Total fund balances	5,307,773	870,289	6,178,062
Total liabilities, deferred inflows of resources, and fund balances	$ 5,892,289	$ 870,289	$ 6,762,578

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

REDMOND FIRE & RESCUE
Redmond, Oregon

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

June 30, 2022

Total fund balances		$ 6,178,062
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Cost	8,769,881	
Accumulated depreciation	(4,577,008)	4,192,873
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.		124,279
Amounts relating to the District's proportionate share of the net pension liability or asset for the Oregon Public Employees Retirement System (PERS) are not reported in governmental fund statements. In the governmental fund statements, pension expense is recognized when due. Amounts consist of:		
Deferred outflows of resources relating to pension and OPEB	4,093,485	
Deferred inflows of resources relating to return on pension and OPEB	(5,278,028)	
Net pension asset - OPEB RHIA	266,383	
Net pension liability - PERS	(6,187,816)	
Net pension liability - OPEB medical benefit	(407,104)	(7,513,080)
Long-term liabilities are not due or payable in the current year and are not reported in the governmental fund. Interest on long-term debt is not accrued in the governemental fund, but rather, is recognized as an expenditure when due. These liabilities consist of:		
Accrued interest	(15,305)	
Compensated absences payable	(641,654)	
Full Faith & Credit bonds payable	(1,065,000)	
Loans payable	(903,963)	(2,625,922)
Net position of governmental activities		$ 356,212

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

REDMOND FIRE & RESCUE
Redmond, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2022

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Property taxes	$ 9,271,341	$ -	$ 9,271,341
Charges for services	3,485,340	-	3,485,340
Investment earnings	34,580	-	34,580
Grants and contributions	1,315	-	1,315
Conract services - airport	675,933	-	675,933
Miscellaneous	183,959	-	183,959
Total revenues	13,652,468	-	13,652,468
EXPENDITURES			
Current			
Public safety	11,434,182	-	11,434,182
Capital outlay	-	975,243	975,243
Debt service	433,460	-	433,460
Total expenditures	11,867,642	975,243	12,842,885
Excess (deficiency) of revenues over (under) expenditures	1,784,826	(975,243)	809,583
OTHER FINACING SOURCES (USES)			
Sale of assets	320	-	320
Transfers in	-	413,917	413,917
Transfers out	(413,917)	-	(413,917)
Total other financing sources (uses)	(413,597)	413,917	320
Net change in fund balance	1,371,229	(561,326)	809,903
Fund balances - beginning	3,936,544	1,431,615	5,368,159
Fund balances - ending	$ 5,307,773	$ 870,289	$ 6,178,062

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

REDMOND FIRE & RESCUE
Redmond, 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, 2022

Net change in fund balances		$ 809,903
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures; however, in the statement of activities, the cost of these assets is 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.		
Expenditures for capital assets	978,193	
Depreciation expense recorded in the current year	(385,764)	592,429
Long-term debt proceeds are reported as other financing sources in the governmental funds. In the statement of net position, however, 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.		
Accrued interest	3,423	
Payments on long-term debt	352,120	355,543
Some expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in governmental funds.		
Compensated absences		22,485
Pension expense or credits that do not meet the measureable and available criteria are not recognized as revenue or expense in the current year in the governmental funds. In the statement of activities, pension expense or credit is recognized when determined to have been accrued.		
Change in deferred outflows	(290,563)	
Change in deferred inflows	(4,581,151)	
Change in net pension liability	5,289,711	
Change in OPEB asset - RHIA	200,315	
Change in OPEB liability - medical benefit	(93,210)	525,102
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.		8,704
Change in net position		$ 2,314,166

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

NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. 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.

B. Reporting Entity

Deschutes County Rural Fire Protection District No. 1 (the RFPD) was formed under the authority of Oregon Revised Statutes (ORS) Chapter 478. Through June 30, 2011, the RFPD provided fire protection for the unincorporated areas immediately surrounding the city of Redmond, Oregon (the City). Protection was provided solely through a contract with the City, which operated substations within the RFPD. On November 2, 2010, the residents of the City voted to annex the property within the city limits of the City into the RFPD territory, effective July 1, 2011. The annexation measure, along with a companion measure also approved by voters, had no impact on the total property taxes that may be levied on City residents. However, the measure provided that taxes on City residents for fire protection services previously levied and received by the City would be redirected to the RFPD.

On July 1, 2011, as a result of the vote of the citizens on the City, the RFPD annexed city limits of the City into the RFPD territory and began providing fire protection and emergency medical services both within the City limits and the unincorporated surrounding areas. As part of this annexation, the City transferred substantially all operational responsibilities and capital assets associated with fire protection services to the RFPD. The RFPD changed its legal name to Redmond Fire & Rescue (the District) effective July 1, 2011. Upon the effective date of the annexation on July 1, 2011, there was no disruption or material change in service as a result of this annexation. All employees of the City's fire department became employees of the District on July 1, 2011; prior to that date, the RFPD had no employees. Redmond Fire & Rescue continues to be governed by a five-member board elected by the residents of the District's service area.

C. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities incorporate data from governmental funds.

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 funds.

The District reports the following major governmental funds:

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

Capital Projects Fund – The Capital Projects Fund accounts for all the District's capital outlay expenditures. The primary sources of revenue are transfers from the General Fund and loan proceeds. Expenditures are primarily for major equipment items, capital improvements, building construction and apparatus replacement.

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 the related cash flows. Property taxes are recognized as revenue in the year in 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.

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 30 days of the end of the current fiscal period. Expenditures are generally 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, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

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 30 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

The District budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for general, special revenue, capital projects, and enterprise funds. All funds are budgeted on the modified accrual basis of accounting. The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The budget is legally adopted by the board of directors by resolution prior to the beginning of the District's fiscal year. The board resolution authorizing appropriations for the fund sets the level by which expenditures cannot legally exceed appropriations. The resolution establishes levels of control at the organizational unit (personnel services and materials and services), debt service, capital outlay, and operating contingencies. 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. Supplemental budgets less than 10% of a fund's original budget may be adopted by the board of directors at a regular board meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the board of directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors. 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 three approved supplemental budgets.

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

1. Cash and Cash Equivalents

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

2. Investments

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

3. Accounts and Ambulance Receivables

Accounts receivables are recorded as revenue when earned. No allowance for uncollectible accounts has been established, as management deems all accounts receivables collectible. Ambulance receivables are recorded as revenue when earned and are shown net of an allowance for uncollectible accounts. The allowance for uncollectible accounts is calculated by management based on collection experience and industry guidance.

4. Capital assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column 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 estimated fair market value at the date of donation.

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

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

Assets	Years
Apparatus and vehicles	5-15
Equipment	5-15
Land improvements	7-15
Buildings	15-40

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will 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 elements, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category.

Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

7. 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.

8. 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 an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The board may 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.

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 the District intends to use for a specific purpose. Intent can be expressed by the board of directors or by an official or body to which the board of directors delegates authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

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

H. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes.

Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15. 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 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

The District maintains a cash and cash equivalents pool that is available for use by the District. 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 Annual Comprehensive Financial Report (ACFR). A copy of the State's ACFR 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, 2022.

Fair values of assets measured on a recurring basis at June 30, 2022 are as follows:

	Level 2
Investments	
Oregon Local Government Investment Pool	$ 5,507,438

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 a formal policy regarding credit risk; however, investments comply with state statutes.

Investments

As of June 30, 2022, the District had the following investments:

	Credit Quality Rating	Maturities	Fair Value
Oregon Local Government Investment Pool	Unrated	-	$ 5,507,438

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

The District holds accounts at First Interstate Bank, for which deposits are insured by the FDIC up to $250,000. At June 30, 2022, the District had deposits of $250,000 fully insured by the FDIC and $7,829 collateralized by the PFCP.

Deposits

The District's deposits and investments at June 30, 2022 are as follows:

Petty cash	$ 400
Checking accounts	165,158
Total investments	5,507,438
Total deposits	$ 5,672,996

Cash and investments by restriction type:

Governmental activities - unrestricted	
General Fund	$ 4,793,707
Capital Projects Fund	870,289
Total cash and investments	5,663,996
Governmental activities - restricted	
General Fund	9,000
Total cash and investments	$ 5,672,996

Restricted cash is for donor and grantor projects.

B. Ambulance Receivables

Ambulance receivables as of June 30, 2022, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Receivables	Allowance for Uncollectibles	Net Receivables
Ambulance receivables	$ 609,041	$ (99,803)	$ 509,238

Collections made during the year on accounts previously written off totaled $18,258. Amounts 120 days past due at June 30, 2022 totaled $192,902.

C. Deferred Inflows/Outflows of Resources

Deferred inflows and outflows of resources are summarized on the statement of net position:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB asset - RHIA	$ 15,455	$ (130,211)
Net pension liability - PERS	3,967,769	(5,135,205)
OPEB liability - medical benefit	110,261	(12,612)
Total	$ 4,093,485	$ (5,278,028)

D. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 46,801	$ -	$ -	$ 46,801
Antiques	45,000	-	-	45,000
Construction in progress	3,418	16,156	(3,418)	16,156
Total capital assets not being depreciated	95,219	16,156	(3,418)	107,957
Capital assets being depreciated				
Buildings	3,161,080	-	-	3,161,080
Equipment	1,051,830	499,484	(41,040)	1,510,274
Apparatus and Vehicles	3,521,830	465,971	(40,838)	3,946,963
Land improvements	33,117	-	-	33,117
Software	10,490	-	-	10,490
Total capital assets being depreciated	7,778,347	965,455	(81,878)	8,661,924
Less accumulated depreciation for				
Buildings	(1,202,743)	(91,139)	-	(1,293,882)
Equipment	(663,031)	(97,618)	41,040	(719,609)
Apparatus and Vehicles	(2,399,313)	(192,917)	40,838	(2,551,392)
Land improvements	(7,219)	(1,992)	-	(9,211)
Software	(816)	(2,098)	-	(2,914)
Total accumulated depreciation	(4,273,122)	(385,764)	81,878	(4,577,008)
Total capital assets being depreciated, net	3,505,225	579,691	-	4,084,916
Governmental activities capital assets, net	$ 3,600,444	$ 595,847	$ (3,418)	$ 4,192,873

Depreciation expense was reported on the statement of activities as follows:

Governmental activities	
Public safety	$ 385,764

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

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Land	$ 46,801	$ -	$ 46,801
Construction in progress	16,156	-	16,156
Antiques	45,000	-	45,000
Buildings	3,161,080	(1,293,882)	1,867,198
Equipment	1,510,274	(719,609)	790,665
Apparatus and Vehicles	3,946,963	(2,551,392)	1,395,571
Land improvements	33,117	(9,211)	23,906
Software	10,490	(2,914)	7,576
Total capital assets	$ 8,769,881	$ (4,577,008)	$ 4,192,873

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	$ 664,139	$ -	$ (22,485)	$ 641,654

F. Interfund Transfers

Interfund transfers during the year ended June 30, 2022 were as follows:

	Transfers in: Capital Projects Fund
Transfers out:	
General Fund	$ 413,917

The primary purpose of the interfund transfers was to fund capital outlay expenditures in the Capital Projects Fund.

G. 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							
Bonds							
2006 FF&C Bonds	3.75-4.7%	$ 935,000	$ 515,000	$ -	$ (40,000)	$ 475,000	$ 45,000
2012 FF&C Bonds	2.0-4.0%	1,540,000	675,000	-	(85,000)	590,000	90,000
Total bonds		2,475,000	1,190,000	-	(125,000)	1,065,000	135,000
Loans							
PNC Equipment-Engine Loan	3.98%	498,807	364,247	-	(30,268)	333,979	31,494
First Interstate Bank-Ambulance	3.99%	201,536	100,769	-	(33,590)	67,179	33,589
First Interstate Bank-Ambulance	3.99%	252,036	126,017	-	(42,006)	84,011	42,006
First Interstate Bank-Ambulance	3.99%	205,807	123,484	-	(41,161)	82,323	41,161
PNC Equipment-Engine Type 3	1.96%	416,566	416,566	-	(80,095)	336,471	81,674
Total loans		1,574,752	1,131,083	-	(227,120)	903,963	229,924
Total governmental activities		$ 4,049,752	$ 2,321,083	$ -	$ (352,120)	$ 1,968,963	$ 364,924

2. Governmental Activity – 2006 Full Faith and Credit Bonds

The 2006 Series FF&C bonds are direct obligations that pledge the full faith and credit of the District. The District's outstanding bonds represent funding used primarily to finance the construction of the Terrebonne Fire Station. Interest is fixed and ranges between 3.75% and 4.70%. Interest rates increase in accordance with original bond documents. Interest is due semiannually on July 1 and January 1. Principal is due annually on January 1.

3. Governmental Activity – 2012 Full Faith and Credit Bonds

The 2012 Series FF&C bonds are direct obligations that pledge the full faith and credit of the District. The District's outstanding bonds represent funding used primarily to refinance capital leases with the City and take legal title to the District's primary fire station and 2006 fire engine. Interest is fixed and ranges between 2.00% and 4.00%. Interest rates increase in accordance with original bond documents. Interest is due semiannually on June 1 and December 1. Principal is due annually on June 1.

4. Governmental Activity – PNC Equipment Finance – Fire Engine Loan

On December 8, 2015, the District obtained a loan from PNC Equipment Finance to provide funds for the purchase of a fire engine, which is pledged as collateral. Interest is fixed at 3.98%. Principal and interest are due annually on December 8.

5. Governmental Activity – First Interstate Bank - Ambulance Loans (2)

On May 24, 2018, the District obtained two loans from First Interstate Bank to provide funds for the purchase of two ambulances, which are pledged as collateral. Interest is fixed at 3.99%. Interest is due semiannually on July 1 and January 1. Principal is due annually on January 1.

6. Governmental Activity – First Interstate Bank - Ambulance Loan

On September 17, 2019, the District obtained a loan from First Interstate Bank to provide funds for the purchase of an ambulance, which is pledged as collateral. Interest is fixed at 3.99%. Interest is due semiannually on July 1 and January 1. Principal is due annually on January 1.

7. Governmental Activity – PNC Equipment Finance – Fire Engine Type 3 Loan

On June 18, 2021, the District obtained a loan from PNC Equipment Finance to provide funds for the purchase of a type 3 fire engine, which is pledged as collateral. Interest is fixed at 1.96%. Principal and interest are due semiannually on June 18 and December 18.

8. Governmental Activity – Future Maturities of Long-Term Liabilities

Year Ending	Full Faith & Credit Bonds		Loans		Total	
June 30	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 135,000	$ 40,100	$ 229,924	$ 29,169	$ 364,924	$ 69,269
2024	140,000	35,330	232,808	21,562	372,808	56,892
2025	150,000	30,295	119,019	13,871	269,019	44,166
2026	150,000	25,370	122,072	10,818	272,072	36,188
2027	150,000	20,420	36,915	8,106	186,915	28,526
2028-31	340,000	27,113	163,225	16,855	503,225	43,968
Total	$ 1,065,000	$ 178,628	$ 903,963	$ 100,381	$ 1,968,963	$ 279,009

9. Default Risk

If the District is unable to make payment on the loans, the obligations each contain an event of default; the lenders may declare the entire unpaid principal balance and all unpaid accrued interest immediately due.

10. Legal Debt Limit

The District's legal annual debt service limit (as defined by Oregon Revised Statute 478.410) as of June 30, 2022, was approximately $110,963,166. The District's legal debt service limit is 1.25% or the real market value of property within the District.

H. Constraints on Fund Balances

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

	General Fund	Capital Projects Fund	Total Governmental Fund
Fund balances:			
Nonspendable: prepaid expenses	$ 306,403	$ -	$ 306,403
Restricted for:			
Donor and grantor projects	9,000	-	9,000
Assigned to:			
Building needs	-	500,000	500,000
Equipment needs	-	300,000	300,000
Future capital projects		70,289	70,289
Operating needs	50,000	-	50,000
Workers compensation reserves	50,000	-	50,000
Unassigned	4,892,370	-	4,892,370
Total fund balances	$ 5,307,773	$ 870,289	$ 6,178,062

I. Charges for Services - Ambulance

The District's ambulance billings in the General Fund are net of discounts for capitation and insurance adjustments. Charges for services at June 30, 2022 consisted of the following:

GEMT charges	$ 699,028
Ambulance fees	3,128,753
Ambulance discounts	(385,507)
Charges for services	$ 3,442,274

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 (Plan) for units of state government, 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, 2021, there were 941 participating employers.

Plan Membership

As of June 30, 2021, there were 13,991 active plan members, 129,357 retired plan members or their beneficiaries currently receiving benefits, 9,103 inactive plan members entitled to but not yet receiving benefits, for a total of 152,451 Tier One members.

For Tier Two members, as of June 30, 2021, there were 29,322 active plan members, 18,832 retired plan members or their beneficiaries currently receiving benefits, 13,498 inactive plan members entitled to but not yet receiving benefits, for a total of 61,652.

As of June 30, 2021, there were 136,785 active plan members, 8,311 retired plan members or their beneficiaries currently receiving benefits, 7,520 inactive plan members entitled to but not yet receiving benefits, and 18,263 inactive plan members not eligible for refund or retirements, for a total of 170,879 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.

Death Benefits

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

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

Disability Benefits

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

Benefit Changes after Retirement

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

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

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

Pension Benefits

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

Police and Fire – 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement. General Service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit. A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

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

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

Pension Benefits

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

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, 2019 actuarial valuation, which became effective July 1, 2020. 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, 2022 were $1,629,931.

<u>Annual Comprehensive Financial Report (ACFR)</u>

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/2021-ACFR.pdf

Actuarial Valuations

The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (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, 2019
Measurement Date	June 30, 2021
Experience Study	2018, published July 24, 2019
Actuarial Assumptions:	
Actuarial Cost Method	Entry age normal
Inflation Rate	2.40 percent
Long-term Expected Rate of Return	6.90 percent
Discount Rate	6.90 percent
Projected Salary Increases	3.40 percent
Cost of living adjustment (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/.15%) in accordance with *Moro* decision; blend based on service.
Mortality	**Health retirees and beneficiaries:** Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

	Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. **Disabled retirees:** Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of 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, 2021 measurement date calculations compared to those shown above.

Actuarial Methods and Assumptions

Assets are valued at their market value. Gains and losses between odd-year valuations are amortized as a level percentage of combined valuation payroll over 20 years from the odd-year valuation in which they are first recognized. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Oregon PERS and additions to/deductions from Oregon PERS' fiduciary net position have been determined on the same basis as they are reported by Oregon PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 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 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) 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 68 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 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes 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/2021-ACFR.pdf

OIC Target and Actual Investment Allocation as of June 30, 2021

Asset Class/Strategy	OIC Policy Low Range	OIC Policy High Range	OIC Target Allocation	Actual Allocation[2]
Debt Securities	15.0%	25.0%	20.0%	20.8%
Public Equity	27.5%	37.5%	32.5%	29.4%
Real Estate	9.5%	15.5%	12.5%	10.5%
Private Equity	14.0%	21.0%	17.5%	25.1%
Alternatives Portfolio	7.5%	17.5%	15.0%	9.5%
Opportunity Portfolio[1]	0.0%	5.0%	0.0%	2.3%
Risk Parity	0.0%	2.5%	2.5%	2.4%
Total			100.0%	100.0%

[1]Opportunity Portfolio is an investment strategy, and it may be invested up to 5% of total Fund assets.
[2] Based on the actual investment value at 6/30/2021.

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

At June 30, 2022, the District reported a liability of $6,187,816 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2021, 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, 2022, the District's proportion was 0.0517096%. For the year ended June 30, 2021, the District recognized pension expense of $861,074. At June 30, 2022, 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 projected and actual experience	$ 579,220	$ -
Change in assumptions	1,548,997	(16,285)
Net differences between projected and actual earnings on investments	-	(4,580,793)
Changes in proportionate share	311,564	(528,964)
Differences between employer contribution and employer's proportionate share of system contributions	206,600	(9,163)
Total (prior to post-MD contributions)	2,646,381	(5,135,205)
Contributions subsequent to the MD	1,321,388	-
Total	$ 3,967,769	$ (5,135,205)

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 pension 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, 2021 measurement period is 5.4 years. 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 Fiscal Years:	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	$ (406,757)
2nd Fiscal Year	(395,852)
3rd Fiscal Year	(701,695)
4th Fiscal Year	(1,126,950)
5th Fiscal Year	142,431

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 6.90 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 (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate. District's proportionate share of the net pension liability (asset):

1% Decrease (5.9%)	Discount Rate (6.9%)	1% Increase (7.9%)
$ 12,151,391	$ 6,187,816	$ 1,198,469

Changes Subsequent to the Measurement Date

On July 15, 2021, Portland Public Schools issued pension obligation bonds resulting in a lump-sum deposit to a new side account with PERS totaling $398,665,572. On August 13, 2021, 22 school district employers issued pension obligation bonds resulting in lump-sum deposits to new side accounts with PERS totaling $654,583,738. On August 31, 2021, five community college employers issued pension obligation bonds resulting in lump-sum deposits to new side accounts totaling $212,080,721.

On September 28, 2021, one school district employer issued pension obligation bonds resulting in a lumpsum deposit to a new side account totaling $73,908,669.

On July 23, 2021, the PERS Board voted to set the assumed rate of return to 6.9 percent, down from 7.2 percent. The PERS Board reviews the assumed rate in odd-numbered years as part of the board's adoption of actuarial methods and assumptions. The rate was then adopted in an administrative rule at the PERS Board's October 1, 2021, meeting. The new assumed rate will be reflected in the December 31, 2021 actuarial valuation for funding, and decreases in the assumed rate typically increase the system's unfunded actuarial liability as well as employer contribution rates. The new assumed rate was applied by the actuaries to the Net Pension Liability and Net OPEB Liability as of 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 government, 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, 2021, 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, 2021, the inactive RHIA plan participants currently receiving benefits totaled 42,857, and there were 43,108 active and 12,734 inactive members who meet the requirements to receive RHIA benefits when they retire.

<u>Basis of Accounting</u>

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. 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, 2022 were $1,267.

OPEB RHIA Plan Annual Comprehensive Financial Report (ACFR)

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, 2021. That independently audited report was dated February 25, 2022 and can be found at:

https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.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, 2019
Measurement Date	June 30, 2021
Experience Study	2018, published July 24, 2019
Actuarial Assumptions:	
Actuarial Cost Method	Entry age normal
Inflation Rate	2.40 percent
Long-term Expected Rate of Return	6.90 percent
Discount Rate	6.90 percent
Projected Salary Increases	3.40 percent
Retiree healthcare participation	Healthy retirees: 32%; disabled retirees: 20%
Mortality	**Health retirees and beneficiaries:** Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

	Active members: Pub-2010 Employees, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. **Disabled retirees:** Pub-2010 Disabled Retirees, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the 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, 2021 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.

<u>Discount Rate</u>

The discount rate used to measure the total OPEB liability at June 30, 2021 was 6.90. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the 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.

<u>Long-Term Expected Rate of Return</u>

For GASB 74 and GASB 75, the long-term expected rate of return assumption is generally not required to be updated between a) the assumption used to develop liabilities at the actuarial valuation date and b) the roll-forward measurement date at which GASB liability are reported unless there is an indication that the assumption used on the actuarial valuation date is no longer supportable as of the GASB measurement date. The long-term expected rate of return used in the December 31, 2019 actuarial valuation for funding purposes was 7.20%.

After a public review process that commenced prior to June 30, 2021 and was based on capital market outlook models developed prior to that date, the PERS Board selected a lower long-term expected rate of investment return assumption of 6.90% on July 23, 2021 to be used in the December 31, 2020 and December 31, 2021 actuarial valuations for funding purposes. At the same time, the PERS Board reduced the inflation and payroll growth assumptions to 2.40% and 3.40%, respectively. We understand PERS has chosen to reflect these updated economic assumptions for the calculation of June 30, 2021 measurement date GASB liabilities. As such, the June 30, 2021 Total OPEB Liability reflects a long-term expected rate of return of 6.90%, an inflation assumption of 2.40%, and a payroll growth assumption of 3.40%.

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/2021-ACFR.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.

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, 2022, the District reported an asset of $266,383 for its proportionate share of the OPEB asset. The OPEB asset was measured at June 30, 2021, 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 0.07757218%. For the year ended June 30, 2022, the District recognized OPEB credit of $67,902. 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	$ -	$ (7,411)
Changes of assumptions	5,241	(3,963)
Net differences between projected and actual earnings on investments	-	(63,307)
Changes in proportionate share	8,947	(55,530)
Total (prior to post-MD contributions)	14,188	(130,211)
Contributions subsequent to the MD	1,267	-
Total	$ 15,455	$ (130,211)

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, 2021 measurement period is 2.7 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, 2022. 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 Fiscal Years:	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	$ (46,005)
2nd Fiscal Year	(35,567)
3rd Fiscal Year	(14,453)
4th Fiscal Year	(19,998)
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 6.90 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 (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate.

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

1% Decrease (5.9%)	Discount Rate (6.9%)	1% Increase (7.9%)
$ (235,577)	$ (266,383)	$ (292,699)

Changes Subsequent to the Measurement Date

We are not aware of any changes subsequent to the June 30, 2021 measurement date that meet the requirement requiring a brief description under the GASB standard.

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).

Participant Statistics

As of June 30, 2022, there were 60 active members and 2 retired participants in the Medical Benefit plan. The average age of participants is 39.8 and 58.5, respectively. 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, 2021
Measurement Dates/Fiscal Year Ends	June 30, 2021 through June 30, 2023
Actuarial Assumptions:	
Actuarial Cost Method	Entry age normal
Interest Discount	2.16 percent discount rate assumption
General Inflation	2.40 percent per year
Salary Scale	3.40 percent per year

Election and lapse rates: 30% 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 retires members electing coverage as of July 1, 2019. 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. For the period July 1, 2021 through June 30, 2022, current medical premiums due for retirees and their spouses were modeled using an average monthly premium of $607 per retiree per month, and $685 per spouse per month. Dental and vision premiums were modeled using average monthly premiums of $55 per retiree and $54 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, 2021	$	313,894
Changes for the year:		
Service cost		34,759
Interest		7,617
Effect of economic/demographic gains or losses		54,576
Change in assumptions		4,312
Benefit payments		(8,054)
Net changes		93,210
Total OPEB Liability at June 30, 2022	$	407,104

At June 30, 2022, 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	$ 63,109	$ -
Changes in assumptions	29,145	(12,612)
Benefit payments	18,007	-
Total	$ 110,261	$ (12,612)

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, 2022. 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 Fiscal Years:	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	$ 7,083
2nd Fiscal Year	7,083
3rd Fiscal Year	7,083
4th Fiscal Year	7,083
5th Fiscal Year	7,083
Thereafter	44,227

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 3.58%, 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	$ 441,443	$ 407,104	$ 375,212

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	$ 357,669	$ 407,104	$ 466,004

E. Deferred Compensation Plan

Plan Description and Funding Policy

The District has authorized a deferred compensation plan to be made available to its employees. Employees may execute an individual agreement with the District for amounts earned by them not to be paid until a future date when they are terminated by reason of death, permanent disability, retirement, or separation. Participation in the plan is voluntary. The deferred compensation plan is authorized under Internal Revenue Code (IRC) Section 457 and has been approved by the Internal Revenue Service. Under the plan document, the District has a fiduciary responsibility to administer the plan in accordance with the requirements of IRC Section 457. Contributions are made from salary deductions from participating employees within the limits specified in the Code.

F. Concentrations

1. Collective Bargaining Agreement

At June 30, 2022, the District had approximately 64 full-time employees who are accounted for under the governmental activities of the District. Of this total, 87.5% are covered under a collective bargaining agreement. The existing agreement was ratified on December 16, 2020 and extends through June 30, 2024.

G. New Pronouncements

For the fiscal year ended June 30, 2022, the District implemented the following new accounting standards:

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.

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.

GASB Statement No. 92, *Omnibus 2020*. This statement was issued January 2020 and enhances comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to leases implementation, derivative instruments, postemployment benefits (pensions and other postemployment benefits), asset retirement obligations, risk pool and fair value measurements.

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 Statement No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension/OPEB plans and employee benefit plans other than pension/OPEB plans, as fiduciary component units in fiduciary fund financial statement; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meets the definition of a pension plan and for benefits provided through those plans.

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. 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*).

H. Commitments

During the year, the District signed contracts for multiple capital projects. At year end, the District had outstanding construction commitments with total project costs of $455,534, of which $323,460 remained outstanding at June 30, 2022.

I. Subsequent Events

Management has evaluated subsequent events through December 29, 2022, which was the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

REDMOND FIRE & RESCUE
Redmond, 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

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0517096%	0.0525927%	0.0557144%	0.0494650%	0.0541139%	0.0570993%	0.0592230%	0.0516000%
District's proportionate share of the net pension liability (asset)	$ 6,187,816	$ 11,477,527	$ 9,637,252	$ 7,493,301	$ 7,294,569	$ 8,570,916	$ 3,400,266	$ (1,168,725)
District's covered-employee payroll (from actuarial exhibits)	$ 5,036,860	$ 4,983,713	$ 4,637,326	$ 4,307,867	$ 4,394,739	$ 4,264,819	$ 4,049,068	$ 3,702,614
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	122.85%	230.30%	207.82%	173.94%	165.98%	200.97%	83.98%	-31.56%
Plan fiduciary net position as a percentage of the total pension liability	87.60%	75.79%	80.20%	82.07%	83.12%	80.53%	91.88%	103.59%

Schedule of District Contributions

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,629,931	$ 1,540,567	$ 1,466,546	$ 1,211,619	$ 1,158,776	$ 786,004	$ 883,761	$ 810,968
Contributions in relation to the contractually required contribution	1,629,931	1,540,567	1,466,546	1,211,619	1,158,776	786,004	883,761	810,968
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 6,286,427	$ 5,919,562	$ 4,896,136	$ 5,141,147	$ 4,314,800	$ 4,235,547	$ 4,246,705	$ 4,264,819
Contributions as a percentage of covered-employee payroll	26%	26%	30%	24%	27%	19%	21%	19%

REDMOND FIRE & RESCUE
Redmond, 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)

	2022	2021	2020	2019	2018	2017
District's proportion of the OPEB liability (asset)	0.077572180%	0.032424320%	0.050950000%	0.044556080%	0.042340380%	0.045682190%
District's proportionate share of the OPEB liability (asset)	$ (266,383)	$ (66,068)	$ (98,453)	$ (49,737)	$ (17,670)	$ 12,406
District's covered-employee payroll (from actuarial exhibits)	$ 5,036,860	$ 4,983,713	$ 4,637,326	$ 4,307,867	$ 4,394,739	$ 4,264,819
District's proportionate share of the OPEB liability (asset) as a percentage of its covered-employee payroll	-5.29%	-1.33%	-2.12%	-1.15%	-0.40%	0.29%
Plan fiduciary net position as a percentage of the total OPEB liability	183.90%	150.07%	144.40%	123.99%	108.88%	94.15%

Schedule of District Contributions

	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 1,267	$ 2,076	$ 2,315	$ 25,252	$ 21,574	$ 21,184
Contributions in relation to the contractually required contribution	1,267	2,076	2,315	25,252	21,574	21,184
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 6,286,427	$ 5,919,562	$ 4,896,136	$ 5,141,147	$ 4,314,800	$ 4,235,547
Contributions as a percentage of covered-employee payroll	0.02%	0.04%	0.05%	0.49%	0.50%	0.50%

REDMOND FIRE & RESCUE
Redmond, Oregon

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

DISTRICT MEDICAL BENEFIT PLAN

Schedule of Changes	2022	2021	2020	2019	2018
Total Medical Benefit Pension Liability - beginning	$ 313,894	$ 260,777	$ 208,261	$ 189,175	$ 178,186
Changes for the year:					
Service Cost	$ 34,759	$ 29,855	$ 22,687	$ 22,495	$ 23,831
Interest	7,617	10,042	8,823	7,487	5,687
Effect of economic/demographic gains or losses	54,576	-	16,942	-	-
Change in assumptions	4,312	20,729	10,048	(5,754)	(13,597)
Benefit Payments	(8,054)	(7,509)	(5,984)	(5,142)	(4,932)
Net changes for the year	93,210	53,117	52,516	19,086	10,989
Total Medical Benefit Pension Liability - ending	$ 407,104	$ 313,894	$ 260,777	$ 208,261	$ 189,175
District's covered-employee payroll	$ 6,286,427	$ 5,919,562	$ 4,896,136	$ 5,141,147	$ 4,314,800
Net Medical Benefit Pension Liability as a Percentage of Covered Payroll	6.48%	5.30%	5.33%	4.05%	4.38%

REDMOND FIRE & RESCUE
Redmond, Oregon

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

GENERAL FUND

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	GAAP Basis
REVENUES				
Property taxes	$ 9,120,000	$ 9,120,000	$ 151,341	$ 9,271,341
Charges for services	2,389,601	2,689,601	752,673	3,442,274
Investment earnings	30,000	30,000	4,580	34,580
Grants and contributions	2,000	2,000	(685)	1,315
Contract services - airport	643,979	643,979	31,954	675,933
Conflagration	-	-	43,066	43,066
Miscellaneous	31,000	31,000	152,959	183,959
Total revenues	12,216,580	12,516,580	1,135,888	13,652,468
EXPENDITURES				
Current				
Operations - EMS & Training	1,593,911	1,593,911	(118,671)	1,475,240
Operations - Fire & Rescue	7,118,305	7,566,318	(105,847)	7,460,471
Operations - Fire & Rescue Training	368,570	425,465	(99,602)	325,863
Administrative	1,176,240	1,261,240	(124,646)	1,136,594
Fire and Life Safety	370,694	370,694	(53,243)	317,451
Facilities, Vehicles & Equipment	659,292	739,292	(20,729)	718,563
Debt Service	435,651	435,651	(2,191)	433,460
Contingency	3,546,636	3,546,636	(3,546,636)	-
Total expenditures	15,269,299	15,939,207	(4,071,565)	11,867,642
Excess (deficiency) of revenues over (under) expenditures	(3,052,719)	(3,422,627)	5,207,453	1,784,826
OTHER FINANCING SOURCES (USES)				
Sale of assets	-	-	320	320
Transfers out	(493,917)	(413,917)	-	(413,917)
Total other financing sources (uses)	(493,917)	(413,917)	320	(413,597)
Net change in fund balance	(3,546,636)	(3,836,544)	5,207,773	1,371,229
Fund balance - beginning	3,646,636	3,936,544	-	3,936,544
Fund balance - ending	$ 100,000	$ 100,000	$ 5,207,773	$ 5,307,773

OTHER SUPPLEMENTARY INFORMATION

REDMOND FIRE & RESCUE
Redmond, Oregon

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

CAPITAL PROJECTS FUND

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES	$ -	$ -	$ -	$ -
EXPENDITURES				
Capital outlay	1,075,000	995,532	(20,289)	975,243
Excess (deficiency) of revenues over (under) expenditures	(1,075,000)	(995,532)	20,289	(975,243)
OTHER FINANCING SOURCES (USES)				
Debt proceeds	420,000	-	-	-
Transfers in	493,917	413,917	-	413,917
Total other financing sources (uses)	913,917	413,917	-	413,917
Net change in fund balance	(161,083)	(581,615)	20,289	(561,326)
Fund balance - beginning	1,011,083	1,431,615	-	1,431,615
Fund balance - ending	$ 850,000	$ 850,000	$ 20,289	$ 870,289

AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

Where accuracy meets integrity
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Redmond Fire & Rescue
Redmond, Oregon 97352

We have audited the basic financial statements of Redmond Fire & Rescue as of and for the year ended June 30, 2022, and have issued our report thereon December 29, 2022. 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 Redmond Fire & Rescue's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 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 repayments

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)

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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 Redmond Fire & 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 Redmond Fire & Rescue's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Redmond Fire & 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 Redmond Fire & Rescue and the Oregon Secretary of State, and is not intended to be, and should not be used by anyone other than these parties.

Accuity, LLC

Accuity, LLC
December 29, 2022